(A free translation of the original in Portuguese)

Votorantim Industrial S.A.

Consolidated condensed interim financial statements at June 30, 2014 and report on review

(A free translation of the original in Portuguese)

Report on review of interim condensed financial statements

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

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Votorantim Industrial S.A. and its subsidiaries (the "Company"), as at June 30, 2014 and the related consolidated statements of income, comprehensive income and cash flows for the quarter and six-month period then ended, and the condensed statement of changes in equity for the six-month period 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 are not 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

Condensed statements of value added

We have reviewed the consolidated condensed statements of value added for quarter and six-month period ended June 30, 2014, prepared under the responsibility of the Company's management and presented as supplementary information. These statements have been subjected 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 are not prepared, in all material respects, in a manner consistent with the consolidated condensed interim financial statements taken as a whole.

Information by business unit

We have also reviewed the supplementary information by business unit, described in note 34, which is the responsibility of the Company's management. This information is presented in order to provide additional information on Votorantim Industrial S.A. and its subsidiaries, which is neither intended to comply with or are required by IFRS or accounting practices adopted in Brazil. This information has been subjected to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that it is not prepared, in all material respects, in a manner consistent with the consolidated condensed interim financial statements taken as a whole.

Curitiba, August 23, 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	6/30/2014	12/31/2013
Assets			
Current assets			
Cash and cash equivalents	7	2,950	2,498
Financial investments	8	2,517	4,092
Derivative financial instruments	5.1.1	95	108
Trade receivables	9	2,383	2,145
Inventory	10	3,504	3,402
Taxes recoverable	11	958	1,048
Dividends receivable	13	75	28
Call options	14	1	127
Other assets	15	895	710
		13,378	14,158
Assets held for sale	12 (a)	728	788
		14,106	14,946
Non-current assets			
Long-term receivables			
Financial investments	8	39	41
Derivative financial instruments	5.1.1	3	
Taxes recoverable	11	1,601	1,618
Related parties	13	1,863	1,977
Deferred income tax and social contribution	20 (b)	4,113	4,056
Judicial deposits	24 (c)	499	414
Other assets	15	365	355
		8,483	8,461
Investments	16	6,058	5,930
Property, plant and equipment	17	25,845	26,314
Biological assets		109	109
Intangible assets	18	11,095	11,747
		51,590	52,561
Total assets		65,696	67,507

	Note	6/30/2014	12/31/2013
Liabilities and equity			
Current liabilities			
Borrowing	19	1,908	1,517
Derivative financial instruments	5.1.1	197	116
Trade payables		2,765	2,807
Payables - trading		98	112
Salaries and payroll charges		623	758
Income tax and social contribution		103	146
Taxes payable		370	357
Dividends payable to the owners of the Company	13	120	104
Dividends payable to non-controlling interests	13	17	47
Advances from customers		222	191
Use of public assets	25	61	60
Other liabilities	21	410	539
		6,894	6,754
Liabilities related to assets held for sale	12 (b)	363	390
		7,257	7,144
Non-current liabilities			
Borrowing	19	20,586	21,918
Derivative financial instruments	5.1.1	6	12
Related parties	13	881	916
Deferred income tax and social contribution	20 (b)	3,681	3,538
Tax, civil, labor and environmental provisions	24 (a)	1,126	1,101
Use of public assets	25	953	935
Provision for asset decommissioning	26	866	876
Pension plan		342	374
Other liabilities	21	797	740
		29,238	30,410
Total liabilities		36,495	37,554
Equity	27		
Share capital		20,167	20,167
Revenue reserves		5,994	6,294
Retained earnings		445	
Carrying value adjustments		(531)	61
Total equity attributable to owners of the Company		26,075	26,522
Non-controlling interests		3,126	3,431
Total equity		29,201	29,953
Total liabilities and equity		65,696	67,507

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

Votorantim Industrial S.A.

Interim consolidated statement of income
Periods ended June 30
All amounts in millions of reais unless otherwise stated (A free translation of the original in Portuguese)

	Note	4/1/2014 to 6/30/2014	4/1/2013 to 6/30/2013	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Continuing operations					
Net revenue from products sold and services rendered	28	6,871	6,397	13,427	12,300
Cost of products sold and services rendered	31	(4,891)	(4,690)	(9,563)	(9,102)
Gross profit		1,980	1,707	3,864	3,198
Operating income (expenses)					
Selling	31	(446)	(406)	(887)	(766)
General and administrative	31	(574)	(584)	(1,076)	(1,118)
Other operating income, net	29	(50)	25	(129)	10
		(1,070)	(965)	(2,092)	(1,874)
Operating profit before equity results and finance results		910	742	1,772	1,324
Result from equity investments					
Equity in the results of investees	16	236	(111)	265	(76)
		236	(111)	265	(76)
Finance results, net	30				
Finance costs		(831)	(499)	(1,824)	(823)
Finance income		142	160	312	278
Foreign exchange gains (losses), net		126	(351)	201	(321)
		(563)	(690)	(1,311)	(866)
Profit (loss) before income tax and social contribution		583	(59)	726	382
Income tax and social contribution	20				
Current		(88)	(269)	(252)	(379)
Deferred		17	42	52	(79)
Profit (loss) for the period from continuing operations		512	(286)	526	(76)
Discontinued operations					
Profit (loss) for the period from discontinued operations	12 (c)	2	(21)	(4)	(32)
Profit (loss) for the period		514	(307)	522	(108)
Profit (loss) attributable to the owners of the Company		483	(303)	477	(90)
Profit (loss) attributable to non-controlling interests		31	(4)	45	(18)
Profit (loss) for the period		514	(307)	522	(108)
Weighted average number of shares		17,687,578,915	17,501,930,932	17,687,578,915	17,501,930,932
Basic and diluted earnings (loss) per thousand shares*		27.31	(17.31)	26.97	(5.14)
From continuing operations:					
Basic and diluted earnings (loss) per thousand shares*		27.19	(16.11)	27.19	(3.31)
From discontinued operations:					
Basic and diluted earnings (loss) per thousand shares*		0.11	(1.20)	(0.23)	(1.83)

* Considers in 2014, for purposes of dilution, 90,000 shares related to securities convertible into shares (Note 27 (f)).

Votorantim Industrial S.A.

Interim consolidated statement of comprehensive income
Periods ended June 30
All amounts in millions of reais unless otherwise stated (A free translation of the original in Portuguese)

	4/1/2014 to 6/30/2014	4/1/2013 to 6/30/2013	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Profit (loss) for the period	514	(307)	522	(108)
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	(434)	1,473	(1,241)	1,136
Hedge accounting of net investments in foreign operations	191	(561)	415	(454)
Hedge accounting for the operations of subsidiaries	(31)	(13)	(4)	58
Share in other comprehensive income of investees	(2)	(51)	(2)	(35)
	(276)	848	(832)	705
Other components of comprehensive income net of income tax and social contribution that will not be reclassified to profit or loss				
Remeasurement of retirement benefits	(4)	(1)	(9)	(4)
Other comprehensive income for the period	(280)	847	(841)	701
Total comprehensive income for the period	234	540	(319)	593
Comprehensive income attributable to				
Owners of the Company	298	236	(115)	351
Non-controlling interests	(64)	304	(204)	242
	234	540	(319)	593

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

Votorantim Industrial S.A.
Interim statement of changes in equity
Periods ended June 30
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, 2014		20,167	6	555	5,733		61	26,522	3,431	29,953
Total comprehensive income for the six-month period										
Profit for the six-month period						477		477	45	522
Components of comprehensive income for the six-month period							(592)	(592)	(249)	(841)
Total comprehensive income for the six-month period						477	(592)	(115)	(204)	(319)
Total distributions to stockholders										
Securities convertible into shares	27 (f)					(32)		(32)		(32)
Acquisition of non-controlling interests	16 (e) (i)				(38)			(38)	(100)	(138)
Reclassification from non-controlling interests to revenue reserve	27 (g)				(43)			(43)	43	
Dividends (R$ 12.37 per thousand shares)	27 (b)				(219)			(219)	(44)	(263)
Total contributions by and distributions to stockholders					(300)	(32)		(332)	(101)	(433)
At June 30, 2014		20,167	6	555	5,433	445	(531)	26,075	3,126	29,201

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

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	Retained earnings	Carrying value adjustments	Equity attributable to the owners of the Company	Non-controlling interests	Equity
At January 1, 2013		19,907	5	533	5,515		(1,436)	24,524	3,251	27,775
Total comprehensive income for the six-month period										
Loss for the six-month period						(90)		(90)	(18)	(108)
Components of comprehensive income for the six-month period							441	441	260	701
Total comprehensive income for the six-month period						(90)	441	351	242	593
Total distributions to stockholders										
Reversal of dividends and interest on capital of investee					62			62		62
Tax incentive reserve			1			(1)				
Dividends (R$ 10.06 per thousand shares)	27 (b)				(176)			(176)		(176)
Total distributions to stockholders			1		(114)	(1)		(114)		(114)
At June 30, 2013		19,907	6	533	5,401	(91)	(995)	24,761	3,493	28,254

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

Votorantim Industrial S.A.

Interim consolidated statement of cash flows
Periods ended June 30
All amounts in millions of reais (A free translation of the original in Portuguese)

	Note	4/1/2014 to 6/30/2014	4/1/2013 to 6/30/2013	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Cash flow from operating activities					
Profit (loss) before income tax and social contribution from continuing operations		583	(59)	726	382
Profit (loss) on discontinued operations		2	(21)	(4)	(32)
Adjustments of items that do not represent changes in cash and cash equivalents					
Interest, indexation and foreign exchange gains (losses)		358	1,011	704	1,325
Equity in the results of investees	16	(236)	111	(265)	76
Depreciation, amortization and depletion	17 and 18	532	574	1,099	1,075
Gain on sale of non-current assets		(12)	(38)	(11)	(41)
Call options	29	30	29	126	29
Change in fair value of biological assets				(1)	
Derivative financial instruments		55	17	70	(7)
Provisions		100	103	194	141
		1,412	1,727	2,638	2,948
Changes in assets and liabilities					
Financial investments		(112)	(234)	1,765	(408)
Derivative financial instruments		(6)	71	18	63
Trade receivables		(226)	(298)	(261)	(462)
Inventory		(176)	(152)	(138)	(161)
Taxes recoverable		(69)	71	107	9
Other receivables and assets		184	20	(281)	(72)
Trade payables		6	35	(42)	(211)
Payables - trading		4		(14)	22
Salaries and payroll charges		130	176	(135)	31
Taxes payable		(21)	19	(145)	26
Advances from customers		18	(16)	31	135
Use of public assets			6	36	18
Other obligations and liabilities		(61)	(49)	(216)	(353)
Cash provided by operations		1,083	1,376	3,363	1,585
Interest paid on borrowing and use of public assets		(532)	(515)	(844)	(746)
Premium paid on the Tender Offer	30	(236)	(22)	(506)	(22)
Income tax and social contribution paid		(67)	(122)	(137)	(223)
Net cash provided by operating activities		248	717	1,876	594
Cash flow from investing activities					
Purchases of property, plant and equipment		(500)	(663)	(944)	(1,174)
Increase in biological assets		(11)	(8)	(16)	(14)
Increase in intangible assets	18	(7)	(27)	(9)	(59)
Acquisition of investments					(328)
Capital increase in investees	16		(15)		(19)
Proceeds from sale of non-current assets		34	84	62	103
Dividends received		9	7	14	19
Net cash used in investing activities		(475)	(622)	(893)	(1,472)
Cash flow from financing activities					
New borrowing		3,299	572	4,736	1,635
Repayment of borrowing	19 (c)	(2,466)	(992)	(4,796)	(1,727)
Derivative financial instruments		(23)	(1)	(104)	(3)
Related parties		(1)	(97)	79	(130)
Acquisition of non-controlling interest - VCNEE	6 (e) (i)			(138)	
Payment of dividends		(30)	(28)	(199)	(206)
Net cash provided by (used in) financing activities		779	(546)	(422)	(431)
Increase (decrease) in cash and cash equivalents		552	(451)	561	(1,309)
Effect of fluctuations in exchange rates		(33)	(42)	(109)	(68)
Cash and cash equivalents at the beginning of the period		2,431	2,087	2,498	2,971
Cash and cash equivalents at the end of the period		2,950	1,594	2,950	1,594
Principal non-cash transactions					
Loans from FINAME for acquisition of property, plant and equipment		25	8	41	56

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

Votorantim Industrial S.A.

Interim consolidated statement of value added
Periods ended June 30
All amounts in millions of reais (A free translation of the original in Portuguese)

	Note	4/1/2014 to 6/30/2014	4/1/2013 to 6/30/2013	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Revenue					
Sales of products and services		8,120	7,552	15,914	14,521
Other operating income	29	(50)	25	(129)	10
Provision for impairment of trade receivables	9 (b)	(8)	(1)	(23)	(18)
		8,062	7,576	15,762	14,513
Inputs acquired from third parties					
Cost of products sold and services rendered		(4,465)	(4,402)	(8,716)	(8,415)
Gross value added		3,597	3,174	7,046	6,098
Depreciation, amortization and depletion	17 and 18	(532)	(574)	(1,099)	(1,075)
Net value added generated by the Company		3,065	2,600	5,947	5,023
Value added received through transfer					
Equity in the results of investees	16	236	(111)	265	(76)
Finance income		872	1,478	1,117	1,626
		1,108	1,367	1,382	1,550
Total value added to distribute		4,173	3,967	7,329	6,573
Distribution of value added					
Personnel and payroll charges	32				
Direct remuneration		584	585	1,140	1,089
Benefits		245	251	481	492
Social charges		110	104	219	204
		939	940	1,840	1,785
Taxes and contributions					
Federal		543	480	1,087	926
State		699	665	1,385	1,277
Municipal		7	10	15	18
Deferred taxes		(17)	(42)	(52)	79
		1,232	1,113	2,435	2,300
Third-party capital remuneration					
Finance costs		1,435	2,168	2,428	2,492
Rentals		53	53	104	104
		1,488	2,221	2,532	2,596
Own capital remuneration					
Non-controlling interests		31	(4)	45	(18)
Reinvested profits (losses)		481	(282)	481	(58)
Profit (loss) on discontinued operations		2	(21)	(4)	(32)
		514	(307)	522	(108)
Value added distributed		4,173	3,967	7,329	6,573

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. ("VPAR"). 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.

Principal changes in ownership interests in investees in 2014

(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, that its 663,591 of which were common shares and 143,029 were preferred shares. The unit value paid for the share on the repurchase date, obtained based on an economic valuation report prepared by an independent outsourced company, was R$ 214.01, totaling a disbursement of R$ 172. The amount paid includes the balance of dividends recorded in payables to non-controlling interests of R$ 34. As the unit value of the share was R$ 124.10, a goodwill on the repurchase amounting to R$ 38 was generated. Accordingly, its parent company VCSA, subsidiary of VID, currently holds 100% of the capital of VCNEE.

(ii) Changes in VMPAR ownership interests

On April 30, 2014, VMPAR transferred to Votorantim Metais Zinco the ownership interests it had in Votorantim Metales Argentina, Votorantim Metais Bolivia, Votorantim Metais Colombia, Votorantim Metals South Africa and Votorantim Metals Namibia, which together totaled R$ 12.

On May 31, 2014, VMPAR transferred to VID the amount of R$ 2.173 related to ownership interests it had in Votorantim Metais S.A., Votorantim Metais Zinco S.A. and Nazca Participações S.A. This change did not have effect on VID's equity because it refers to a transfer of investments.

2 Presentation of the interim consolidated financial statements

2.1 Basis of preparation

The interim consolidated financial statements at June 30, 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 June 30, 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 August 18, 2014.

All amounts in millions of reais unless otherwise state

2.2 Main companies included in the interim consolidated financial statements

	Percentage of total and voting capital				
	6/30/2014	12/31/2013	6/30/2013	Headquarters	Main activity
Cement					
Acariúba Mining e Participação Ltda.	100.00	100.00	100.00	Brazil	Holding company
Interávia Transportes Ltda.	100.00	100.00	100.00	Brazil	Transportation
Silcar Empreendimentos, Comércio e Participações Ltda.	100.00	100.00	100.00	Brazil	Holding company
Votorantim Cement N/NE S.A. "VCNNE" (i)	100.00	97.38	96.85	Brazil	Cement
Votorantim Cement S.A.	100.00	100.00	100.00	Brazil	Cement
St. Barbara Cement Inc.	100.00	100.00	100.00	Canada	Cement
Votorantim Cement North America Inc.- "VCNA"	100.00	100.00	100.00	Canada	Holding company
Votorantim Cements Internacional Spain SE	100.00	100.00		Spain	Holding company
Votorantim Cement EAA Inversiones, S.L. - "VCEAA"	100.00	100.00	100.00	Spain	Holding company
St. Marys Cement Inc.	100.00	100.00	100.00	USA	Cement
Cementos Artigas S.A.	51.00	51.00	51.00	Uruguay	Cement
Metals					
Companhia Brazileira de Aluminum	100.00	100.00	100.00	Brazil	Aluminum
Votorantim Metais S.A.	100.00	100.00	100.00	Brazil	Nickel
Votorantim Metais Zinc S.A.	100.00	100.00	100.00	Brazil	Zinc
US Zinc Corporation - "USZinc"	100.00	100.00	100.00	USA	Zinc
Votorantim Metais Cajamarquilla S.A.	99.91	99.91	99.89	Peru	Zinc
Mining					
Compañia Minera Atacocha S.A.A.	88.19	88.19	88.19	Peru	Mining
Compañia Minera Milpo S.A.A.	50.06	50.06	50.06	Peru	Mining
Steel					
Acerbrag S.A.	100.00	100.00	100.00	Argentina	Steel
Acerías Paz del Río S.A. - "APDR"	82.42	82.42	82.42	Colombia	Steel
Votorantim Steel S.A.	100.00	100.00	100.00	Brazil	Steel
Holding, trading and other companies					
Santa Cruz Geração de Energia S.A.	100.00	100.00	100.00	Brazil	Electric power
Votorantim Energia Ltda.	100.00	100.00	100.00	Brazil	Holding company
Votorantim Investimentos Latino-Americanos S.A.	99.91	99.91	99.74	Brazil	Holding company
Votorantim Metais Participações Ltda.	100.00	100.00	100.00	Brazil	Holding company
Votorantim GmbH	100.00	100.00	100.00	Austria	Trading company
Holding company Lux S.A.	100.00			Luxembourg	Holding company
Joint operations					
Baesa - Energética Barra Grande S.A.	15.00	15.00	15.00	Brazil	Electric power
Campos Novos Energia S.A.	44.76	44.76	44.76	Brazil	Electric power
Voto - Votorantim Overseas Trading Operations IV Ltd.	50.00	50.00	50.00	Cayman Islands	Holding company
Exclusive investment funds (ii)					
Fundo de Investimento Pentágono Multimercado - Crédito Privado	100.00	100.00	100.00		
Odessa Multimercado Crédito Privado	87.93	93.94	94.74		

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.

(i) The percentage of the voting capital of VCNNE at December 31, 2013 was 95.79 and at June 30, 2013, 96.75. The percentages stated in the table for the company refer to the total capital.

(ii) Due to the nature of the exclusive funds, these present only percentages of the total capital.

(iii) On February 26, 2014, VM Holding S.A. was established. This company is located in Luxembourg and will have as main activity investments in companies of the metals and mining segments.

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 was no material impact 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 an 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, 2015 and have not been applied in the preparation of these interim consolidated financial statements.

IFRS 9 - "Financial instruments: Recognition and measurement"

This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 has the ultimate objective of superseding IAS 39 – Financial Instruments: Recognition and Measurement. This standard is effective from 2015, but has been revised since its issuance. Management has not yet concluded the assessment of the impact of its adoption.

IAS 41 – "Agriculture"

IAS 41 – Agriculture (equivalent to CPC 29 – Biological Assets and Agricultural Produce) – This standard currently requires that biological assets related to agricultural activities be measured at fair value less costs to sell. When revising the standard, the IASB decided that bearer plants shall be accounted for as property, plant and equipment (IAS 16/CPC 27), that is, at cost less depreciation or impairment. Bearer plants are defined are those used to produce fruits for many years, but where the plant itself, after maturing, does not undergo significant transformation. Their only future economic benefits are the agriculture produce they generate. For example, apple and orange trees and grape vines. In the case of plants where the roots remain in the ground for a second harvest or cutting and the roots are not later sold, the roots meet the definition of bearer plants, which apply, therefore, to forests that are expected to have more than one cutting in their management. The Company's forests are expected to have more than one cutting in their management. Therefore, Management is assessing the impact of adopting the standard. This revision is effective from January 1, 2016.

IFRS 15 – "Revenue from contracts with customers"

This new standard brings the principles that an entity shall apply to determine the revenue measurement and when it is recognized. It will be effective in 2017 and supersedes IAS 11 –

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Construction Contracts and IAS 18 – Revenue and related interpretations. Management is assessing the impact of its adoption.

The CPC has not yet issued the equivalent new or revised standards in accordance with accounting practices adopted in Brazil, and these new or revised standards are still subject to approval by the appropriate regulatory authorities. In general, the early adoption of new or revised standards and interpretations, although encouraged by the IASB, is not permitted or is not available in the accounting practices adopted in Brazil. Therefore, these new or revised standards are not included in these financial statements of 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 Financial risk management

5.1 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 main financial 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 June 30, 2014					
Borrowing - principal	1,653	5,622	5,156	9,781	22,212
Borrowing - interest	1,505	2,801	1,984	5,290	11,580
Derivative financial instruments	197	4	2		203
Dividends payable	137				137
Related parties		881			881
Payables - trading	98				98
Use of public assets	66	143	161	2,642	3,012
Trade payables	2,765				2,765
	6,421	9,451	7,303	17,713	40,888
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

5.1.1 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, except for the programs described below:

Hedging program for foreign currency-denominated debts – hedging instruments contracted for the purpose of protecting the cash flow in local currency. Mitigation of risks is carried out by means of cross currency swaps.

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

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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				
	6/30/2014	6/30/2013	12/31/2013						6/30/2014	6/30/2013	12/31/2013	6/30/2014	2014	2015	2016	2017	2018+
Hedging instrument for interest rates in US Dollars																	
LIBOR floating rate vs. US dollar fixed rate swaps	63	351	126	USD MM		2.08%		134	0.4	(6.5)		(2.3)	1.4	(1.0)			
									0.4	**(6.5)**		**(2.3)**					
Hedging instrument for sales of nickel, zinc and aluminum at a fixed price																	
Nickel forward	1,742	460	751	ton	P			43	1.0	0.1		(3.6)	1.0				
Zinc forward	68,671	8,470	4,002	ton	P			46	(17.0)	(1.2)	0.5	(1.1)	(17.0)				
Aluminum forward	1,925			ton	P			93	0.2				0.2				
Silver forward	219			k oz	P			23	(0.5)				(0.5)				
									(16.3)	**(1.1)**	**0.5**	**(4.7)**					
Hedging instrument for mismatches of quotation periods																	
Nickel forward	364	190	780	ton	S			8	0.1	0.1	(0.4)	(7.1)	0.1				
Zinc forward	167,013	185,961	214,006	ton	S			27	9.9	8.1	(20.2)	(21.2)	9.9				
Silver forward	670		727	k oz	P/S			60	(1.0)		2.8	2.3	(1.0)				
Aluminum forward	2,720			ton	S			70	(0.1)				(0.1)				
									8.9	**8.2**	**(17.8)**	**(26.0)**					
Hedging instrument for the operating margin of metals																	
Nickel forward	835	500	351	ton	S	15,249	US$/ton	1	(6.1)	3.5	3.1	9.2	(6.1)				
Zinc forward	7,740	10,836	10,350	ton	S	1,978	US$/ton	1	(2.5)	3.4	1.9	3.8	(2.5)				
Aluminum forward	9,400	7,500	10,135	ton	S	1,967	US$/ton	1	2.7	3.9	8.9	6.2	2.7				
Copper forward	150	451	457	ton	S	7,360	US$/ton	1	0.2	0.9	0.9	0.8	0.2				
Silver forward	50	101	51	k oz	S	22	US$/oz	1	0.3	2.4	1.6	1.3	0.3				
US Dollar forward	43	37	45	USD MM	S	2	R$/US$	1	6.5	(0.9)	(5.3)	18.4	6.5				
									1.1	**13.2**	**11.1**	**39.7**					
Hedging instrument for foreign exchange exposure																	
Dollar forward	132		610	USD MM	P	2.44	R$/US$	33	(28.3)		7.4	(85.2)	(28.3)				
Euro forward			39	EUR MM							8.2	(1.2)					
									(28.3)		**15.6**	**(86.4)**					
Hedging instrument for debts																	
Fixed rate in Reais vs. CDI floating rate swaps	730	730	730	BRL MM		94.66%		1,236	(9.3)	(10.0)	(15.0)	(5.0)	(1.6)	(3.4)	(2.3)	(1.3)	(0.7)
LIBOR floating rate vs. CDI floating rate swaps	184			USD MM		1,07% / 99,83%	LIBOR + / % CDI	606	(33.6)			(9.0)	(19.3)	(35.1)	20.8		
									(42.9)	**(10.0)**	**(15.0)**	**(14.0)**					
Hedge accounting - Cash flow hedge																	
Hedging instruments for the operating margin of metals																	
Nickel forward	6,000	2,156	635	ton	S	16,125	US$/ton	151	(38.3)	18.0	0.7	(19.1)	(31.4)	(6.9)			
Zinc forward	92,535	95,945	91,545	ton	S	2,058	US$/ton	182	(34.1)	36.8	(14.9)	(5.2)	(18.9)	(15.2)			
Aluminum forward	54,600	117,695	75,300	ton	S	1,903	US$/ton	162	0.5	57.2	24.7	24.0	2.1	(1.6)			
Copper forward	1,485	3,945	2,354	ton	S	7,145	US$/ton	175	0.4	11.5	1.7	3.0	0.4				
Silver forward	498	514	571	k oz	S	22	US$/oz	166	0.6	13.1	6.8	4.5	0.8	(0.2)			
US Dollar forward	316	405	292	USD MM	S	2.45	R$/US$	169	43.8	(51.5)	(30.2)	(1.0)	32.5	11.3			
									(27.1)	**85.1**	**(11.2)**	**6.2**	**(14.5)**	**(12.6)**			
Hedging instruments for mismatches of quotation periods																	
Zinc forward	87,356	71,553	64,493	ton	S			55	3.9	1.7	(2.3)	2.7	3.9				
Aluminum forward	4,080				S			70	(0.1)				(0.1)				
									3.8	**1.7**	**(2.3)**	**2.7**	**3.8**				
Hedging instrument for interest rates in US Dollars																	
LIBOR floating rate vs. US dollar fixed rate swaps	138		149	USD MM		1.07%		124	(0.9)		(2.2)	(1.4)	(0.9)				
Hedge accounting - Fair value hedge																	
Hedging instruments for sales of nickel, zinc and aluminum at a fixed price																	
Nickel forward	672	300	364	ton	P			48	(0.3)	0.2			(0.3)				
Zinc forward	80,000	7,767	1,448	ton	P			45	(4.1)	(3.5)	0.5		(4.4)	0.3			
Aluminum forward	13,600				P			81	0.3				0.3				
									(4.1)	**(3.3)**	**0.5**		**(4.4)**	**0.3**			
Total (assets and liabilities, net)									**(105.4)**	**87.3**	**(20.8)**	**(86.2)**	**(70.1)**	**(51.8)**	**18.5**	**(1.3)**	**(0.7)**

5.1.2 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 June 30, 2014 are described below:

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

. Scenario II: considers a stress factor of + / – 25% applied to the market forward curves and quotations as at June 30, 2014.

. Scenario III: considers a stress factor of + / – 50% applied to the market forward curves and quotations as at June 30, 2014.

	Balance sheet accounts						Impacts on profit (loss)					Impacts on comprehensive income				
	In millions of reais					Scenario I		Scenarios II and III			Scenario I	Scenarios II and III			
Risk factors	Cash and cash equivalents	Borrowing	Derivative financial instruments	Unit	Changes from 2014	Results of scenario	-25%	-50%	25%	50%	Results of scenario I	-25%	-50%	25%	50%
Foreign exchange rate															
USD	2,413	10,022 (**)	875	USD million	2%	(50)	594	1,189	(594)	(1,189)	(68)	1,431	2,863	(1,431)	(2,863)
EUR	123	2,860		EUR million	1%		5	10	(5)	(10)	(39)	689	1,378	(689)	(1,378)
COP		50									(1)	13	25	(13)	(25)
Interest rates															
BRL - CDI	3,233	6,402	2,215	BRL million	+1 bps		96	193	(94)	(188)		8	16	(7)	(15)
LIBOR		3,869	633	USD million	+1 bps		2	5	(2)	(5)					
Price - commodities															
Nickel			9,613	ton			(3)	(6)	3	6		63	126	(63)	(126)
Zinc			503,315	ton	-7%	(5)	(18)	(37)	18	37	19	68	136	(68)	(136)
Aluminum			86,325	ton	-3%		(2)	(4)	2	4	6	57	114	(57)	(114)
Copper			1,635	ton	-2%						1	6	11	(6)	(11)
Silver			1,438	k oz (*) thousand	-5%		2	3	(2)	(3)	2	10	21	(10)	(21)

(*) oz – kilograms in troy ounces
(**) Considers basket of currencies

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5.1.3 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 942 million (R$ 2,839) (December 31, 2013: EUR 750 million – R$ 2,420), and US$ 3,216 million (R$ 7,083) (December 31, 2013: US$ 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 in the six-month period ended June 30, 2014 was R$ 626 (in the six-month period ended June 30, 2013, loss of R$ 684).

5.1.4 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:

	Note	6/30/2014	12/31/2013
Borrowing	19	22,494	23,435
Cash and cash equivalents	7	(2,950)	(2,498)
Fair value of derivative contracts	5.1.1	105	20
Financial investments	8	(2,556)	(4,133)
Net debt (A)		17,093	16,824
Adjusted annualized EBITDA (B)	34 (iv)	5,999	5,388
Gearing ratio (A/B)		2.85	3.12

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6 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:

			6/30/2014			12/31/2013
	Local rating	Global rating	Total	Local rating	Global rating	Total
Cash and cash equivalents						
AAA	1,125		1,125	815		815
AA+					64	64
AA	315		315			
AA-		9	9		2	2
A+		25	25		144	144
A		224	224		168	168
A-		118	118	1	149	150
BBB+		102	102		21	21
BBB		411	411		419	419
BBB-		355	355		436	436
BB		9	9		37	37
BB-					2	2
B+					16	16
CCC+					1	1
CCC		2	2			
CCC-		3	3			
Unrated	1	251	252	4	219	223
	1,441	1,509	2,950	820	1,678	2,498
Financial investments						
AAA	1,207		1,207	2,574		2,574
AA+	446		446	668		668
AA-				16		16
A+		3	3		30	30
A	15	211	226		130	130
A-					163	163
BBB		14	14		211	211
BBB-		87	87		100	100
BB+				1		1
CCC+					23	23
CCC		33	33			
CCC-		18	18			
Unrated	308	214	522	125	92	217
	1,976	580	2,556	3,384	749	4,133
Derivative financial assets						
AAA	49		49	40		40
AA+	1		1			
A+		2	2		2	2
A		4	4		24	24
A-		17	17		7	7
BBB		25	25		35	35
	50	48	98	40	68	108
	3,467	2,137	5,604	4,244	2,495	6,739

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

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7 Cash and cash equivalents

	6/30/2014	12/31/2013
Cash and cash equivalents in local currency		
Cash and banks	79	29
Bank Deposit Certificates ("CDB")	719	509
Repurchase agreements	643	282
	1,441	820
Cash and cash equivalents in foreign currency		
Cash and banks	1,053	671
Bank Deposit Certificates ("CDB")	456	1,007
	1,509	1,678
	2,950	2,498

Financial investments in bank deposit certificates and repurchase agreements 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 six-month period ended June 30, 2014 was 100.7% of the CDI (year ended December 31, 2013 - 100.78% of the CDI).

8 Financial investments

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

	6/30/2014	12/31/2013
Held for trading		
Financial Treasury Bills (LFTs)	292	402
National Treasury Bills (LTNs)	218	208
Investment fund quotas		5
Credit Rights Investment Funds (FIDC)	339	155
Investments denominated in foreign currency	131	258
Bank Deposit Certificates (CDBs)	20	25
Repurchase agreements	1,042	2,545
Other	4	4
	2,046	3,602
Available for sale		
Financial investments in foreign currency	449	491
	449	491
Held to maturity		
Investment fund quotas	47	26
Bank Deposit Certificates (CDBs)	14	14
	61	40
	2,556	4,133
Current	(2,517)	(4,092)
Non-current	39	41

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Most financial investments have immediate liquidity. The average yield of the portfolio for the six-month period ended June 30, 2014 was 99.7% of the CDI (year ended December 31, 2013 - 100.13% of the CDI).

In the six-month period ended June 30, 2014, there was a decrease in cash and financial investments, justified by the payments of debts of VID, CBA and VC in the amount of R$ 4.9 billion, partially offset by borrowing in the amount of R$ 4.3 billion.

9 Trade receivables

(a) Breakdown

	Note	6/30/2014	12/31/2013
Trade receivables - Brazil		979	854
Trade receivables - foreign customers		1,376	1,270
Related parties	13	124	111
Provision for impairment of trade receivables		(96)	(90)
		2,383	2,145

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

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Opening balance	(90)	(42)
Additions, net	(23)	(18)
Receivables written off as uncollectible	14	5
Foreign exchange variations	3	(8)
Closing balance	(96)	(63)

10 Inventories

	6/30/2014	12/31/2013
Finished products	773	559
Semi-finished products	1,473	1,510
Raw materials	538	577
Auxiliary materials	841	848
Imports in transit	212	187
Other	60	78
Provision for losses (i)	(393)	(357)
	3,504	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.

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11 Taxes recoverable

	6/30/2014	12/31/2013
Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) (i)	517	586
State Value-added Tax on Sales and Services (ICMS) on PP&E (ii)	155	165
State Value-added Tax on Sales and Services (ICMS)	577	563
Excise Tax (IPI)	51	52
Social Integration Program (PIS)	105	109
Social Contribution on Revenue (COFINS)	461	493
Value-added Tax (VAT) (foreign companies)	199	245
Withholding Income Tax (IRRF)	37	2
IRPJ/CSLL - Summer Plan (iii)	281	267
Other	176	184
	2,559	2,666
Current	(958)	(1,048)
Non-current	1,601	1,618

(i) The credits relating to 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) 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) 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, 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 ("*Plano Verão*"), calculated on the profit for the base period 1989, which has been monetarily restated.

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12 Assets held for sale

(a) Assets held for sale

	VCEAA/China		Baraúna		Total	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Inventory	45	48			45	48
Property, plant and equipr	194	215	45	45	239	260
Goodwill	262	280			262	280
Intangible assets	48	48			48	48
Other assets	134	152			134	152
	683	743	45	45	728	788

(b) Liabilities relating to assets held for sale

	VCEAA/China	
	6/30/2014	12/31/2013
Other payables	285	311
Provision	29	32
Other liabilities	49	47
	363	390

(c) Profit from discontinued operations

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
VCEAA/China		
Net revenue	122	59
Cost of products sold	(118)	(89)
Gross profit (loss)	4	(30)
Finance results, net	(5)	(3)
Loss before income tax and social contribution	(1)	(33)
Income tax and social contribution	(3)	1
Loss from discontinued operations	(4)	(32)

(d) Operations in China

The subsidiary VCSA 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. VCSA 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 state

13 Related parties

	Trade receivables		Dividends receivable		Non-current assets	
Parent	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Votorantim Participações S.A. (i)	1				330	364
Related companies						
Cementos Especiales de las Islas, S.A. (CEISA)	9	10				
Cia. de Cimento Itambé	5	14				
Citrosuco GmbH					139	148
Citrosuco S.A. Agroindústria (ii)					311	330
Citrovita Orange Juice GmbH (iii)					424	445
Fibria Celulose S.A.	3	5			1	1
Hailstone Limited					11	12
Ibar Administração e Participações Ltda.					5	5
Maré Cimento Ltda.	3	9	3	3		
Mineração Rio do Norte S.A.			4	4		
Mizú S.A.	6	6	2	1		
Polimix Concreto Ltda.	18	15	8	7		
Sitrel Siderúrgia Três Lagoas Ltda.	33	18				
Sirama Participações, Administração e Transportes Ltda			40	4		
ST. Helen Holding II B.V. (iv)					570	596
Sumter Cement Co LLC	1	1			2	3
Superior Materials Holdings,LLC	12	9				
Supermix Concreto S.A.	30	22				
Suwannee American Cement LLC	1				54	62
Verona Participações Ltda.			10	9		
Other	2	2	8		16	11
	124	111	75	28	1,863	1,977
Current	(124)	(111)	(75)	(28)		
Non-current					1,863	1,977

All amounts in millions of reais unless otherwise state

	Trade payables		Dividends payable		Non-current liabilities	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Parent						
Votorantim Participações S.A. (v)			120	104	349	360
Related companies						
Alunorte - Alumina do Norte do Brasil S.A.	18	25				
Cementos Especiales de las Islas, S.A. (CEISA)	3	2				
Esperento S.A.R.L. (vi)					122	
Hailstone Limited (vii)					316	332
LIT Mining Coöperatief U.A (viii)					23	153
LIT Tele Ltda.					40	44
Sitrel Siderúrgia Três Lagoas Ltda.	24	18				
ST. Helen Holding II B.V.					22	24
Suwannee American Cement LLC	15	13				
Votorantim Finanças S.A.					2	3
Other	1	3			7	
Non-controlling interests			17	47		
	61	61	137	151	881	916
Current	(61)	(61)	(137)	(151)		
Non-current					881	916

All amounts in millions of reais unless otherwise state

	Finance income (costs)		Purchases		Sales	
	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Parent						
Votorantim Participações S.A.	(10)	(9)				
Related companies						
Cia. de Cimento Itambé					1	
Citrosuco S.A. Agroindústria	5	5		3	3	3
Citrovita Orange Juice GmbH	6	6				
Fibria Celulose S.A.					24	15
Hailstone Limited	(2)	(2)				
LIT Mining Coöperatief U.A.	(1)					
Lit Tele LLC		(1)				
Maré Cimento Ltda.					31	18
Mizú S.A.					30	35
Polimix Concreto Ltda.					70	83
Sitrel Siderúrgia Três Lagoas Ltda. (ix)					148	114
ST. Helen Holding II B.V.	10	9				
Superior Materials Holdings,LLC					8	10
Supermix Concreto S.A.					181	149
Other	1				3	4
	9	8		3	499	431

(i) Refers basically to receivables from the sale of deferred tax on tax losses to 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 Esperento. The release occurred in May 2014, adjusted based on monthly LIBOR and spread of 1.5% per year.
(vii) Debt of Votorantim GmbH to Hailstone Limited. The transaction is adjusted based on monthly LIBOR and spread of 1.5% per year.
(viii) 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.
(ix) Refers to business transactions between Sitrel and VS, mainly related to the rod rolling process at the Sitrel plant, which entered operation in December 2012, using as its main raw material billets from VS's Resende Unit.

All amounts in millions of reais unless otherwise state

14 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 June 30, 2014, the fair value of this option was R$ 1 (December 31, 2013 - R$ 127) and its was recorded in "Call options", in current assets.

15 Other assets

	6/30/2014	12/31/2013
Electric energy credit	309	151
Advances to suppliers	235	201
Prepaid expenses	185	160
Tax credits	210	158
Receivables from sale of ownership interests	94	139
Advances to employees	59	75
Social security credits	27	36
Notes receivable	34	50
Receivable from sale of PP&E	13	8
Checks to be cleared	6	17
Other receivables	88	70
	1,260	1,065
Current	(895)	(710)
Non-current	365	355

All amounts in millions of reais unless otherwise state

16 Investments

(a) Breakdown

	Information on investees at June 30, 2014			Equity in the results		Investment balance	
	Equity	Profit (loss) for the six-month period	Ownership percentage (%)	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013	6/30/2014	12/31/2013
Investments accounted for under the equity method							
Sirama Participações Administração e Transportes Ltda.	857	94	38.26	36	33	328	328
Cementos Avellaneda S.A. (iii)	300	35	49.00	17	19	202	247
Cementos Bio Bio S.A. (ii)	821	51	16.70	9	(4)	137	153
Alunorte - Alumina do Norte S.A. (ii)	4,277	(91)	3.03	(3)	(10)	130	132
Maré Cimento Ltda. (i)	224	21	51.00	6	24	114	108
Polimix Concreto Ltda. (i)	307	16	27.57	1	6	85	85
Mineração Rio do Norte S.A. (ii)	640	46	10.00	5	1	64	61
Cemento Portland S.A.	211	(1)	29.50			62	66
Supermix Concreto S.A.	190	(6)	25.00	(2)	2	48	54
Mizu S.A. (ii)	76	10	51.00		2	39	39
Verona Participações Ltda.(i)	89	26	25.00	3	10	22	20
Polimix Cimento Ltda. (i)	30		51.00			15	15
Other investments				(9)	(2)	176	181
Joint ventures							
Fibria Celulose S.A.	15,092	647	29.42	190	(169)	4,440	4,250
Suwannee American Cement LLC	192	(2)	50.00	(1)	(2)	96	103
Sitrel Siderúrgica Três Lagoas Ltda.	201	25	50.00	13	14	100	88
				265	(76)	6,058	5,930

(i) 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.

(ii) 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.

(iii) The investment considers the amount of R$ 162, relating to the goodwill paid on the acquisition.

All amounts in millions of reais unless otherwise state

(b) Information on investees

A summary of the principal financial information on associates and joint ventures at June 30, 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 six-month period
Investments accounted for under the equity method									
Sirama Participações Administração e Transportes Ltda.	38.26	123	769	18	18	857			94
Cementos Avellaneda S.A.	49.00	236	199	134	1	300	323	55	35
Cementos Bio Bio S.A.	16.70	448	1,517	433	712	821	584	57	51
Alunorte - Alumina do Norte S.A.	3.03	906	6,638	2,231	1,035	4,277	1,616	(256)	(91)
Maré Cimento Ltda.	51.00	284	338	82	316	224	305	30	21
Polimix Concreto Ltda.	27.57	254	258	141	64	307	363	20	16
Mineração Rio do Norte S.A.	10.00	181	2,068	609	1,000	640	476	75	46
Cemento Portland S.A.	29.50	148	71		8	211		(2)	(1)
Supermix Concreto S.A.	25.00	225	226	168	93	190	914	13	(6)
Mizu S.A.	51.00	57	77	26	32	76	79	9	10
Verona Participações Ltda.	25.00	53	46	10		89			26
Polimix Cimento Ltda.	51.00		30			30			
Joint ventures									
Fibria Celulose S.A.	29.42	4,873	21,345	2,924	8,203	15,092	3,336	1,257	647
Suwannee American Cement LLC	50.00	53	173	18	16	192	60	(2)	(2)
Sitrel Siderúrgica Três Lagoas Ltda.	50.00	151	261	65	147	201	175	28	25

All amounts in millions of reais unless otherwise state

(c) Changes in investments

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Opening balance	5,930	6,186
Equity in the results of investees	265	(76)
Capital increase		19
Foreign exchange gains (losses) on foreign investments	(86)	4
Dividends	(54)	(84)
Other	3	(27)
Closing balance	6,058	6,022

(d) Investments in listed companies

	6/30/2014		12/31/2013	
	Book value	Market value	Book value	Market value
Cementos Bio Bio S.A. (*)	137	88	153	108
Fibria Celulose S.A. (*)	4,440	3,493	4,250	4,506

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

(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, on 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.

On June 2, 2014, Fibria obtained from the Brazilian Federal Revenue the approval of the application for activation of credit in the amount of R$ 861 (R$ 568 net of tax effects), related to IPI premium credit, on exports made during the period the BEFIEX Program was effective, which had been filed in March 2014 with the Brazilian Federal Revenue.

The credit was recognized by Fibria and will be utilized to offset payments of federal taxes.

All amounts in millions of reais unless otherwise state

17 Property, plant and equipment

(a) Breakdown and changes

									1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
	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
Additions	1	2	40	2		938		2	985	1,174
Disposals	(4)	(8)	(31)	(3)		(3)	(1)		(50)	(59)
Depreciation	(2)	(117)	(697)	(53)	(5)		(8)	(3)	(885)	(828)
Foreign exchange gains (losses)	(45)	(80)	(241)	(8)	(1)	(42)	(12)		(429)	358
Transfer to taxes recoverable (Note 11) (i)						(80)			(80)	(513)
Transfers	67	84	389	26	6	(587)	5		(10)	(19)
Closing balance	1,593	6,196	14,041	321	53	3,375	205	61	25,845	25,975
Cost	1,637	9,200	28,209	1,222	178	3,375	383	417	44,621	43,492
Accumulated depreciation	(44)	(3,004)	(14,168)	(901)	(125)		(178)	(356)	(18,776)	(17,461)
Net closing balance	1,593	6,196	14,041	321	53	3,375	205	61	25,845	26,031
Average annual depreciation rates - %	3	3	6	18	10		9	9		

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 19(f).

(i) Refer to ICMS tax credits granted by the State of Santa Catarina to the subsidiary VCSA in consideration for expenses incurred for the repair of roads in that State (especially related to the access to the Vidal Ramos Plant). This amount was fully offset in the first half of 2014. Although the Company believes that the prior classification as “Property, plant and equipment” was not appropriate, the comparative periods presented were not reclassified because the amount of the reclassification within assets is not material for the comparative periods presented

All amounts in millions of reais unless otherwise state

(b) Construction in progress

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

	6/30/2014	12/31/2013
Segment		
Cement	1,640	1,420
Metals	1,131	1,093
Steel	404	468
Mining Peru	197	164
Other	3	4
	3,375	3,149

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

Main projects in progress - Cement	6/30/2014	12/31/2013
New unit in Edealina/GO	322	264
New unit in Primavera/PA	205	148
New unit in Cuiabá/MT	93	100
Burden removal - cement	87	81
New production line in Rio Branco/PR	55	46
New crushing in Xambioá/TO	55	5
New unit in Ituaçú/BA	48	45
New coprocessing lines	45	38
Equipment refurbishment - Cement	26	11
New crushing in Santa Helena/SP	8	8
New unit in Sobral/CE	6	3
New production line in Salto de Pirapora/SP	3	3
Modernizations in the port of Imbituba/SC	1	1
New unit in Vidal Ramos/SC		81

All amounts in millions of reais unless otherwise state

Main projects in progress - Metals	6/30/2014	12/31/2013
Iron nickel	161	160
Polymetallics	112	119
Renovation of furnace room floors	102	48
Calcination furnace	92	88
Vazante expansion	92	80
Alumina rondon	73	60
Oven room	70	66
Rod mill	41	12
WEIR pumps	32	32
Sevice under furnace rooms	10	10
Alumina expansion		32

Main projects in progress - Steel	6/30/2014	12/31/2013
Mechanized and semi-mechanized underground operation of metallurgical coal	129	122
Resende expansion	26	79
Barras Mansa expansion	17	41
Blast furnace regenerator replacement	37	28
Plan equipment modernization	15	11
Forest expansion	11	9
Free zone	9	14
Scrap crushing equipment	8	10

Main projects in progress - Mining Peru	6/30/2014	12/31/2013
"Pucurhuay" Hydroelectric Plant	45	32
Cerro Lindo Project Phase III	37	29

All amounts in millions of reais unless otherwise state

18 Intangible assets

(a) Breakdown and changes

	1/1/2014 to 6/30/2014								1/1/2013 to 6/30/2013
	Goodwill (i)	Rights over natural resources	Rights over trademarks and patents	Software	Use of public assets (Note 25)	Contracts, customer relationship and agreements	Other	Total	Total
Opening balance									
Cost	4,781	6,613	242	340	538	331	831	13,676	13,164
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	11,483
Additions		1					8	9	59
Write-offs		(1)						(1)	(3)
Amortization and depletion		(139)	(14)	(11)	(10)	(10)	(13)	(197)	(223)
Foreign exchange gains (losses)	(187)	(235)	(1)	(4)		(11)	(31)	(469)	652
Effect of companies included in consolidation									24
Revision of estimated cash flow (Note 26)		(4)						(4)	
Transfers		2		8				10	1
Closing balance	4,594	5,372	46	89	426	156	412	11,095	11,993
Cost	4,594	6,261	225	372	538	310	794	13,094	13,638
Accumulated amortization		(889)	(179)	(283)	(112)	(154)	(382)	(1,999)	(1,645)
Net closing balance	4,594	5,372	46	89	426	156	412	11,095	11,993
Average annual amortization rates - %		6	6	6	4	7	10		

(i) The goodwill is net of the amounts allocated to the operations in China included in the balance sheet as “assets classified as held for sale”.

All amounts in millions of reais unless otherwise state

19 Borrowings

(a) Breakdown

		Current		Non-current		Total	
Type	**Average annual charges (%)**	**6/30/2014**	**12/31/2013**	**6/30/2014**	**12/31/2013**	**6/30/2014**	**12/31/2013**
Local currency							
BNDES	4.75% fixed rate BRL / TJLP + 2.63%	706	692	1,916	2,224	2,622	2,916
FINAME	4.47% fixed rate BRL / TJLP + 2.60%	28	24	152	126	180	150
Debentures	110.53% of CDI	166	126	6,237	5,341	6,403	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		15	16	12	14	27	30
Subtotal		921	864	8,601	7,988	9,522	8,852
Foreign currency							
BNDES	UMBNDES + 2.37%	129	132	351	430	480	562
Development promotion agency	LIBOR US$ + 1.38%	17	19	114	130	131	149
Eurobonds - USD	6.44% fixed rate US$	70	116	5,578	7,526	5,648	7,642
Eurobonds - EUR	3.89% fixed rate EUR	15	86	2,845	2,424	2,860	2,510
Syndicated loan/bilateral agreements	LIBOR US$ + 1.23%	385	82	820	831	1,205	913
Export prepayments	LIBOR US$ + 1.43%	287	140	2,241	2,547	2,528	2,687
Working capital	LIBOR USD + 2.18% / DTF + 2.21%	63	51			63	51
Other		21	27	36	42	57	69
Subtotal		987	653	11,985	13,930	12,972	14,583
		1,908	1,517	20,586	21,918	22,494	23,435
Interest on borrowing		279	351				
Current portion of long-term borrowing		1,580	1,116				
Short-term borrowing		49	50				
		1,908	1,517				

All amounts in millions of reais unless otherwise state

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 June 30, 2014, 99% of the basket comprised of US dollars.
US$ – U.S. Dollar
DTF – Time Deposit Rate

(b) Maturity

The maturity profile of borrowing at June 30, 2014 was as follows:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	As from 2024	Total
Local currency												
BNDES	354	676	565	419	289	148	42	37	29	17	46	2,622
FINAME	14	28	29	24	18	17	16	15	13	5	1	180
Debentures	163	6	505	903	2,524	1,403	643	243	3	3	7	6,403
Export credit notes	1		130	100								231
Development promotion agency	3	6	8	6	6	6	6	6	6	2	4	59
Other	9	11	3	2		2						27
Subtotal	544	727	1,240	1,454	2,837	1,576	707	301	51	27	58	9,522
%	5.71	7.63	13.02	15.27	29.79	16.55	7.42	3.16	0.54	0.28	0.61	
Foreign currency												
BNDES	64	129	114	86	57	25	4	1				480
Development promotion agency	9	16	16	16	17	17	17	12	7	4		131
Eurobonds - USD (*)	72	(5)	(4)	(4)	(4)	453	211	528		768	3,633	5,648
Eurobonds - EUR (*)	(3)	15	(5)	910	(5)	(5)	(5)	1,958				2,860
Syndicated loans/bilateral agreement	4	381	404			416						1,205
Export prepayments	132	439	620	620	517	200						2,528
Working capital	43	20										63
Other	14	16	12	3	2	1	1	1	1	1	5	57
Subtotal	335	1,011	1,157	1,631	584	1,107	228	2,500	8	773	3,638	12,972
%	2.58	7.79	8.92	12.57	4.50	8.53	1.76	19.27	0.06	5.96	28.05	
Total	879	1,738	2,397	3,085	3,421	2,683	935	2,801	59	800	3,696	22,494
%	3.91	7.73	10.66	13.71	15.21	11.93	4.16	12.45	0.26	3.56	16.43	

(*) The amount represented in negative form refer borrowing costs, which are amortization in linear basis.

All amounts in millions of reais unless otherwise state

(c) Changes

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Opening balance	23,435	22,291
New borrowing	4,777	1,635
Interest	768	686
Foreign exchange gains (losses)	(863)	1,093
Payments - principal	(4,796)	(1,727)
Payments - interest	(827)	(738)
Effect of companies included in consolidation		4
Realization of fair value of business combination		(7)
Closing balance	22,494	23,237

(d) Breakdown by currency

	Current		Non-current		Total	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Real	921	864	8,601	7,988	9,522	8,852
U.S. Dollar	792	390	8,842	11,130	9,634	11,520
Euro	15	87	2,845	2,425	2,860	2,512
Currency basket	112	119	276	347	388	466
Other	68	57	22	28	90	85
Total	1,908	1,517	20,586	21,918	22,494	23,435

(e) Breakdown by index

	Current		Non-current		Total	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Local currency						
CDI	166	127	6,236	5,340	6,402	5,467
TJLP	662	648	1,805	2,086	2,467	2,734
Fixed rate	93	89	560	562	653	651
	921	864	8,601	7,988	9,522	8,852
Foreign currency						
LIBOR	694	222	3,175	3,499	3,869	3,721
UMBNDES	129	132	351	430	480	562
Fixed rate	109	242	8,458	9,999	8,567	10,241
Other	55	57	1	2	56	59
	987	653	11,985	13,930	12,972	14,583
Total	1,908	1,517	20,586	21,918	22,494	23,435

(f) Collateral

At June 30, 2014, R$ 11,065 (December 31, 2013 – R$ 10,034) of the balance of borrowing was collateralized by promissory notes and sureties from the Company, whereas R$ 180 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.

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

(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) On June 17, 2014, the subsidiary CBA issued bonds in dollars in the amount of US$ 400 million, with maturity in 2024 and semiannual coupon of 4.75% p.a.. The issue is guaranteed by VID and is rated BBB, Baa3 and BBB by rating agencies S&P, Moody's and Fitch, respectively.

(ii) In June 2014, the subsidiary CBA extended the final maturity of export credit notes totaling R$ 100 million to 2017 and reduced the final cost swapped. At June 30, 2014, the subsidiary CBA had export credit note agreements totaling R$ 230, subject to interest of 8% p.a. and with maturities in 2016 and 2017. These transactions are linked to swaps that convert fixed rates to floating rates. The final cost is 88% of the CDI.

(iii) On April 16, 2014, the subsidiary VCSA issued bonds with maturity in 2021 and annual coupon of 3.25%, totaling EUR 650 million. The new issuance was the first made in the international market without guarantees and is rated BBB, Baa3 and BBB by rating agencies S&P, Moody's and Fitch, respectively.

(iv) 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 US$ 125 million to US$ 300 million, and extending the payment term to 2019. The investee also settled the syndicated loan in advance.

(v) During the period ended June 30, 2014, the Company's subsidiaries received R$ 104 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 + 2.74 % p.a. (December 31, 2013 – TJLP +2.75% p.a.)

(vi) 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 6 of CVM Instruction 476, of January 16, 2009. The issue of R$ 450, with maturity in March 2017, pays 107% of the CDI.

(vii) 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 CVM, pursuant to Article 6 of CVM Instruction 476, of January 16, 2009. The issue of R$ 450, with maturity in February 2017, pays 107.95% of the CDI.

(viii) 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.

(i) Repurchase of bonds (Tender Offer)

VID, CBA and Voto IV disclosed on June 3, 2014 the offering to buy back bonds that they issued with maturities in 2019, 2021 and 2020, respectively. On June 11, 2014, VID repurchased R$ 98 (US$ 44 million) of the principal, with total disbursement of R$ 115 (US$ 52 million), CBA repurchased R$ 174 (US$ 78 million) of the principal, with total disbursement of R$ 210 (US$ 94 million) and Voto IV repurchased R$ 247 (US$ 112 million) of the principal, with total disbursement of R$ 313 (US$ 142 million). The related financial settlement was made on June 17, 2014.

On April 9, 2014, the subsidiary VCSA disclosed the offering to buy back bonds in EUR that it issued with maturity in 2017. On April 16, 2014, VCSA repurchased R$ 1,386 (EUR 446 million) of principal, with total disbursement of R$ 1,655 (EUR 533 million) and obtained approval of the creditors for excluding some covenants. The related financial settlement was made on April 28, 2014.

VID and CBA disclosed on March 10, 2014 the offering to buy back bonds that they issued with maturities in 2019 and 2021, respectively, totaling up to US$ 1 billion. On March 21, 2014, VID repurchased R$ 1,352 (US$ 586 million) of the 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 the principal, with total disbursement of R$ 788 (US$ 341 million). The related financial settlement was made on March 28, 2014.

All amounts in millions of reais unless otherwise state

(j) Fair value of borrowing

	6/30/2014	
	Carrying amount	Fair value
Local currency		
BNDES	2,622	2,414
FINAME	180	143
Debentures	6,403	6,645
Export credit notes	231	218
Development promotion agency	59	52
Other	27	18
Subtotal	9,522	9,490
Foreign currency		
BNDES	480	527
Development promotion agency	131	133
Eurobonds - USD	5,648	5,934
Eurobonds - EUR	2,860	2,991
Syndicated loans/bilateral agreement	1,205	1,230
Export prepayments	2,528	2,624
Working capital	63	64
Other	57	63
Subtotal	12,972	13,566
	22,494	23,056

The difference between the fair value and the carrying amount of the borrowing is R$ 562, and the carrying amount is lower than the fair value. The fair values of these liabilities are classified in Level I at R$ 8,925 and Level II at R$ 14,131.

20 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 periods ended June 30 are reconciled to their Brazilian standard rates as follows:

All amounts in millions of reais unless otherwise state

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Profit before income tax and social contribution	726	382
Standard rates	34%	34%
Income tax and social contribution at standard rates	(247)	(130)
Adjustments for the calculation of income tax and social contribution at effective rates		
Equity in the results of investees	90	(26)
Income tax losses without recording the deferred amounts	(94)	(224)
Social contribution losses without recording the deferred amounts	(37)	(88)
Differences in the tax rates of foreign subsidiaries	53	30
Other additions (exclusions), net	35	(20)
Income tax and social contribution calculated	(200)	(458)
Current	(252)	(379)
Deferred	52	(79)
Income tax and social contribution expenses	(200)	(458)

(b) Breakdown of deferred tax balances

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

	6/30/2014	12/31/2013
Assets		
Tax losses	2,349	2,055
Temporary differences		
Provision	698	715
Provision for losses on investments	232	218
Foreign exchange gains	151	390
Use of Public Assets (UBP)	190	181
Accelerated depreciation and adjustment of useful lives	65	38
CPC 29 - Biological assets	54	54
Environmental liabilities	36	38
Derivatives - Law 11,051/04	27	12
Provision for disposals of assets	25	23
Tax benefit on goodwill	23	24
Other provisions	263	308
Non-current assets	4,113	4,056
Liabilities		
Temporary differences		
Accelerated depreciation and adjustment of useful lives	1,576	1,497
Business combinations	1,018	1,257
Market value adjustments to property, plant and equipment	334	220
Goodwill amortization	347	310
Foreign exchange losses	135	
CPC 20 - Capitalized interest	132	129
CPC 12 - Adjustment to present value	45	45
Borrowing cost	24	
Deferred gains on derivative contracts	2	5
Other	68	75
Non-current liabilities	3,681	3,538
Net (assets - liabilities)	432	518

All amounts in millions of reais unless otherwise state

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

	1/1/2014 to 6/30/2014
Opening balance	518
Effects on results for the period	52
Effects on comprehensive income	(138)
Closing balance	432

21 Other liabilities

	6/30/2014	12/31/2013
REFIS - Tax Recovery Program (Note 23)	239	240
Payables for interest acquisition	225	232
Provision for services	174	190
Long-term taxes payable	128	122
Advances from customers	125	139
Environmental obligations	106	121
Provision for freight	37	35
Long-term taxes payable	29	97
Provision for utilities - water, electric energy and gas	23	18
Provision for maintenance	12	13
Unappropriated premiums	11	11
Other liabilities	98	61
	1,207	1,279
Current	(410)	(539)
Non-current	797	740

22 Transitional tax regime

Provisional Measure 627 was converted into Law 12,973/14 on May 13, 2014, confirming the repeal of the Transitional Tax System (RTT) from 2015, with the option to advance its effects for 2014.

The Company is assessing the potential effects of the application of this Law before deciding whether to elect early adoption of such Law, within the terms established for the option.

23 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, the Company and its subsidiary Votorantim Investimentos Latino-Americanos S.A. (“VILA”) applied for the 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:

Both applied for the 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$ 377 and R$313, respectively, the effect of which was recognized in the profit for 2013. Of this amount, the Company and its subsidiary offset R$ 202 and R$ 167, respectively, 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 7 of Article 40 of Law 12,865/13, resulting in the actual cash disbursement of R$ 140 and R$ 117, respectively, over 180 months.

All amounts in millions of reais unless otherwise state

24 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. 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:

	6/30/2014			12/31/2013		
	Judicial deposits	Provisions	Net amount	Judicial deposits	Provisions	Net amount
Tax	(439)	1,274	835	(476)	1,320	844
Labor and social security	(75)	197	122	(81)	193	112
Civil	(23)	117	94	(16)	104	88
Other		75	75		57	57
	(537)	1,663	1,126	(573)	1,674	1,101

(b) Changes

The changes in the provision during the six-month period are as follows:

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Opening balance	1,101	1,378
Additions	82	88
Reductions	(111)	(266)
Monetary restatements	18	39
Efffect of companies included in consolidation		38
Judicial deposits	36	(1)
Closing balance	1,126	1,276

All amounts in millions of reais unless otherwise state

(c) Outstanding judicial deposits

At June 30, 2014, the Company had R$ 499 (December 31, 2013 - R$ 414) 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.

(ii) Provision for labor contingencies

VID and its subsidiaries are parties to approximately 5,691 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, and 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:

	6/30/2014	12/31/2013
Tax	4,028	3,564
Labor and social security	555	561
Civil	5,421	4,736
Environmental	405	381
	10,409	9,242

All amounts in millions of reais unless otherwise state

(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 no provision is recorded, are commented on below. In the table below we present an analysis of the materiality of these lawsuits:

Nature	Tax Amount
(i) CFEM	468
(ii) Tax assessment notice – IRPJ/CSLL	181
(iii) Disallowances of PIS/COFINS credits	316
(iv) Offset of tax loss – 30% limit (merger)	221
(v) ICMS – transfer costs	192
(vi) Requirement of ICMS on Distribution System Usage Tariff	157
(vii) Disallowance of IRPJ negative balance	108
(viii) IRPJ/CSLL – Profits abroad	133
Other lawsuits of individual amounts lower than R$ 100	2,252
	4,028

(i) Compensation for the exploration of mineral resources

The subsidiaries VCSA, VMSA, VMZ and 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 2003, respectively. At June 30, 2014, the amount under litigation totaled R$ 468, 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$ 184 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 June 30, 2014, of the total restated amount of R$ 225 the subsidiary understands that the best estimate of possible contingency is only R$ 134. 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 S.A. ("VCB"), company merged into subsidiary VCSA, which opted for a taxation regime based on presumed income. At June 30, 2014, of the restated amount of R$ 547 the subsidiary understood that the best estimate of possible contingency was only R$ 47. 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 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 June 30, 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 June 30, 2014 was R$ 221.

(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 2014 to March 2005, April 2005 to March 2006, April 2006 to March 2007 and April 2007 to March 2008. These assessments totaled R$ 192 at June 30, 2014. Currently the lawsuits await a decision at the administrative court.

(vi) **Requirement of ICMS on Distribution System Usage Tariff**

The subsidiaries VMZ, CBA and VS received collections for alleged ICMS debts on the Distribution System Usage Tariff. The total restated amount of these discussions was R$ 157 at June 30, 2014. Currently the lawsuit involving VMZ awaits judgment by the Taxpayers Board of Minas Gerais, the lawsuit involving CBA has already been judged favorable to the company, and an appeal may be filed by the State Finance Department, the lawsuit involving VS awaits a decision of the lower court, and the other two lawsuits of VS had favorable decisions of the lower court.

(vii) **Disallowance of IRPJ negative balance**

The Company, its subsidiary CBA and Cia Nitroquímica Brasileira Ltda.-("CNQB"), 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 (CNQB) and 2008 (CBA), totaling a restated amount of R$ 108 at June 30, 2014. Currently, the lawsuits await judgment on the manifestation of dissatisfaction filed by the 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 for alleged lack of payment of IRPJ and CSLL on profits earned abroad in the calendar year 2011. The amount involved at June 30, 2014 was R$ 19, and the likelihood of loss is classified as possible.

In October 2013, VCSA 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 the lower court, judges decided that the tax assessment notice was valid. Currently, the subsidiary awaits a decision on the voluntary appeal filed with the Administrative Board of Tax Appeals. At June 30, 2014, the amount under litigation was R$ 114, considered as possible loss.

All amounts in millions of reais unless otherwise state

(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. In the table below we present an analysis of the materiality of these lawsuits:

	Civil
Nature	Amount
(i) Litigation with a Northeast transportation company	83
(ii) Litigation with a São Paulo transportation company	162
(iii) Public civil suit - Violation of the economic order	2,880
(v) Litigation in the State of Goiás	325
(vi) Litigation in the State of Minas Gerais	89
(vii) Litigation in the State of Rio de Janeiro	56
(viii) Litigation in the State of São Paulo	43
(ix) Litigation in Brasília	36
Other lawsuits	1,747
	5,421

(i) Litigation with a Northeast transportation company

In August 2010, a transportation company filed a claim against the subsidiary VCNNE seeking compensation for property damages in the amount of R$124, alleging that VCNNE did not comply with the minimum transportation volume established in the cement transportation agreement entered into by the parties. VCNNE was notified of this claim in March 2011 and presented its reply, challenging the jurisdiction and in the merit there was no written agreement regarding the minimum volume claimed, and the fact that the breach and losses borne by the transportation company were due to poor management and did not have any relation to VCNNE. The transportation company filed its reply. On January 22, 2013, the court published its decision to accept the Company's plea and transfer the case to the civil court in the city of Recife. In November 2013, the Court accepted the transportation company's appeal to confirm that the Court of São Luís-MA was competent to judge the cause. VCNNE appealed the decision. In April 2014 the appeal was accepted and a Motion to Clarify against this decision was filed by the transportation company, which was challenged by VCNNE. On June 17, 2014 a decision was issued, rejecting the motion to clarify. Based on the opinion of its outside legal advisors, VCNNE believes that the likelihood of loss as regards property damages in the amount of R$ 83 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 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. The parties filed their challenges to the report and the lawsuit was sent to the expert for his opinion. In June 2014, clarifications were provided by the expert. On June 24, 2014, the Company challenge was presented. Management considers the likelihood of loss of part of the property damages estimated at R$ 162 as possible.

(iii) Public civil suit - Violation of the economic order

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$ 5.600 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 approximately R$ 2.400. 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 possible and the Company did not recognize a provision. At June 30, 2014, the amount under litigation was R$ 2.880.

(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 conclusion phase for judgment. The restated amount involved at June 30, 2014 was R$ 256.

There is a judicial recovery lawsuit stating VMSA as creditor, not yet approved by the court. There is the possibility of bankruptcy of the accusing party. The restated amount involved at June 30, 2014 was R$ 69.

(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 June 30, 2014 was R$ 62.

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 June 30, 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 June 30, 2014 was R$ 56.

(viii) Litigation in the State of São Paulo

Lawsuit filed by VMSA for sustaining a protest in order to suspend the collection and inclusion of the VMSA name due to alleged breach of contract. The records are in the remedy phase. The restated amount involved at June 30, 2014 was R$ 43. Concurrently, an arbitration proceeding for the parties was started, with the formation of arbitrators, and the parties did not present their claims.

There is an arbitration proceeding filed against VMSA, in the starting phase, due to the termination of a nickel supply agreement. As the arbitration proceeding is at the initial phase, the amount of the litigation is illiquid at June 30, 2014.

(ix) 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 June 30, 2014, was R$ 36. The original amount of the fine, of R$23, is guaranteed by a bank guarantee provided in 2006, monetarily restated and with an indeterminate period. The lawsuit currently awaits the court decision on the request for production of proof.

(x) Administrative investigations carried out by the SDE

(a) The Administrative Council for Economic Defense (“CADE” - Conselho Administrativo de Defesa Econômica) is responsible for adjudicating anti-competitive acts referred by the SDE of the Ministry of Justice (currently General Superintendence). CADE adjudicates on matters related to concentration and conduct, including cases of 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.

The legislation provides for the possibility of imposing other accessory penalties, 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 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, and some executives. 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 proceedings, which was suspended at the request for examination made by one of the counselors, who has not voted yet.

On May 28, 2014, the trial was resumed and concluded and CADE issued its final decision on the administrative proceeding, imposing the following penalties to Votorantim Cimentos:. (i) the payment of a fine in the amount of R$ 1.560; (ii) the sale of 20% of the Company's assets from concrete producing activities in Brazil, which shall be sold in relevant markets in which there is more than one concrete producing company owned or possessed by the company; (iii) the sale of all of its interests, minority or not, in other companies operating in the cement or concrete markets; (iv) prohibition of contracting with official financial institutions until the date of sale of the assets, counted from the decision publication date; (v) recommendation to the Federal Revenue and other appropriate bodies for them not to authorize the installment payment of federal taxes due or to cancel, in whole or in part, any tax incentives or public subsidies; (vi) cancelation of any interests among the condemned companies existing in the cement and concrete markets, either directly or through minority interests in other companies that are not part of the group of the condemned companies; (vii) prohibition of any concentration among the condemned companies in the cement market, by any means, for a period of five years counted from the decision publication date; (viii) prohibition of any concentration in the concrete market, by any means, for a period of five years counted from the decision publication date; (ix) prohibition of any association for greenfield, by any means, in the cement, concrete and slag sectors, for a period of five years counted from the decision publication date, with any of the condemned companies; (x) other non-monetary sanctions, among them: (a) the publication of the decision in newspapers; (b) the registration with the National Consumer Protection Register; and (c) the obligation to inform the Brazilian Competition Protection System of any transaction carried out in the cement and concrete sectors, for a period of five years counted from the decision publication date; and (xi) the sale of a specific cement asset.

On July 1, 2014, the decision with the counselors' votes was published, with the confidential versions provided to the condemned companies on the following day. On July 14 the Company filed a Motion to Clarify (administrative appeals) to dispel contradictions, omissions and obscurities of the CADE's decision. The Company is awaiting the analysis of the matter, and there is no legal term for such analysis. Until the trial of the administrative appeal by CADE, CADE's decision will not be concluded at the administrative level and, therefore, it will not have legal effects on the parties.

The Company does not agree with any of the accusations and intends to appeal from CADE's decision also at the courts at the appropriate time because it understands that there were no anti-competitive practices, and as such it should not be subject to any sanctions or penalties.

As such the Company classified the likelihood of loss for this matter in a legal environment as possible.

(c) 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 Company´s 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 Company and its external legal counsel believe that Votorantim will not be subject to any administrative or criminal fines. The likelihood 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, indemnity lawsuits and administrative proceedings, which have as purpose challenges in the environmental area, such as the interruption of environmental licensing, the alleged 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 possible demands relate basically to indemnity lawsuits.

All amounts in millions of reais unless otherwise state

25 Use of public assets

The Company 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:

							6/30/2014			12/31/2013
Plants/Companies	Investor	Concession start date	Concession end date	Payment start date	Ownership interest	Intangible assets (Note 18)	Liabilities	Ownership interest	Intangible assets (Note 18)	Liabilities
Salto Pilão	Companhia Brasileira de Alumínio	Nov-01	Dec-36	Jan-10	60%	230	436	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
Itupararanga	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	39	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%	21	59	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%	138	431	100%	141	423
						426	1,014		436	995
Current							(61)			(60)
Non-current						426	953		436	935

All amounts in millions of reais unless otherwise state

26 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.

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

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Opening balance	876	933
Adjustment to present value	17	(6)
Addition		6
Financial settlement	(2)	2
Revision of estimated cash flow	(4)	
Foreign exchange gains (losses)	(21)	36
Closing balance	866	971

27 Equity

(a) Share capital

At June 30, 2014 and December 31,2013, the Company's fully subscribed and paid-up capital, in the amount of R$ 20,167, comprised 17,687,578,915 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.

During the year 2014, VID paid to its parent (VPAR) mandatory dividends regarding the fiscal year 2013 (ratified at the Extraordinary General Meeting “AGO” dated at April 30, 2014), and intermediated dividends deliberate at the Extraordinary General Meeting “AGO” dated at January 17, 2014.

(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 rate (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 equity instruments.

The yield of R$ 32 is included in equity, under retained earnings, net of income tax and social contribution.

On June 20, 2014, VID made the first payment of interest on the debenture transaction, amounting to R$ 49, of which R$ 10 refers to the effect of Withholding Income Tax.

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

During the first half 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. on April 16, 2013.

All amounts in millions of reais unless otherwise state

28 Net revenue

(a) Reconciliation of revenue

The reconciliation between gross and net revenues for the periods ended June 30 is as follows:

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Gross revenue		
Sales of products - domestic market	8,913	8,560
Sales of products - foreign market	5,246	4,801
Supply of electric power (i)	1,304	605
Service revenue	579	653
	16,042	14,619
Taxes on sales and services and other deductions	(2,615)	(2,319)
Net revenue	13,427	12,300

(i) During the first half of 2014, Votener presented high revenues from sale of electric power due to the increase in the Differences Settlement Price (PLD) in spot market operations, this price is determined weekly for each cargo level based on the marginal cost of the operation and is used to calculate the purchase or sale of electric power in the Spot Market (MCP).

(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 6/30/2014	1/1/2013 to 6/30/2013
Brazil	8,531	7,614
United States	1,029	937
Peru	828	636
Colombia	448	372
Argentina	323	302
Canada	305	321
Turkey	290	269
Switzerland	166	433
Spain	166	163
Morocco	163	151
Uruguay	126	
Luxembourg	126	142
Tunisia	114	118
India	85	73
Belgium	52	45
United Kingdom	45	70
China	41	41
Germany	32	28
Hong Kong	25	26
Other countries	532	559
	13,427	12,300

All amounts in millions of reais unless otherwise state

(ii) Revenue by currency

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Real	8,443	7,485
US Dollar	2,989	2,975
Colombian Peso	390	324
Argentine Peso	305	276
Canadian Dollar	302	319
New Lira	265	243
Euro	190	190
Dirham	163	146
Dinar	135	119
Uruguaian Peso	126	117
Rupee	84	73
Luan-China	35	33
	13,427	12,300

29 Other operating income, net

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Tax benefits of indirect taxes	109	94
Revenue from co-processing	13	6
Gain on sale of property, plant and equipment	11	5
Gain on sale of scrap	6	6
Recovery of taxes	1	3
Mark-to-market of embedded derivatives - Fibria call option (Note 14)	(126)	(29)
Expenses on research	(28)	(31)
Other taxes	(25)	(25)
Tax expenses	(16)	
Expenses on environmental obligations	(5)	(9)
Gain (loss) on sale of investments	(1)	36
Other expenses, net	(68)	(46)
	(129)	10

All amounts in millions of reais unless otherwise state

30 Finance results, net

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Finance costs		
Interest on borrowing	(762)	(590)
Premium paid on Tender Offer (Note 19 (i))	(506)	(22)
Derivative financial instruments (i)	(174)	(12)
Income tax on remittances of interest abroad	(126)	(45)
Interest and monetary restatement UBP	(47)	(38)
Discounts granted	(48)	(20)
Interest on taxes payable	(16)	(20)
Interest on related-party transactions	(13)	(12)
Other finance costs	(132)	(64)
	(1,824)	(823)
Finance income		
Income from financial investments	188	111
Interest on financial assets	37	40
Monetary restatement on assets	31	84
Interest on related-party transactions	22	20
Discounts obtained	12	11
Monetary restatement on judicial deposits	22	12
	312	278
Foreign exchange and monetary gains (losses), net	201	(321)
Finance results, net	(1,311)	(866)

(i) The expenses on derivative financial instruments are justified by the recognition of R$ 106 in order to hedge against the exchange fluctuation of the Tender Offer, R$ 24 to hedge the foreign exchange exposure and R$ 43 to hedge the debt.

31 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 periods ended June 30 are as follows:

All amounts in millions of reais unless otherwise state

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Raw materials, inputs and consumables used	7,092	6,711
Employee benefit expenses	1,840	1,785
Depreciation, amortization and depletion	1,099	1,075
Transportation expenses	648	545
Outsourced services	502	626
Other expenses	345	244
Total cost of sales, selling and administrative expenses	11,526	10,986
Reconciliation		
Cost of products sold and services rendered	9,563	9,102
Selling expenses	887	766
General and administrative expenses	1,076	1,118
Total cost of sales, selling and administrative expenses	11,526	10,986

32 Employee benefit expenses

	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Salaries and bonuses	1,140	1,089
Payroll charges	481	492
Social benefits	219	204
	1,840	1,785

33 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 June 30, 2014 was as follows:

Assets	Type of coverage	Coverage amount
Facilities, equipment and products in inventory	Property damage	40,138
	Loss of profits	8,320

34 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 state

(i) Balance sheet – Business segments

	Cement	Aluminum	Nickel	Zinc	Mining Peru	Metals - other	Steel	Holding companies and other	Eliminations and reclassifications	Total Consolidated (6/30/2014)
Assets										
Current assets										
Cash and cash equivalents, financial investments and derivative financial instruments	2,317	1,514	257	143	803	59	404	65		5,562
Trade receivables	1,250	144	80	255	303	72	495	32	(248)	2,383
Inventory	1,274	641	219	537	141	4	688			3,504
Taxes recoverable	244	73	261	161	51	3	110	55		958
Dividends receivable	64	19	3					70	(81)	75
Other assets	323	114	19	44	75	4	91	226		896
	5,472	2,505	839	1,140	1,373	142	1,788	448	(329)	13,378
Assets held for sale	728									728
Non-current assets										
Long-term receivables										
Financial investments and derivative financial instruments	16					23		3		42
Taxes recoverable	250	571	574	157		6	39	4		1,601
Related parties	139	232	1,195	3,268		89	33	1,274	(4,367)	1,863
Deferred income tax and social contribution	1,081	536	469	644	56	25	439	863		4,113
Judicial deposits	263	72	20	47		36	66	2	(7)	499
Other assets	182	22	90	12	5	6	26	43	(21)	365
	1,931	1,433	2,348	4,128	61	185	603	2,189	(4,395)	8,483
Investments	1,379	1,077	294	735		4,355	101	21,257	(23,140)	6,058
Property, plant and equipment and biological a	10,253	4,900	1,260	4,134	905	740	3,456	306		25,954
Intangible assets	4,956	628	173	4,609	387	49	290	3		11,095
	18,519	8,038	4,075	13,606	1,353	5,329	4,450	23,755	(27,535)	51,590
Total assets	24,719	10,543	4,914	14,746	2,726	5,471	6,238	24,203	(27,864)	65,696

All amounts in millions of reais unless otherwise state

	Cement	Aluminum	Nickel	Zinc	Mining Peru	Metals - other	Steel	Holding companies and other	Eliminations and reclassifications	Total Consolidated
										6/30/2014
Liabilities										
Current liabilities										
Borrowing	1,000	210	160	218	28	52	202	38		1,908
Trade payables	1,036	241	140	751	213	7	433	221	(277)	2,765
Payables - trading	98									98
Salaries and payroll charges	225	89	23	60	60	23	89	54		623
Income tax and social contribution	31	8		1	15	2	25	21		103
Taxes payable	216	11	8	34	26	4	57	14		370
Dividends payable	8			1	2	80	1	120	(75)	137
Advances from customers	66	7	40	2		5	100	2		222
Payables and other liabilities	259	92	54	90	54	10	43	66		668
	2,939	658	425	1,157	398	183	950	536	(352)	6,894
Liabilities related to assets held for sale	363									363
Non-current liabilities										
Borrowing	12,299	2,628	631	1,388	785	200	845	1,810		20,586
Related parties	66		20	55		3,351	565	1,189	(4,365)	881
Deferred income tax and social contribution	1,366	510	164	1,239	2	7	392	1		3,681
Tax, civil, labor and environmental provisions	710	151	48	59	25	23	59	58	(7)	1,126
Provision for asset decommissioning	186	116	158	176	193		37			866
Payables and other liabilities	824	443	38	264		69	361	99		2,098
	15,451	3,848	1,059	3,181	1,005	3,650	2,259	3,157	(4,372)	29,238
Total equity attributable to owners of the Company	5,645	6,037	3,430	8,391	1,245	1,638	3,029	20,510	(23,850)	26,075
Non-controlling interests	321			2,017	78				710	3,126
Total equity	5,966	6,037	3,430	10,408	1,323	1,638	3,029	20,510	(23,140)	29,201
Total liabilities and equity	24,719	10,543	4,914	14,746	2,726	5,471	6,238	24,203	(27,864)	65,696

All amounts in millions of reais unless otherwise state

(ii) Statement of income – Business segments

Statement of income for the period from 1/1/2014 to 6/30/2014

	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	6,068	1,735	422	2,034	866	152	1,941	1,237 (*)	(1,028)	13,427
Cost of products sold and services rendered	(4,028)	(1,310)	(376)	(1,632)	(512)	(67)	(1,521)	(1,145) (*)	1,028	(9,563)
Gross profit	2,040	425	46	402	354	85	420	92		3,864
Operating income (expenses)										
Selling	(548)	(42)	(10)	(84)	(30)	(7)	(165)	(1)		(887)
General and administrative	(382)	(104)	(65)	(175)	(39)	(9)	(160)	(142)		(1,076)
Other operating income (expenses), net	159	(8)	(8)	(88)	(68)	(7)	6	(115)		(129)
	(771)	(154)	(83)	(347)	(137)	(23)	(319)	(258)		(2,092)
Operating profit (loss) before equity investments and finance results	1,269	271	(37)	55	217	62	101	(166)		1,772
Result from equity investments										
Equity in the results of investees	61	28	3	63		21	13	624	(548)	265
Finance results, net										
Finance costs	(877)	(317)	(19)	(58)	(23)	(15)	(73)	(457)	15	(1,824)
Finance income	107	51	24	10	3	6	32	94	(15)	312
Foreign exchange gains (losses), net	20	126	60	111		33	1	(150)		201
	(750)	(140)	65	63	(20)	24	(40)	(513)		(1,311)
Profit (loss) before income tax, social contribution and profit sharing	580	159	31	181	197	107	74	(55)	(548)	726
Income tax and social contribution										
Current	(121)		(1)	(6)	(63)	(26)	(26)	(9)		(252)
Deferred	1	(124)	(33)	(10)	7	(5)	10	206		52
Profit (loss) for the six-month period from continuing operations	460	35	(3)	165	141	76	58	142	(548)	526
Discontinued operations										
Loss for the six-month period from discontinued operations	(4)									(4)
Profit (loss) for the six-month period	456	35	(3)	165	141	76	58	142	(548)	522
Profit (loss) attributable to the owners of the Company	433	35	(3)	215	141	76	58	142	(620)	477
Profit (loss) attributable to non-controlling interests	23			(50)					72	45
Profit (loss) for the six-month period	456	35	(3)	165	141	76	58	142	(548)	522

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

All amounts in millions of reais unless otherwise state

Statement of income for the period from 1/1/2013 to 6/30/2013

	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	5,685	1,622	685	1,811	718	171	1,745	624 (*)	(761)	12,300
Cost of products sold and services rendered	(3,842)	(1,406)	(651)	(1,494)	(461)	(103)	(1,361)	(545) (*)	761	(9,102)
Gross profit	1,843	216	34	317	257	68	384	79		3,198
Operating income (expenses)										
Selling	(440)	(44)	(11)	(87)	(23)	(2)	(157)	(2)		(766)
General and administrative	(393)	(115)	(72)	(178)	(38)	(12)	(192)	(118)		(1,118)
Other operating income (expenses), net	203	24	5	(87)	(80)	1	17	(73)		10
	(630)	(135)	(78)	(352)	(141)	(13)	(332)	(193)		(1,874)
Operating profit (loss) before equity investments and finance results	1,213	81	(44)	(35)	116	55	52	(114)		1,324
Result from equity investments										
Equity in the results of investees	122	(2)	(27)	10		(75)	14	(110)	(8)	(76)
Finance results, net										
Finance costs	(388)	(193)	(16)	(70)	(16)	(23)	(60)	(94)	37	(823)
Finance income	127	66	9	32	3	7	12	59	(37)	278
Foreign exchange gains (losses), net	(68)	(270)	(28)	(92)			(9)	146		(321)
	(329)	(397)	(35)	(130)	(13)	(16)	(57)	111		(866)
Profit (loss) before income tax, social contribution and profit sharing	1,006	(318)	(106)	(155)	103	(36)	9	(113)	(8)	382
Income tax and social contribution										
Current	(255)	(9)	(2)	(19)	(50)	(18)	(21)	(5)		(379)
Deferred	(10)	(53)	(10)	35	4	(4)	(27)	(14)		(79)
Profit (loss) for the six-month period from continuing operations	741	(380)	(118)	(139)	57	(58)	(39)	(132)	(8)	(76)
Discontinued operations										
Loss for the six-month period from discontinued operations	(32)									(32)
Profit (loss) for the six-month period	709	(380)	(118)	(139)	57	(58)	(39)	(132)	(8)	(108)
Profit (loss) attributable to the owners of the Company	706	(380)	(118)	(94)	70	(58)	(39)	(132)	(45)	(90)
Profit (loss) attributable to non-controlling interests	3			(45)	(13)				37	(18)
Profit (loss) for the six-month period	709	(380)	(118)	(139)	57	(58)	(39)	(132)	(8)	(108)

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

All amounts in millions of reais unless otherwise state

(iii) Adjusted EBITDA – Business segments

	Adjusted EBITDA - period from 1/1/2014 to 6/30/2014									
	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	6,068	1,735	422	2,034	866	152	1,941	1,237	(1,028)	13,427
Cost of products sold and services rendered	(4,028)	(1,310)	(376)	(1,632)	(512)	(67)	(1,521)	(1,145)	1,028	(9,563)
Gross profit	2,040	425	46	402	354	85	420	92		3,864
Operating income (expenses)										
Selling	(548)	(42)	(10)	(84)	(30)	(7)	(165)	(1)		(887)
General and administrative	(382)	(104)	(65)	(175)	(39)	(9)	(160)	(142)		(1,076)
Other operating income (expenses), net	159	(8)	(8)	(88)	(68)	(7)	6	(115)		(129)
	(771)	(154)	(83)	(347)	(137)	(23)	(319)	(258)		(2,092)
Operating profit (loss) before equity investments and finance results	1,269	271	(37)	55	217	62	101	(166)		1,772
Additions:										
Depreciation, amortization and depletion - continuing operations	393	156	35	254	115	21	120	5		1,099
EBITDA	1,662	427	(2)	309	332	83	221	(161)		2,871
Addition:										
Dividends received	14									14
Exceptional items										
FIBRIA call option								125		125
Provision for impairment of intangible assets	1									1
Adjusted EBITDA	1,677	427	(2)	309	332	83	221	(36)		3,011

All amounts in millions of reais unless otherwise state

	Adjusted EBITDA - period from 1/1/2013 to 6/30/2013									
	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	5.685	1.622	685	1.811	718	171	1.745	624	(761)	12.300
Cost of products sold and services rendered	(3.842)	(1.406)	(651)	(1.494)	(461)	(103)	(1.361)	(545)	761	(9.102)
Gross profit	1.843	216	34	317	257	68	384	79		3.198
Operating income (expenses)										
Selling	(440)	(44)	(11)	(87)	(23)	(2)	(157)	(2)		(766)
General and administrative	(393)	(115)	(72)	(178)	(38)	(12)	(192)	(118)		(1.118)
Other operating income (expenses), net	203	24	5	(87)	(80)	1	17	(73)		10
	(630)	(135)	(78)	(352)	(141)	(13)	(332)	(193)		(1.874)
Operating profit (loss) before equity investments and finance result	1.213	81	(44)	(35)	116	55	52	(114)		1.324
Additions:										
Depreciation, amortization and depletion - continuing operations	359	170	36	232	138	17	120	3		1.075
EBITDA	1.572	251	(8)	197	254	72	172	(111)		2.399
Addition:										
Dividends received	19									19
Exceptional items										
FIBRIA call option								29		29
Elimination of the effect of the sale of shares of Votorantim Siderurgia		(26)							26	
Transfer of shares FINOR	(2)	(6)								(8)
Gain on disposal of investment C+PA	(38)									(38)
Adjusted EBITDA	1.551	219	(8)	197	254	72	172	(82)	26	2.401

All amounts in millions of reais unless otherwise state

(iv) Adjusted EBITDA

The table below reconciles the annualized adjusted EBITDA to Note 5.1.4 for the calculation of the gearing ratio.

	7/1/2013 to 6/30/2014	1/1/2013 to 12/31/2013
Profit for the period	868	238
Plus (less):		
Equity in the results of investees	(267)	74
Finance income (costs), net - continuing operations	2,057	1,612
Finance income (costs), net - discontinued operations	27	25
Income tax and social contribution - continuing operations	(102)	156
Income tax and social contribution - discontinued operations	3	(1)
Depreciation, amortization and depletion - continuing operations	2,250	2,226
EBITDA	4,836	4,330
Plus (less):		
Dividends received	66	71
Extraordinary items		
EBITDA - discontinued operations	(9)	25
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)
Fair value of biological assets	34	34
Other	23	10
Adjusted EBITDA	5,999	5,388