

(A free translation of the original in Portuguese)

Votorantim Industrial S.A.
Consolidated condensed interim
financial statements at
June 30, 2015
and report on review



Report on review of interim consolidated condensed financial statements

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

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Votorantim Industrial S.A. and its subsidiaries (the "Company") as at June 30, 2015 and the related consolidated condensed statements of income, comprehensive income and cash flows for the quarter and six-month period then ended, and the consolidated condensed statement of changes in equity for the six-month period then ended.

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

Scope of review

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

Conclusion

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



Votorantim Industrial S.A.

Other matters

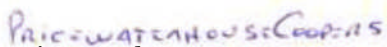
Consolidated condensed statements of value added


We have reviewed the consolidated condensed statements of value added for the quarter and six-month period ended June 30, 2015, prepared under the responsibility of the Company's management and presented as supplementary information. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the consolidated condensed interim financial statements taken as a whole.

Information by business unit

We have also reviewed the supplementary information by business unit, described in Note 31, 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, and is not intended to comply with and is not 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 interim consolidated condensed financial statements taken as a whole.

Curitiba, August 14, 2015


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	6/30/2015	12/31/2014		Note	6/30/2015	12/31/2014
Assets				Liabilities and equity			
Current assets				Current liabilities			
Cash and cash equivalents	7	4,552	3,564	Borrowing	19	1,491	1,530
Financial investments	8	2,705	3,846	Derivative financial instruments	5.1.1	380	242
Derivative financial instruments	5.1.1	241	105	Trade payables		3,489	3,242
Trade receivables	9	3,023	2,466	Payables - trading		129	116
Inventory	10	4,051	3,473	Salaries and payroll charges		713	791
Taxes recoverable	11	969	1,086	Income tax and social contribution		113	108
Dividends receivable	13	44	45	Taxes payable		402	385
Financial instruments - firm commitment	14	389	405	Dividends payable	13	216	389
Other assets	15	455	467	Advances from clients		261	250
		16,429	15,457	Use of public assets	23	65	64
				Other liabilities	21	686	624
						7,945	7,741
Assets classified as held for sale	12	1,319	849	Liabilities related to assets held for sale	12	681	461
		17,748	16,306			8,626	8,202
Non-current assets				Non-current liabilities			
Long-term receivables				Borrowing	19	23,780	22,473
Financial investments	8	35	19	Derivative financial instruments	5.1.1	2	3
Derivative financial instruments	5.1.1	405	197	Deferred income tax and social contribution	20 (b)	1,562	1,513
Taxes recoverable	11	1,394	1,524	Related parties	13	1,010	895
Related parties	13	2,768	2,482	Tax, civil, labor and environmental provisions	22	1,873	1,910
Deferred income tax and social contribution	20 (b)	2,932	2,205	Use of public assets	23	995	954
Judicial deposits	22 (b)	337	421	Pension plan		317	303
Financial instruments - firm commitment	14	791	889	Other liabilities	21	1,361	1,310
Other assets	15	338	297			30,900	29,361
		9,000	8,034	Total liabilities		39,526	37,563
Investments	16	6,065	6,270	Equity	24		
Property, plant and equipment	17	26,839	26,037	Share capital		20,363	20,363
Biological assets		120	134	Revenue reserves		7,295	7,295
Intangible assets	18	13,755	12,518	Retained earnings		595	
		55,779	52,993	Carrying value adjustments		1,669	589
				Total equity attributable to owners of the Company		29,922	28,247
				Non-controlling interests		4,079	3,489
Total assets		73,527	69,299	Total equity		34,001	31,736
				Total liabilities and equity		73,527	69,299

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	4/1/2015 to 6/30/2015	4/1/2014 to 6/30/2014	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Continuing operations					
Net revenue from products sold and services rendered	25	7,800	6,646	14,884	13,427
Cost of products sold and services rendered	26	(5,685)	(4,666)	(10,972)	(9,563)
Gross profit		2,115	1,980	3,912	3,864
Operating expenses					
Selling	26	(419)	(446)	(849)	(887)
General and administrative	26	(563)	(576)	(1,117)	(1,076)
Other operating expenses, net	28	(34)	(48)	(63)	(129)
		(1,016)	(1,070)	(2,029)	(2,092)
Operating profit before equity results and finance results		1,099	910	1,883	1,772
Result from equity investments					
Equity in the results of investees	16	264	236	114	265
		264	236	114	265
Finance results, net					
Finance income	29	263	142	707	312
Finance costs		(841)	(831)	(1,504)	(1,824)
Foreign exchange gains (losses), net		37	126	(192)	201
		(541)	(563)	(989)	(1,311)
Profit before income tax and social contribution		822	583	1,008	726
Income tax and social contribution					
Current	20 (a)	(224)	(88)	(423)	(252)
Deferred		35	17	88	52
Profit for the period from continuing operations		633	512	673	526
Discontinued operations					
Profit (loss) for the period from discontinued operations	12 (d)	(25)	2	8	(4)
Profit for the period		608	514	681	522
Profit attributable to the owners of the Company		581	483	633	477
Profit attributable to non-controlling interests		27	31	48	45
Profit for the period		608	514	681	522
Weighted average number of shares - thousands		17,782,851	17,687,579	17,782,851	17,687,579
Basic and diluted earnings per thousand shares, in reais		32.67	27.31	35.60	26.97
From continuing operations:					
Basic and diluted earnings per thousand shares, in reais		34.08	27.19	35.15	27.19
From discontinued operations:					
Basic and diluted earnings (loss) per thousand shares, in reais		(1.41)	0.11	0.45	(0.23)

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

Votorantim Industrial S.A.

Interimconsolidated statement of comprehensive income Periods ended June 30

All amounts in millions of reais

(A free translation of the original in Portuguese)

	4/1/2015 to 6/30/2015	4/1/2014 to 6/30/2014	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Profit for the period	608	514	681	522
Other components of comprehensive income net of income tax and social contribution to be subsequently reclassified to profit or loss				
Hedge accounting for the operations of subsidiaries	81	(31)	37	(4)
Hedge accounting for net investments in foreign operations	229	191	(1,274)	415
Foreign exchange gains on foreign investments	(736)	(434)	2,823	(1,241)
Share in other comprehensive income of investees	(2)	(2)	12	(2)
	(428)	(276)	1,598	(832)
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	(1)	(4)	(4)	(9)
Other comprehensive income for the period	(429)	(280)	1,594	(841)
Total comprehensive income for the period	179	234	2,275	(319)
Comprehensive income from				
Continuing operations	204	232	2,267	(315)
Discontinued operations	(25)	2	8	(4)
	179	234	2,275	(319)
Comprehensive income attributable to				
Owners of the Company	292	298	1,713	(115)
Non-controlling interests	(113)	(64)	562	(204)
	179	234	2,275	(319)

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

Votorantim Industrial S.A.
Interim statement of changes in equity
Semesters ended June 30
All amounts in millions of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Attributable to owners of the Company							Non-controlling interests	Equity
		Share capital	Revenue reserves			Retained earnings	Carrying value adjustments	Total		
			Tax incentives	Legal	Profit retention					
At January 1, 2015		20,363	6	635	6,654		589	28,247	3,489	31,736
Total comprehensive income for the semester										
Profit for the semester					633			633	48	681
Components of comprehensive income for the semester							1,080	1,080	514	1,594
Total comprehensive income for the semester					633		1,080	1,713	562	2,275
Total contributions by and distributions to stockholders										
Securities convertible into shares	24 (b)				(38)			(38)		(38)
Increase in non-controlling interests - Yacuces									30	30
Increase in non-controlling interests - Itacamba									34	34
Dividends									(36)	(36)
Total contributions by and distributions to stockholders					(38)			(38)	28	(10)
At June 30, 2015		20,363	6	635	6,654	595	1,669	29,922	4,079	34,001
		Attributable to owners of the Company								
	Note	Share capital	Revenue reserves			Retained earnings	Carrying value adjustments	Total	Non-controlling interests	Equity
			Tax incentives	Legal	Profit retention					
At January 1, 2014		20,167	6	555	5,733		61	26,522	3,431	29,953
Total comprehensive income for the semester										
Profit for the semester						477		477	45	522
Components of comprehensive income for the semester							(592)	(592)	(249)	(841)
Total comprehensive income for the semester						477	(592)	(115)	(204)	(319)
Total contributions by and distributions to stockholders										
Securities convertible into shares	24 (b)					(32)		(32)		(32)
Acquisition of non-controlling interests					(38)			(38)	(100)	(138)
Reclassification from non-controlling interests to revenue reserve					(43)			(43)	43	
Dividends (R\$ 0.012 per share)					(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.

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	4/1/2015 to 6/30/2015	4/1/2014 to 6/30/2014	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Cash flow from operating activities					
Profit before income tax and social contribution from continuing operations		822	583	1,008	726
Profit (loss) on discontinued operations		(25)	2	8	(4)
Adjustments of items that do not represent changes in cash and cash equivalents					
Interest, indexation and foreign exchange gains		363	358	721	704
Equity in the results of investees	16	(264)	(236)	(114)	(265)
Depreciation, amortization and depletion	17 and 18	655	532	1,272	1,099
Gain on sale of non-current assets		(61)	(12)	(54)	(11)
Call options	28		30		126
Change in fair value of biological assets		6		7	(1)
Derivative financial instruments		13	55	(140)	70
Financial instruments - firm commitment	14	49		114	
Provisions		15	100	42	194
		<u>1,573</u>	<u>1,412</u>	<u>2,864</u>	<u>2,638</u>
Changes in assets					
Financial investments		499	(112)	1,361	1,765
Taxes recoverable		182	(69)	247	107
Derivative financial instruments		(38)	(6)	(22)	18
Related parties		17		20	
Inventory		(112)	(176)	(596)	(138)
Trade receivables		(303)	(226)	(591)	(261)
Other receivables and assets		163	184	150	(281)
Changes in liabilities					
Use of public assets		33		61	36
Deferred revenue - performance obligation		251		251	
Payables - trading		16	4	13	(14)
Trade payables		82	6	247	(42)
Salaries and payroll charges		137	130	(78)	(135)
Taxes payable		(187)	(21)	(142)	(145)
Other obligations and liabilities		(27)	(43)	(50)	(185)
		<u>2,286</u>	<u>1,083</u>	<u>3,735</u>	<u>3,363</u>
Cash provided by operations					
Interest paid on borrowing and use of public assets		(551)	(532)	(880)	(844)
Premium paid on the Tender Offer	29	(98)	(236)	(98)	(506)
Income tax and social contribution paid		(199)	(67)	(299)	(137)
		<u>1,438</u>	<u>248</u>	<u>2,458</u>	<u>1,876</u>
Net cash provided by operating activities					
Cash flow from investing activities					
Proceeds from sale of non-current assets		62	34	91	62
Dividends received		55	9	67	14
Disposal of investments	16 (b)			25	
Purchases of property, plant and equipment		(607)	(500)	(1,131)	(944)
Increase in biological assets		(3)	(11)	(6)	(16)
Increase in intangible assets	18	(3)	(7)	(11)	(9)
		<u>(496)</u>	<u>(475)</u>	<u>(965)</u>	<u>(893)</u>
Net cash used in investment activities					
Cash flow from financing activities					
New borrowing		2,998	3,299	3,577	4,736
Repayment of borrowing		(2,959)	(2,466)	(4,377)	(4,796)
Related parties		(21)	(1)	20	79
Derivative financial instruments		(38)	(23)	17	(104)
Acquisition of non-controlling interests - VCNNE					(138)
Increase in non-controlling interests - Itacamba		30		30	
Increase in non-controlling interests - Yacuces		25		34	
Payment of dividends	24 (c)	(22)	(30)	(173)	(199)
		<u>13</u>	<u>779</u>	<u>(872)</u>	<u>(422)</u>
Net cash used in financing activities					
Increase in cash and cash equivalents		955	552	621	561
Effect of fluctuations in exchange rates		(202)	(33)	367	(109)
Cash and cash equivalents at the beginning of the period		3,799	2,431	3,564	2,498
		<u>4,552</u>	<u>2,950</u>	<u>4,552</u>	<u>2,950</u>
Cash and cash equivalents at the end of the period					
Principal non-cash transactions					
Loans from FINAME for acquisition of property, plant and equipment			26	9	41
Transfer of assets classified as held for sale	12	(34)		340	
Transfer of liabilities related to assets classified as held for sale	12	3		(109)	

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	4/1/2015 to 6/30/2015	4/1/2014 to 6/30/2014	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Revenue					
Sales of products and services		9,115	8,120	17,506	15,914
Other operating expenses, net	28	(34)	(48)	(63)	(129)
Provision for impairment of trade receivables	9 (b)	(17)	(8)	(29)	(23)
		<u>9,064</u>	<u>8,064</u>	<u>17,414</u>	<u>15,762</u>
Inputs acquired from third parties					
Cost of products sold and services rendered		(3,811)	(3,128)	(7,307)	(6,427)
Materials, energy, outsourced services and others		(1,092)	(996)	(2,109)	(1,946)
		<u>4,161</u>	<u>3,940</u>	<u>7,998</u>	<u>7,389</u>
Gross value added					
Depreciation, amortization and depletion		(655)	(532)	(1,272)	(1,099)
		<u>3,506</u>	<u>3,408</u>	<u>6,726</u>	<u>6,290</u>
Net value added generated by the Company					
Value added received through transfers					
Equity in the results of investees	16	264	236	114	265
Finance income and foreign exchange gains		1,235	413	3,449	1,117
		<u>1,499</u>	<u>649</u>	<u>3,563</u>	<u>1,382</u>
Total value added to distribute					
		<u>5,005</u>	<u>4,057</u>	<u>10,289</u>	<u>7,672</u>
Distribution of value added					
Personnel and payroll charges					
Direct remuneration	27	621	584	1,209	1,140
Social charges		256	245	516	481
Benefits		150	110	271	219
		<u>1,027</u>	<u>939</u>	<u>1,996</u>	<u>1,840</u>
Taxes and contributions					
Federal		776	794	1,530	1,338
State		747	791	1,531	1,477
Municipal		6	7	12	15
Deferred taxes		(35)	(17)	(88)	(52)
		<u>1,494</u>	<u>1,575</u>	<u>2,985</u>	<u>2,778</u>
Third-party capital remuneration					
Finance costs and foreign exchange losses		1,776	976	4,438	2,428
Rentals		100	53	189	104
		<u>1,876</u>	<u>1,029</u>	<u>4,627</u>	<u>2,532</u>
Own capital remuneration					
Non-controlling interests		27	31	48	45
Reinvested profits		606	481	625	481
Profit (loss) on discontinued operations	12 (d)	(25)	2	8	(4)
		<u>608</u>	<u>514</u>	<u>681</u>	<u>522</u>
Value added distributed					
		<u>5,005</u>	<u>4,057</u>	<u>10,289</u>	<u>7,672</u>

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

Votorantim Industrial S.A.

Notes to the condensed interim consolidated financial statements at June 30, 2015

All amounts in millions of reais unless otherwise stated

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, aggregates and mortar), metals and mining (aluminum, zinc and nickel, copper, silver and lead), steel, wood pulp and electrical energy generation.

2 Presentation of the interim consolidated financial statements

(a) Basis of preparation

The interim consolidated financial statements at June 30, 2015 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 consolidated financial statements at December 31, 2014, which were publicly disclosed on February 27, 2015.

Therefore, the interim consolidated financial statements at June 30, 2015 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 at December 31, 2014, prepared in accordance with the relevant CPC pronouncements and International Financial Reporting Standards ("IFRS"), issued by the IASB.

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, 2014.

(b) Approval of the financial statements

The Board of Directors approved these interim consolidated financial statements for issue on August 14, 2015.

2.1 Main companies included in the interim consolidated financial statements

	Percentage of total and voting capital		Headquarters
	6/30/2015	12/31/2014	
Votorantim Cement North America Inc. and subsidiaries			
St. Barbara Cement Inc. (i)		100.00	USA
Hutton Transport Limited (ii)	25.00	100.00	Canada

(i) Company merged by St. Marys Cement Inc. (US).

(ii) The subsidiary VCNA sold 75% of the investment in the company Hutton Transport Limited during the first semester of 2015.

Votorantim Industrial S.A.

Notes to the condensed interim consolidated financial statements at June 30, 2015

All amounts in millions of reais unless otherwise stated

3 Changes in accounting policies and disclosures

(a) Change of applicable standards beginning in January 1st, 2015

The following changes in standards were adopted for the first time on the fiscal year that began on January 1st, 2015 and did not have any considerable impact for the Company and its subsidiaries.

(i) Established benefits plans (Amendments to IAS 19 – employee benefits)

These changes allow for the employee's contributions and third party's be recognized as a cost reduction for the services subject to the determined conditions. The objective of these changes is to simplify the accounting of the contributions that are not dependable of the employee's years of service, as, for example, the contribution of the employees that are calculated based on a fixed percentage of the salary.

(ii) Main alterations resultant from the Annual Improvement Project

CPC 15 / IFRS 3 – Business Combination

- Conflict elimination between financial instruments standards and business combination.
- Contingent payment is a financial liability or a property instrument.
- The re-measurement must be done at fair value, when not for property instrument.
- Eliminates the reference for other statements, such as the IAS 37, in order to re-measure the contingent payment.
- Clarification of the exception on the standard's scope.

CPC 46 / IFRS 13 – Fair value mensuration

- Clarifies that eliminated the short term financial assets without explicit interest to the present value when its effects are immaterial.
- Included the concept of present value techniques.
- Clarifies that the exception pack, definition brought by IRFS 13, applies to all contracts on the scope of IAS 39 and IFRS 9.

CPC 05 / IAS 24 – Related parties

- Administration services provider entity equivalent to key-administration are also related.
- The entity that reports must disclose the paid expenses to the related party.

(b) New standards not yet adopted

The following standards have been published and are mandatory for subsequent accounting periods, starting from January 1, 2016. There was no early adoption of these standards by the Company.

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 January 1, 2018. Management is assessing the impact of its adoption.

IAS 41 – "Agriculture"

IAS 41 – Agriculture (equivalent to CPC 29 – "Biological assets and agricultural products") – currently requires that biological assets relating to agricultural activities be measured at fair value less costs to sell. When revising the standard, the IASB decided that bearer plants should be accounted for as property, plant and equipment (IAS 16/CPC 27), that is, at cost less depreciation or impairment.

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Bearer plants are defined as 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 agricultural 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 applies, therefore, to the Company's forests, which are expected to undergo more than one cutting. Therefore, Management is assessing the impact of adopting the standard. This revision is effective from January 1, 2016.

Review of technical pronouncements 08/2015

This review sets out improvements for the better implementation of statements in alignment with international accounting practices. In item 12 of this document, CPC 29 – “Biological assets and agricultural products” is subject to certain updates and additions, especially regarding the fair value valuation of biological assets. The review includes the definition of bearer plants, summarized as follows: plants used in the production or supply of agricultural products; plants grown to produce fruit in more than one period; and plants that have a remote chance of being sold as an agricultural product, except for possible sale as scrap. It also adds a definition of biological assets of production, which are defined as held for production. In the case of these two biological assets groups (bearer plants and production plants), evaluation by fair value will not be allowed, as they should be presented at historical cost, giving greater stability in their valuation. This revision shall take effect from January 1, 2016 and the management is evaluating the impact of its adoption.

IFRS 15 – “Revenue from contracts with customers”

This new standard prescribes the principles that an entity should apply to measure contract revenue and determine when it should be recognized. It will become effective in 2017, and supersedes IAS 11 – “Construction contracts” and IAS 18 – (CPC 30) “Revenue and related interpretations”. At the meeting on April 28, 2015, the IASB decided to delay the effective date to January 1, 2018. Management is assessing the impact of the adoption of this standard.

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

There are no other standards or interpretations that are not yet effective that could have a material impact on the Company.

4 Critical accounting estimates and judgments

There are no relevant changes in critical accounting estimates and assumptions compared to those described in Note 4 to the Company's annual consolidated financial statements at December 31, 2014.

5 Financial risk management

Below we present an update on financial liabilities by foreign exchange risk (Note 5.1 (a)), derivatives contracted (Note 5.1.1), hedges of net investments in foreign operations (Note 5.1.2), sensitivity analysis (Note 5.1.3) and capital management (Note 5.1.4) as considered relevant by management to quarterly monitoring.

5.1 Financial risk factors

The activities of the Company and its subsidiaries expose them to a variety of financial risks, namely: (a) foreign exchange risk and (b) liquidity risk.

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(a) Foreign exchange risk

	Note	Current		Non-current	
		6/30/2015	12/31/2014	6/30/2015	12/31/2014
Assets in foreign currency					
Cash and cash equivalents	7	3,025	2,201		
Financial investments	8	503	1,048		
Derivative financial instruments	5.1.1	241	105	405	197
Trade receivables		1,670	1,429		
		<u>5,439</u>	<u>4,783</u>	<u>405</u>	<u>197</u>
Liabilities in foreign currency					
Borrowing	19 (a)	444	586	16,917	14,376
Derivative financial instruments	5.1.1	380	242	2	3
Trade payables		2,293	2,035	21	19
		<u>3,117</u>	<u>2,863</u>	<u>16,940</u>	<u>14,398</u>
Net exposure		<u>2,322</u>	<u>1,920</u>	<u>(16,535)</u>	<u>(14,201)</u>

(b) Liquidity risk

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

Derivative financial liabilities are included if their contractual maturities are essential to understanding the timing of cash flow. The amounts disclosed in the table represent the undiscounted cash flow, which includes interest to be incurred, and, accordingly, do not reconcile directly with the amounts in the balance sheet for borrowing, use of public assets and related parties.

	Up to 1 year	From 1 to 3 years	From 3 to 5 years	As from 5 years	Total
At June 30, 2015					
Borrowing - principal	1,154	4,439	7,185	12,199	24,977
Borrowing - interest	1,628	3,254	2,200	6,797	13,879
Derivative financial instruments	380	2			382
Trade payables	3,489				3,489
Payables - trading	129				129
Dividends payable	216				216
Related parties	4	1,006			1,010
Use of public assets	68	151	170	2,534	2,923
	<u>7,068</u>	<u>8,852</u>	<u>9,555</u>	<u>21,530</u>	<u>47,005</u>
At December 31, 2014					
Borrowing - principal	1,161	6,061	6,876	9,536	23,634
Borrowing - interest	1,579	2,904	1,936	5,935	12,354
Derivative financial instruments	242	3			245
Trade payables	3,242				3,242
Payables - trading	116				116
Dividends payable	389				389
Related parties	10	885			895
Use of public assets	66	144	163	2,546	2,919
	<u>6,805</u>	<u>9,997</u>	<u>8,975</u>	<u>18,017</u>	<u>43,794</u>

5.1.1 Derivatives contracted

The hedging instruments contracted by the Company are the same as those described in Note 6.1.1 to the annual consolidated financial statements at December 31, 2014.

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

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Details of the main derivatives operations																	
Programs			Principal	As per	Purchase /	Average FWD rate	Average	Fair value			Realized				Fair value by maturity		
	6/30/2015	12/31/2014	6/30/2014	unit	Sale		term	6/30/2015	12/31/2014	6/30/2014	6/30/2015	2015	2016	2017	2018	2019	2020+
Hedging instruments for interest rates in US Dollar																	
LIBOR floating rate vs. US Dollar fixed rate swaps		10	63	USD MM		2.56% fixed rate			0.4								
									0.4								
Hedging instruments for sales of nickel, zinc, aluminum and silver at a fixed price																	
Nickel forward	327	606	1,742	ton	P		59	(0.3)	1.0		(0.2)	(0.1)					
Zinc forward	3,995	1,663	68,671	ton	P		85	(1.6)	(0.2)	(17.0)	(1.4)	(0.2)					
Aluminum forward	1,550	2,500	1,925	ton	P		16	(0.6)	(0.6)	0.2	(0.6)						
Silver forward			219	k oz (*)					(0.5)								
								(2.5)	(0.8)	(16.3)	(0.9)	(2.2)	(0.3)				
Hedging instruments for mismatches of quotation periods																	
Nickel forward	1,618	3,719	364	ton	P/S		25	(0.6)	2.9	0.1	3.2	(0.6)					
Zinc forward	312,156	371,386	167,013	ton	P/S		33	4.7	0.9	9.9	6.0	4.8	(0.1)				
Silver forward	401	366	670	k oz (*)	P/S		16	0.5	1.6	(1.0)	0.2	0.5					
Aluminum forward	12,325	17,881	2,720	ton	P/S		27	(1.6)	0.9	(0.1)	1.7	(1.6)					
								3.0	6.3	8.9	11.1	3.1	(0.1)				
Hedging instruments for the operating margin of metals																	
Nickel forward	295	815	835	ton	S	19,477 USD/ton	1	6.1	(1.6)	(6.1)	(7.7)	6.1					
Zinc forward	8,295	10,730	7,740	ton	S	2,228 USD/ton	1	3.6	(1.8)	(2.5)	(5.5)	3.6					
Aluminum forward	5,925	5,400	9,400	ton	S	1,879 USD/ton	1	3.6		2.7	(3.6)	3.6					
Copper forward	130	160	150	ton	S	6,942 USD/ton	1	0.4	0.3	0.2	(0.2)	0.4					
Silver forward	25	56	50	k oz (*)	S	19 USD/oz	1	0.3	0.7	0.3	0.5	0.2					
US Dollar forward	28	34	43	USD MM	S	2.69 BRL/USD	1	(11.8)	(5.9)	6.5	5.9	(11.8)					
								2.2	(8.3)	1.1	(10.6)	2.1					
Hedging instruments for foreign exchange exposure																	
US Dollar forward	164		132	USD MM	P	3.07 BRL/USD	16	7.9		(28.3)	0.7	7.9					
Euro forward	3			EUR MM	P	1.20 USD/EUR	93	(0.7)			(0.3)	(0.6)	(0.1)				
								7.2		(28.3)	0.4	7.3	(0.1)				
Hedging instruments for debts																	
Fixed rate in Reais vs. CDI floating rate swaps	230	230	730	BRL MM		87.66% CDI	446	(8.5)	(9.0)	(9.3)	(1.4)	(4.3)	(3.4)	(0.8)			
LIBOR floating rate vs. CDI floating rate swaps	668	484	184	USD MM		LIBOR + 1.25% / 104.75% CDI	1,148	177.4	50.6	(33.6)	28.3	(110.8)	(158.5)	92.2	204.0	(23.0)	173.5
								168.9	41.6	(42.9)	26.9	(115.1)	(161.9)	91.4	204.0	(23.0)	173.5

(*) oz– Ounces troy

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Details of the main derivatives operations

Programs			Principal	As per unit	Purchase / Sale	Average FWD rate	Average term	Fair value			Realized gain (loss)			Fair value by maturity			
	6/30/2015	12/31/2014	6/30/2014				(days)	6/30/2015	12/31/2014	6/30/2014	6/30/2015	2015	2016	2017	2018	2019	2020+
Hedge accounting - Cash flow hedge																	
Hedging instruments for the operating margin of metals																	
Nickel forward	1,920	3,990	6,000	ton	S	19,493 USD/ton	112	44.8	45.6	(38.3)	36.2	36.8	8.0				
Zinc forward	68,555	70,005	92,535	ton	S	2,197 USD/ton	169	40.6	1.1	(34.1)	7.4	24.7	15.9				
Aluminum forward	65,125	42,200	54,600	ton	S	1,866 USD/ton	166	33.7	8.8	0.5	12.1	21.6	12.1				
Copper forward	277	1,097	1,485	ton	S	7,060 USD/ton	49	1.1	2.1	0.4	2.7	1.1					
Silver forward	275	217	498	k oz (*)	S	18 USD/oz	185	2.1	2.9	0.6	2.2	1.2	0.9				
US Dollar forward	278	245	316	USD MM	S	3.11 BRL/USD	189	(39.7)	(58.7)	43.8	(87.1)	(37.0)	(2.7)				
								82.6	1.8	(27.1)	(26.5)	48.4	34.2				
Hedging instruments for mismatches of quotation periods																	
Zinc forward	96,470	100,355	87,356	ton	P/S		59	(2.0)	(0.3)	3.9	2.3	(2.0)					
Aluminum forward		10,025	4,080	ton					1.5	(0.1)	1.2						
Silver forward	221	400		k oz (*)	P		63	0.5	1.2	3.8	1.6	0.5					
								(1.5)	2.4	3.8	5.1	(1.5)					
Hedging instruments for interest rates in US Dollar																	
LIBOR floating rate vs. US Dollar fixed rate swaps	600	600	138	USD MM		2.56% fixed rate	1,227	5.0	14.6	(0.9)	(10.1)	(9.0)	(7.9)	6.7	11.1	4.1	
								5.0	14.6	(0.9)	(10.1)	(9.0)	(7.9)	6.7	11.1	4.1	
Hedge accounting - fair value hedge																	
Hedging instruments for sales of nickel, zinc and aluminum at a fixed price																	
Nickel forward			672							(0.3)							
Aluminum forward			13,600							0.3							
Zinc forward	1,059	4,563	80,000	ton	P	2,160	116	(0.5)	(0.1)	(4.1)	(0.1)	(0.4)	(0.1)				
								(0.5)	(0.1)	(4.1)	(0.1)	(0.4)	(0.1)				
Total (net)								264.4	57.5	(105.4)	(4.7)	(67.3)	(136.2)	98.1	215.1	(18.9)	173.5

(*) oz– Ounces troy

The transactions involving derivative financial instruments recognized in the statement of income amount to R\$ 227, with R\$ 37 recognized in carrying value adjustments.

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5.1.2 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 Votorantim Cimentos EAA Inversões, S.L. – (“VCEAA”), Votorantim Cement North America Inc.- (“VCNA”), Votorantim Metais Cajamarquilla S.A. – (“Cajamarquilla”) and US Zinc Corporation – (“US Zinc”), and as a hedging instrument a portion of their debt denominated in euros and US dollars, with the total amounts equivalent to EUR 1.128 million (R\$ 3,903) (December 31, 2014: EUR 943 million – R\$ 3,042), and US\$ 3,717 million (R\$ 11,531) (December 31, 2014: US\$ 3,853 million – R\$ 10,235) respectively.

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

The exchange loss on the translation of debts recognized in other comprehensive income in the period ended June 30, 2015 was R\$ 1,931 (June 30, 2014, income of R\$ 629).

5.1.3 Sensitivity analysis

Presented below is a sensitivity analysis of the main risk factors that affect the pricing of the outstanding financial instruments relating to cash and cash equivalents, financial investments, borrowing, and derivative financial instruments. The main risk factors are exposure to the fluctuations of the US dollar and euro exchanges rates, LIBOR and Interbank Deposit Certificate (“CDI”) interest rates, US dollar coupon and commodity prices. The scenarios for these factors were prepared using market and specialized sources, following the Company's systems of governance.

The scenarios at June 30, 2015 are described below:

- Scenario I is based on the market forward curves and quotations at June 30, 2015, and represents a probable scenario in management's opinion as at September 30, 2015.
- Scenario II considers a stress factor of + / – 25% applied to the market forward curves and quotations as at June 30, 2015.
- Scenario III considers a stress factor of + / – 50% applied to the market forward curves and quotations as at June 30, 2015.

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Risk factors	Balance sheet accounts		Derivative financial instruments	As per unit	Changes from 6/30/2015	Scenario I Results of scenario	Impacts on profit (loss) Scenarios II and III				Scenario I Results of scenario	Impacts on comprehensive income Scenarios II and III				
	Cash and cash equivalents and financial investments	Borrowing					-25%	-50%	25%	50%		-25%	-50%	25%	50%	
Foreign exchange rate																
USD	3,425	12,965 (**)	1,738	USD million		1	276	553	(276)	(553)	6	1,754	3,507	(1,754)	(3,507)	
EUR	103	4,271	3	EUR million			3	7	(3)	(7)	5	1,035	2,070	(1,035)	(2,070)	
COP		51										13	26	(13)	(26)	
Interest rates																
BRL - CDI	2,218	5,122	3,759	BRL million	67 bps	(20)	112	225	(110)	(220)		10	20	(9)	(18)	
LIBOR		4,226	2,451	USD million	22 bps		(15)	(31)	15	31	12	(21)	(43)	21	42	
US dollar coupon			1,138	USD million	59 bps	(15)	43	88	(41)	(80)		(1)	(2)	1	2	
Price - Commodities																
Nickel			4,160	ton	11%		(1)	(2)	1	2	(8)	18	36	(18)	(36)	
Zinc			490,530	ton	8%	(25)	80	160	(80)	(160)	(20)	62	125	(62)	(125)	
Aluminum			84,925	ton	6%		(6)	(13)	6	13	(22)	86	172	(86)	(172)	
Copper			407	ton	5%							1	2	(1)	(2)	
Silver			922	oz(*) thousand	4%		2	5	(2)	(5)	(1)	6	12	(6)	(12)	
Firm commitment - electric energy																
Purchase agreement			4,748	BRL million			122	236	(131)	(271)						
Sale agreement			5,655	BRL million			145	280	(156)	(323)						
Sale and purchase agreement - fair value			273	BRL million			(2)	(4)	2	4						

(*) oz – Ounces troy

(**) Considers currencybasket

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5.1.4 Capital management

The net debt ratios, considering the annualized accumulated results, are summarized as follows:

	<u>Note</u>	<u>6/30/2015</u>	<u>12/31/2014</u>
Borrowing	19	25,271	24,003
Cash and cash equivalents	7	(4,552)	(3,564)
Derivative financial instruments	5.1.1	(264)	(57)
Financial investments	8	<u>(2,740)</u>	<u>(3,865)</u>
Net debt (A)		17,715	16,517
Adjusted annualized EBITDA (B)	31 (d)	<u>7,317</u>	<u>7,105</u>
Gearing ratio (A/B)		<u>2.42</u>	<u>2.32</u>

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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:

	6/30/2015			12/31/2014		
	Local rating	Global rating	Total	Local rating	Global rating	Total
Cash and cash equivalents						
AAA	1,359		1,359	1,308		1,308
AA+	167		167	8		8
AA-		30	30		4	4
A+		252	252		243	243
A		343	343		292	292
A-	1	408	409	1	293	294
BBB+		694	694		500	500
BBB		346	346		410	410
BBB-		133	133		171	171
BB+					73	73
BB		20	20		10	10
B-		10	10			
B+		134	134		27	27
CCC		5	5		3	3
CCC-		10	10		11	11
Unrated		640	640	46	164	210
	<u>1,527</u>	<u>3,025</u>	<u>4,552</u>	<u>1,363</u>	<u>2,201</u>	<u>3,564</u>
Financial investments						
AAA	1,812		1,812	2,113	66	2,179
AA+	149		149	450		450
A+					159	159
A	18	113	131	17	270	287
A-		128	128	1		1
BBB+		16	16		74	74
BBB		1	1		2	2
BBB-					274	274
CCC		64	64		99	99
CCC-		16	16		27	27
Unrated	258	165	423	236	77	313
	<u>2,237</u>	<u>503</u>	<u>2,740</u>	<u>2,817</u>	<u>1,048</u>	<u>3,865</u>
Derivative financial assets						
AAA	306		306	143		143
AA+	6		6			
A+		285	285		9	9
A		22	22		5	5
A-		27	27		122	122
BBB					22	22
BBB-					1	1
	<u>312</u>	<u>334</u>	<u>646</u>	<u>143</u>	<u>159</u>	<u>302</u>
	<u>4,076</u>	<u>3,862</u>	<u>7,938</u>	<u>4,323</u>	<u>3,408</u>	<u>7,731</u>

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

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7 Cash and cash equivalents

	<u>6/30/2015</u>	<u>12/31/2014</u>
Local currency		
Cash and banks	19	128
Bank Deposit Certificates ("CDB")	565	526
Repurchase agreements	943	709
	<u>1,527</u>	<u>1,363</u>
Foreign currency		
Cash and banks	2,034	1,279
Bank Deposit Certificates ("CDB")	991	922
	<u>3,025</u>	<u>2,201</u>
	<u>4,552</u>	<u>3,564</u>

Cash and cash equivalents are highly liquid, readily convertible into a known amount of cash and have an insignificant risk of change in value if early redemption is requested. Investments in local currency comprise government and financial institution bonds, indexed to the interbank deposit rate. Investments in foreign currency are mainly composed of fixed income financial instruments (time deposits).

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:

	<u>6/30/2015</u>	<u>12/31/2014</u>
Held-for-trading		
Repurchase agreements	1,351	1,680
Financial Treasury Bills ("LFT")	488	562
Credit Rights Investment Funds ("FIDC")	273	269
Financial investments in foreign currency	99	339
Bank Deposit Certificates ("CDB")	39	23
Investment fund quotas	1	2
National Treasury Bills ("LTN")		230
Other	23	5
	<u>2,274</u>	<u>3,110</u>
Available-for-sale		
Financial investments in foreign currency	388	709
	<u>388</u>	<u>709</u>
Held-to-maturity		
Investment fund quotas	50	34
Financial investments in foreign currency	16	
Bank Deposit Certificates ("CDB")	12	12
	<u>78</u>	<u>46</u>
	2,740	3,865
Current	<u>(2,705)</u>	<u>(3,846)</u>
Non-current	<u>35</u>	<u>19</u>

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

9 Trade receivables

(a) Breakdown

	Note	6/30/2015	12/31/2014
Trade receivables - Brazil		1,372	976
Trade receivables - foreign customers		1,658	1,508
Related parties	13	120	96
Provision for impairment of trade receivables		(127)	(114)
		<u>3,023</u>	<u>2,466</u>

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

	1/1/2015 to 6/30/2015	1/1/2014 a 6/30/2014
Opening balance	(114)	(90)
Additions, net	(29)	(23)
Receivables written off as uncollectible	21	14
Foreign exchange variations	(5)	3
Closing balance	<u>(127)</u>	<u>(96)</u>

The constitution of provision for the impairment of trade receivables was recorded in the income for the period as "selling expenses". The values registered in the provision account are generally written off when deemed uncollectible.

10 Inventory

	6/30/2015	12/31/2014
Finished products	501	660
Semi-finished products	2,020	1,498
Raw materials	689	597
Auxiliary materials	1,071	885
Imports in transit	174	173
Other	106	101
Provision for losses (i)	(510)	(441)
	<u>4,051</u>	<u>3,473</u>

(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

	<u>6/30/2015</u>	<u>12/31/2014</u>
Corporate Income Tax ("IRPJ") and Social Contribution on Net Income ("CSLL") (i)	571	633
State Value-added Tax on Sales and Services ("ICMS")	505	577
Social Contribution on Revenue ("COFINS")	400	461
Value-added Tax ("VAT") (foreign companies)	212	234
IRPJ/CSLL - Summer Plan (ii)	212	266
State Value-added Tax on Sales and Services ("ICMS") on PP&E (iii)	118	132
Social Integration Program ("PIS")	104	117
Withholding Income Tax ("IRRF")	55	19
Excise Tax ("IPI")	42	37
Other	144	134
	<u>2,363</u>	<u>2,610</u>
Current	<u>(969)</u>	<u>(1,086)</u>
Non-current	<u>1,394</u>	<u>1,524</u>

(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) At the end of 2013, supported by the reports and opinions of external and internal legal counsel who, among other factors, relied upon the effects of the opinion expressed by the Federal Supreme Court, in a judgment on proceedings of the same nature as the basis for their recommendations, the subsidiary Companhia Brasileira de Alumínio S.A. ("CBA") recorded the credits 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 of 1989. The credits will be available for use after being approved by the Federal Revenue of Brazil. In March 2015, after management evaluation, the reports indicated the need to review the criteria previously applied. Therefore, based on the new premises (technical studies carried out by external consultants and the tax planning of the Company), the credit was remeasured, generating a reduction of R\$ 55.

(iii) ICMS credits that 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.

12 Assets and liabilities classified as held-for-sale

The Company, through its subsidiary Votorantim Cimentos S.A. ("VCSA"), plans to sell certain assets, which are summarized as follow:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>6/30/2015</u>	<u>12/31/2014</u>	<u>6/30/2015</u>	<u>12/31/2014</u>
China (a)	934	804	572	461
Baraúna Assets (b)	45	45		
Silcar Investments (c)	340		109	
	<u>1,319</u>	<u>849</u>	<u>681</u>	<u>461</u>

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(a) China operations

The subsidiary VCSA does not intend to continue its operations in China, which were acquired as part of the exchange of Cimentos de Portugal, SGPS, S. A. ("Cimpor") assets. Consequently, this operation has been classified as held-for-sale since December 21, 2012. VCSA continues to present these operations separately in this category and is still fully committed to selling the operation. The main factor contributing to the delay in the planned sale is of a regulatory nature.

(i) Assets held for sale

	6/30/2015	12/31/2014
Inventory	62	52
Deferred income tax and social contribution	129	115
Property, plant and equipment	348	264
Goodwill	300	280
Intangible assets	69	58
Other assets	26	35
	<u>934</u>	<u>804</u>

(ii) Liabilities relating to assets held for sale

	6/30/2015	12/31/2014
Borrowing	396	311
Trade payables	49	40
Provisions	37	33
Deferred income tax and social contribution	76	61
Other liabilities	14	16
	<u>572</u>	<u>461</u>

(b) Baraúna Assets

The subsidiary Votorantim Cimentos N/NE S.A. ("VCNNE") has decided to sell certain assets (industrial equipment) located in the city of Baraúna, State of Rio Grande do Norte, which is being negotiated with the investee Mizú S.A.; consequently, these assets have been classified as held-for-sale since September 30, 2013. These assets will be negotiated in conjunction with a stake in the investments held by Silcar (Note 12 (c)).

(c) Silcar Investments

On April 13, 2015, Silcar Empreendimentos, Comércio e Participações Ltda, ("Silcar"), entered into purchase and sale agreements for the sale of its entire shareholding in each of the following investees: Polimix Cimento Ltda., Polimix Concreto Ltda., Mizu S/A, Verona Participações Ltda. and Maré Cimento Ltda., and on March 31, 2015 reclassified these assets and liabilities to "Assets and liabilities classified as held-for-sale". Although the prospective buyers and the commercial terms of these purchase and sale agreements are confidential, the sale price is higher than the book value of the shares being sold. The purchase agreements will not become effective unless and until prior approval is obtained from CADE, the Brazilian competition authority.

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(d) Profits (losses) from discontinued operations

The Company presented the following results from discontinued operations, which relate to the Chinese operations indicated in Note 12 (a):

	<u>1/1/2015 to 6/30/2015</u>	<u>1/1/2014 to 6/30/2014</u>
Net revenue from products sold and services rendered	136	122
Cost of products sold and services rendered	<u>(148)</u>	<u>(118)</u>
Gross profit (loss)	(12)	4
Finance results, net (i)	<u>24</u>	<u>(5)</u>
Profit (loss) before income tax and social contribution	12	(1)
Income tax and social contribution	(4)	(3)
Profit (loss) of the semester	<u><u>8</u></u>	<u><u>(4)</u></u>

(i) The positive variation is due to the movement in the exchange rate of the Chinese currency (yuan renminbi) against the euro.

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13 Related parties

	Trade receivables		Dividends receivable		Non-current assets	
	6/30/2015	12/31/2014	6/30/2015	12/31/2014	6/30/2015	12/31/2014
Parent						
Votorantim Participações S.A. (i)	2	2			618	598
Related companies and joint ventures						
Citrosuco GmbH					195	167
Citrosuco S.A. Agroindústria (ii)					394	374
Citrovita Orange Juice GmbH (iii)					609	516
Fibria Celulose S.A.	1	1		11	1	1
Hailstone Limited (iv)					16	14
Ibar Administração e Participação Ltda.					5	5
Maré Cimento Ltda.				4		
Mineração Rio do Norte S.A.	12	6	3	3		
Mizu S.A.	4	8		2		
Nazca Participações Ltda.	5	4				
Polimix Concreto Ltda.	14	11		8		
Sirama Participações Administração e Transportes Ltda.				3		
Sitrel - Siderurgica Três Lagoas Ltda. (v)	26	20				
St. Helen Holding II B.V. (vi)			41		832	699
Superior Materials Holdings, LLC	17	10				
Supermix Concreto S.A.	26	25				
Suwannee American Cement LLC	1				80	80
Verona Participações Ltda.				11		
Other	12	9		3	18	28
	120	96	44	45	2,768	2,482
Current	(120)	(96)	(44)	(45)		
Non-current					2,768	2,482
	Trade payables		Dividends payable		Non-current liabilities	
	6/30/2015	12/31/2014	6/30/2015	12/31/2014	6/30/2015	12/31/2014
Parent						
Votorantim Participações S.A. (i)			205	379	472	433
Related companies and joint ventures						
Fibria Celulose S.A.	19	36				
Hailstone Limited (iv)					442	382
Ibar Administração e Participação Ltda.					22	22
Sitrel - Siderurgica Três Lagoas Ltda. (v)	20	23				
St. Helen Holding II B.V.					31	27
Suwannee American Cement LLC	26	19				
Other	5	2			43	31
	70	80	205	379	1,010	895
Non-controlling interests			11	10		
Current	(70)	(80)	(216)	(389)		
Non-current					1,010	895

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	Sales		Purchases		Finance income (costs)	
	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Parent						
Votorantim Participações S.A. (i)					(14)	(10)
Related companies and joint ventures						
Maré Cimento Ltda.	44	31				
Citrosuco S.A. Agroindústria (ii)					7	5
Mizu S.A.	33	30				
Polimix Concreto Ltda.	92	70				
Sitrel - Siderurgica Três Lagoas Ltda. (v)	152	148	102	109		
St. Helen Holding II B.V. (vi)					14	10
Superior Materials Holdings, LLC	15	8				
Supermix Concreto S.A.	185	181				
Other	47	31			4	4
	<u>568</u>	<u>499</u>	<u>102</u>	<u>109</u>	<u>11</u>	<u>9</u>

(i) Refers essentially to receivables from the sale of deferred tax credits arising from tax losses in VPAR. This tax was used by VPAR for payment under the Tax Recovery Program (“REFIS”) established by Law 12,865/2013. Refers to a debt of Votorantim GmbH (“VGmbH”) to VPAR, adjusted at the rate of 6% per year.

(ii) Refers to prepayment transactions, adjusted based on semiannual LIBOR plus a spread of 2.75% per year.

(iii) Balance receivable adjusted based on annual LIBOR and a spread of 2% per year.

(iv) Refers to debt of VGmbH to Hailstone Limited. The transaction is adjusted based on monthly LIBOR plus a spread of 1.5% per year.

(v) Refers to business transactions between Siderurgica Três Lagoas Ltda. (“Sitrel”) and Votorantim Siderurgia S.A. (“VS”), mainly relating to the rod rolling process at the Sitrel plant, which uses billets from VS's Resende unit as its main raw material.

(vi) Refers to the 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.

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14 Financial instruments – firm commitment

The Company, through its subsidiary Votener – Votorantim Comercializadora de Energia Ltda., is engaged in sales of electrical energy in the Regulated Contracting Environment (“ACR”) and it most recently participated in the 13th electric energy auction on April 30, 2014 in which it signed a firm commitment for the sale of surplus energy to be supplied until 2019. During the semester ended June 30, 2015, the fair value amortization on these transactions, amounting R\$ 50, was recorded in "Other operating income (expenses), net" (Note 28).

Additionally, the Company, also through its subsidiary Votener, is engaged in the Deregulated Contracting Environment (“ACL”), which also resulted in the amortization of the fair value recognized during the semester ended June 30, 2015, amounting to R\$ 64 (Note 28).

15 Other assets

	<u>6/30/2015</u>	<u>12/31/2014</u>
Prepaid expenses	161	148
Advances to suppliers	155	185
Receivables from sales of ownership interests	89	115
Tax credits	80	62
Writs of payment	69	34
Advances to employees	52	43
Deposit for reinvestments	33	27
Social security credits	29	28
Notes receivable	21	7
Receivables from sale of PP&E	13	14
Fiduciary contracts	9	15
Checks to be cleared	5	9
Other receivables	77	77
	<u>793</u>	<u>764</u>
Current	<u>(455)</u>	<u>(467)</u>
Non-current	<u>338</u>	<u>297</u>

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16 Investments

(a) Breakdown

	Information on investees at June 30, 2015			Equity in the results		Investment balance	
	Equity	Profit (loss) for the semester	Ownership percentage (%)	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014	6/30/2015	12/31/2014
Investments accounted for based on the equity method							
Subsidiaries and associates							
Sirama Participações Administração e Transportes Ltda.	962	82	38.26	31	36	368	372
Cementos Avellaneda S.A. (i)	498	58	49.00	28	17	323	267
Cementos Bio Bio S.A. (ii)	1,058	65	16.70	11	9	177	154
Alunorte - Alumina do Norte S.A. (ii)	4,104	29	3.03	1	(3)	125	124
Cimento Portland S.A.	277	7	29.50	2		82	72
Mineração Rio do Norte S.A. (ii)	679	72	10.00	7	5	68	61
Supermix Concreto S.A.	223	16	25.00	4	(2)	56	52
Other investments				1	6	230	537
Joint ventures							
Fibra Celulose S.A.	14,506	42	29.42	12	190	4,268	4,285
Suwannee American Cement LLC (i)	256	8	50.00	4	(1)	211	177
Sitrel Siderúrgica Três Lagoas Ltda. (iii)	192	23	50.00	12	13	96	117
Superior Building Materials LL	62	2	50.00	1	(5)	31	26
Sumter Cement Co LLC	42		50.00			21	18
Trinity Materials LLC	18		50.00			9	8
				114	265	6,065	6,270

- (i) Cementos Avellaneda S.A. and Suwannee American Cement LLC record, on June 30, 2015, the amounts of R\$ 79 and R\$ 83 (December 31, 2014 - R\$ 66 and R\$ 71), respectively, relating to goodwill paid on the acquisition of these investments.
- (ii) Refers to investees in which the ownership interest is less than 20%, but over the activities of which the Company exercises significant influence through agreements established with other shareholders.
- (iii) In the first quarter of 2015, Sitrel decided in a special meeting of shareholders to reduce its share capital by R\$ 61, eliminate the payment of capital increase installments amounting to R\$ 12, and make a restitution to its shareholders, in local currency, amounting to R\$ 49 in proportion to its stake in the capital.

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(b) Changes in investments

	<u>1/1/2015 to 6/30/2015</u>	<u>1/1/2014 to 6/30/2014</u>
Opening balance	6,270	5,930
Equity in the results of investees	114	265
Foreign exchange gains (losses) on foreign investments	91	(86)
Capital decrease (Note 16 (a (iii)))	(25)	
Dividends	(87)	(54)
Reclassification to assets held for sale (i)	(315)	
Other	17	3
Closing balance	<u>6,065</u>	<u>6,058</u>

(i) Refers to assets classified as held-for-sale, relating to Silcar Investments (Note 12 (c))

(c) Investments in listed companies

	<u>6/30/2015</u>		<u>12/31/2014</u>	
	<u>Book value</u>	<u>Market value</u>	<u>Book value</u>	<u>Market value</u>
Cementos Bio Bio S.A. (*)	177	103	154	99
Fibria Celulose S.A. (*)	4,268	6,913	4,285	5,298

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

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17 Property, plant and equipment

(a) Breakdown and changes

								1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014	
	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	1,736	9,293	30,332	1,315	191	3,041	446	442	46,796	44,883
Accumulated depreciation	(47)	(3,203)	(15,825)	(985)	(136)		(205)	(358)	(20,759)	(18,569)
Net opening balance	1,689	6,090	14,507	330	55	3,041	241	84	26,037	26,314
Additions	10	2	26	4		1,095		3	1,140	985
Disposals	(4)	(2)	(27)	(4)		(7)	(1)	(1)	(46)	(50)
Depreciation	(3)	(136)	(806)	(52)	(6)		(9)	(2)	(1,014)	(885)
Foreign exchange gains (losses)	76	184	519	22	4	102	21		928	(429)
Reversal (provision) for impairment	1	2	16			(2)			17	
Reclassification to assets held for sale	(9)	(6)	(2)	(12)			(1)		(30)	
Transfer to taxes recoverable										(80)
Transfers (i)	14	62	509	26	10	(824)	10		(193)	(10)
Closing balance	1,774	6,196	14,742	314	63	3,405	261	84	26,839	25,845
Cost	1,825	9,686	32,159	1,356	209	3,405	494	445	49,579	44,621
Accumulated depreciation	(51)	(3,490)	(17,417)	(1,042)	(146)		(233)	(361)	(22,740)	(18,776)
Net closing balance	1,774	6,196	14,742	314	63	3,405	261	84	26,839	25,845
Average annual depreciation rates - %	3	3	6	18	10		9	9		

(i) Transfers during the semester relate to the reclassification from “Construction in progress” within “Property, plant and equipment” to “Inventory” and to “Software” and “Rights to use natural resources”, within “Intangible assets”.

The Company has no long-lived assets that are expected to be abandoned or sold, and that would require additional provision for obligations arising from decommissioning. The consolidated amount relating to assets pledged as guarantees for borrowing is described in Note 19 (f).

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(b) Construction in progress

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

Segment	6/30/2015	12/31/2014
Cement	2,091	1,770
Zinc & byproducts	557	431
Aluminum	325	314
Steel	312	397
Nickel	115	126
Other	5	3
	3,405	3,041

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

Main projects in progress - Cement	6/30/2015	12/31/2014
New unit in Edealina - GO	727	492
New unit in Primavera - PA	498	327
New unit in Yacuses - Santa Cruz/Bolivia	78	124
New unit in Sivas - Turkey	69	5
New unit in Ituaçu - BA	44	45
Cement production capacity expansion - North America	39	21
Clinker production capacity expansion - Turkey	37	26
Equipment refurbishment - Cement	34	44
New mortar unit in Camaçari - BA	21	15
Aggregates production capacity expansion - North America	21	18
Burden removal - Cement	20	39
New coprocessing lines	12	51
New grinding unit in Hasanoğlan - Turkey	10	4
Concrete factory change - North America	10	
Other	471	559
	2,091	1,770

Main projects in progress - Zinc & byproducts	6/30/2015	12/31/2014
Vazante expansion project	143	115
Reject treatment line	90	40
Security, health and environment projects	33	18
Pucurhuay hydroelectric plant	31	29
Waste storage	26	15
New production line construction (Zinc & byproducts)	21	21
Mineral grinding	19	15
Acid production unit construction	18	3
Plant maintenance project	17	32
Electrometallurgy project	13	9
Santa Bárbara project	13	11
IT projects	12	5
Plant of concentrated ore	12	12
Desalination plant	11	4
Mineral extraction	11	8
Roasting	10	2
Other	77	92
	557	431

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Main projects in progress - Aluminum	6/30/2015	12/31/2014
Furnace refurbishment	100	55
Rondon Alumina project - SP	86	78
Plastic transformation and casting project	32	30
Alumina factory project	25	41
Automation system modernization	19	18
Revitalization and adequacy of power plant	16	18
Furnace rooms project	13	12
Calcination furnace	12	12
Other	22	50
	<u>325</u>	<u>314</u>

Main projects in progress - Steel	6/30/2015	12/31/2014
Mechanized underground operations involving metallurgical coal	137	127
Blast furnace regenerator replacement	39	36
Modernization of plant operating equipment	27	35
Security, health and environment projects	20	19
Forestry expansion project	17	6
Scrap crushing equipment project	10	9
Other	62	165
	<u>312</u>	<u>397</u>

Main projects in progress - Nickel	6/30/2015	12/31/2014
Construction of new plant (Nickel iron)	82	81
Burden removal project	10	11
Other	23	34
	<u>115</u>	<u>126</u>

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18 Intangible assets

(a) Breakdown and changes

									1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
	Rights over natural resources	Goodwill (ii)	Use of public assets (Note 23)	ARO (i)	Contracts, customer relationship and agreements	Software	Rights over trademarks and patents	Other	Total	Total
Opening balance										
Cost	7.109	5.251	541	631	375	424	251	768	15.350	13.613
Accumulated amortization	(1.362)		(122)	(306)	(196)	(317)	(216)	(313)	(2.832)	(1.929)
Net opening balance	5.747	5.251	419	325	179	107	35	455	12.518	11.684
Additions				8		2		1	11	9
Disposals					(6)			(10)	(16)	(1)
Amortization and depletion	(168)		(6)	(23)	(12)	(17)	(14)	(14)	(254)	(197)
Foreign exchange gains (losses)	737	494		15	29	11	(1)	68	1.353	(465)
Revision of estimated cash flow				2					2	(4)
Transfers (iii)	137					24	(20)		141	10
Closing balance	6.453	5.745	413	327	190	127		500	13.755	11.036
Cost	8.161	5.745	541	683	425	484	258	848	17.145	13.094
Accumulated amortization	(1.708)		(128)	(356)	(235)	(357)	(258)	(348)	(3.390)	(2.058)
Net closing balance	6.453	5.745	413	327	190	127		500	13.755	11.036
Average annual amortization rates - %	6		4	7	7	21	8	10		

(i) Asset Retirement Obligation.

(ii) 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" (Note 12).

(iii) The transfers during the period relate to the reclassification of "Construction in progress" from "Property, plant and equipment" to "Software" and "Rights to use natural resources" within "Intangible assets".

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19 Borrowing

(a) Breakdown

Type	Average annual charges (i)	Current		Non-current		Total	
		6/30/2015	12/31/2014	6/30/2015	12/31/2014	6/30/2015	12/31/2014
Local currency							
Debentures	110.83% of CDI	144	176	4,978	5,832	5,122	6,008
BNDDES	TJLP + 2.66% / 4.51% fixed rate BRL / SELIC + 2.46%	671	714	1,535	1,786	2,206	2,500
Export credit notes (ii)	8.00% fixed rate BRL	131	1	100	230	231	231
FINAME	4.75% fixed rate BRL / TJLP + 2.60%	30	29	156	163	186	192
Development promotion agency	8.04% fixed rate BRL / TJLP + 1.24%	10	7	122	67	132	74
Other		15	17	18	19	33	36
		<u>1,001</u>	<u>944</u>	<u>6,909</u>	<u>8,097</u>	<u>7,910</u>	<u>9,041</u>
Foreign currency							
Eurobonds - USD	6.42% fixed rate USD	102	87	7,869	6,738	7,971	6,825
Eurobonds - EUR	3.36% fixed rate EUR	11	76	3,915	3,047	3,926	3,123
Loans - Resolution 4131 (iii)	LIBOR USD + 1.07% / 2.95% fixed rate USD	5	2	2,070	1,284	2,075	1,286
Export prepayments (iv)	LIBOR USD + 1.25%		126	1,854	2,170	1,854	2,296
Syndicated loan/bilateral agreements	LIBOR USD + 1.50% / EURIBOR + 0.90% / 3.54% fixed rate TND	48	3	614	579	662	582
BNDDES	UMBNDDES + 2.40%	190	169	388	400	578	569
Development promotion agency	LIBOR USD + 1.38%	24	21	137	128	161	149
Working capital	DTF + 2.19% / 10.65% fixed rate INR	94	84			94	84
Other		16	18	24	30	40	48
		<u>490</u>	<u>586</u>	<u>16,871</u>	<u>14,376</u>	<u>17,361</u>	<u>14,962</u>
		<u>1,491</u>	<u>1,530</u>	<u>23,780</u>	<u>22,473</u>	<u>25,271</u>	<u>24,003</u>
Interest on borrowing		288	369				
Current portion of long-term borrowing		1,153	1,114				
Short-term borrowing		50	47				
		<u>1,491</u>	<u>1,530</u>				

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

(ii) The export credit notes entered into by the subsidiary CBA have swaps linked to them, resulting in a final cost of 88% of the CDI.

(iii) The transactions carried out by VID and its subsidiary VCSA, under Law 4,131 have swaps linked to them, resulting in a final cost of 104.75% of the CDI.

(iv) The export prepayment carried out by the subsidiary VGmbH has swaps linked to it, which resulted in a final cost at a fixed rate in USD of 2.56%.

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BNDES	National Bank for Economic and Social Development.
BRL	Brazilian Currency (Real).
CDI	Interbank Deposit Certificate.
DTF	Time Deposit Rate (Colombia).
EUR	European Union currency (Euro).
EURIBOR	Euro Interbank Offered Rate.
FINAME	Government Agency for Machinery and Equipment Financing.
INR	Indian Rupee.
LIBOR	London Interbank Offered Rate.
TND	Turkish Dinar.
TJLP	Long-term interest rate set by the National Monetary Council. The TJLP is the BNDES basic cost of financing.
UMBNDDES	Monetary unit of the BNDES reflecting the weighted basket of currencies of foreign currency debt obligations. At June 30, 2015, 99.3% of the basket was comprised of US dollars.
USD	US dollar.
SELIC	<i>Sistema Especial de Liquidação e Custódia</i> (Special System for Clearance and Custody).

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(b) Maturity

The maturity profile of borrowing as at June 30, 2015 was as follow:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	As from 2025	Total
Local currency												
Debentures	141	5	102	2,312	1,192	800	400	160	3	3	4	5,122
BNDES	350	622	483	360	205	52	40	30	17	17	30	2,206
Export credit notes	1	130	100									231
FINAME	15	32	28	22	21	20	19	17	9	3		186
Development promotion agency	5	9	18	18	18	18	18	10	10	8		132
Other	10	9	6	4	4							33
	<u>522</u>	<u>807</u>	<u>737</u>	<u>2,716</u>	<u>1,440</u>	<u>890</u>	<u>477</u>	<u>217</u>	<u>39</u>	<u>31</u>	<u>34</u>	<u>7,910</u>
%	6.60	10.21	9.32	34.34	18.20	11.25	6.03	2.74	0.49	0.39	0.43	100.00
Foreign currency												
Eurobonds - USD (i)	102	(3)	(3)	(3)	638	297	743	(2)	1,084	1,240	3,878	7,971
Eurobonds - EUR (i)	3	3	(12)	(12)	(12)	(12)	2,241	1,727				3,926
Loans - Resolution 4131	5	69	586	812		603						2,075
Export prepayments (i)		(2)	153	929	774							1,854
Syndicated loans/bilateral agreement	47	1	348	2	264							662
BNDES	99	179	141	99	49	8	2	1				578
Development promotion agency	14	23	23	23	23	23	17	10	5			161
Working capital	74	20										94
Other	9	15	3	1	1	1	1	1	1	5	2	40
	<u>353</u>	<u>305</u>	<u>1,239</u>	<u>1,851</u>	<u>1,737</u>	<u>920</u>	<u>3,004</u>	<u>1,737</u>	<u>1,090</u>	<u>1,245</u>	<u>3,880</u>	<u>17,361</u>
%	2.02	1.76	7.14	10.66	10.01	5.30	17.30	10.01	6.28	7.17	22.35	100.00
Total	<u>875</u>	<u>1,112</u>	<u>1,976</u>	<u>4,567</u>	<u>3,177</u>	<u>1,810</u>	<u>3,481</u>	<u>1,954</u>	<u>1,129</u>	<u>1,276</u>	<u>3,914</u>	<u>25,271</u>
%	3.46	4.40	7.82	18.08	12.57	7.16	13.77	7.73	4.47	5.05	15.49	100.00

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

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(c) Changes

	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Opening balance	24,003	23,435
New borrowing	3,586	4,777
Foreign exchange gains (losses)	2,164	(863)
Interest	854	768
Payments - interest	(959)	(827)
Payments - principal	(4,377)	(4,796)
Closing balance	<u>25,271</u>	<u>22,494</u>

(d) Breakdown by currency

	Current		Non-current		Total	
	6/30/2015	12/31/2014	6/30/2015	12/31/2014	6/30/2015	12/31/2014
US dollar	229	283	12,309	10,683	12,538	10,966
Real	1,001	944	6,909	8,097	7,910	9,041
Euro	11	76	4,260	3,369	4,271	3,445
Currency basket	150	137	277	298	427	435
Other	100	90	25	26	125	116
	<u>1,491</u>	<u>1,530</u>	<u>23,780</u>	<u>22,473</u>	<u>25,271</u>	<u>24,003</u>

(e) Breakdown by index

	Current		Non-current		Total	
	6/30/2015	12/31/2014	6/30/2015	12/31/2014	6/30/2015	12/31/2014
Local currency						
CDI	144	176	4,978	5,832	5,122	6,008
TJLP	621	668	1,477	1,689	2,098	2,357
Fixed rate	235	100	429	571	664	671
SELIC	1		25	5	26	5
	<u>1,001</u>	<u>944</u>	<u>6,909</u>	<u>8,097</u>	<u>7,910</u>	<u>9,041</u>
Foreign currency						
Fixed rate	177	221	11,983	9,822	12,160	10,043
LIBOR	71	149	4,155	3,832	4,226	3,981
UMBNDDES	190	169	388	400	578	569
EURIBOR			345	322	345	322
Other	52	47			52	47
	<u>490</u>	<u>586</u>	<u>16,871</u>	<u>14,376</u>	<u>17,361</u>	<u>14,962</u>
	<u>1,491</u>	<u>1,530</u>	<u>23,780</u>	<u>22,473</u>	<u>25,271</u>	<u>24,003</u>

(f) Collateral

At June 30, 2015, R\$ 8,238 (December 31, 2014 – R\$ 7,879) of the balance of the Company's borrowing was collateralized under promissory notes and sureties and R\$ 186 of the property, plant and equipment items (December 31, 2014 - R\$ 192) were collateralized by liens on the financed assets.

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(g) Covenants/financial ratios

Certain borrowing agreements are subject to compliance with financial ratio rules ("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 of 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 its borrowing to different currencies.

The main funding transactions carried out were as follow:

(i) In February 2015, the Company entered into agreements in accordance with Law number 4,131 in a total amount of US\$ 184 million. The Company settled in advance US\$ 11 million relating to these loans, renegotiated the costs of the swaps linked to these loans to 103.5% of the CDI, and extended the maturity to February 2018.

(ii) In April 2015, the subsidiary VS signed contracts in accordance with Law 4,131 in the amount of USD 145 million maturing in April 2020. After performing swaps, these transactions resulted in a final cost of 107.8% of the CDI. These borrowings were used for the early redemption of the first public issue of debentures, amounting to R\$ 450.

(iii) In May 2015, the Company completed its third public issue of simple, non-convertible, non-privileged, unsecured debentures. The debentures were distributed through 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 issuance amounts to R\$ 550, with final maturity in May 2022 and pays 109.4% of the CDI. The proceeds raised were used to amortize the first and second public issues of the Company's debentures, in the amount of R\$ 950.

(iv) In May 2015, the subsidiary VCSA issued bonds in US dollars in the amount of EUR 500 million, with maturity in 2022 and an annual coupon of 3.50% p.a.. The issue was made in the international market without guarantees and is rated BBB, Baa3 and BBB by the rating agencies S&P, Moody's and Fitch, respectively. Part of the proceeds from this issue was used, in June 2015, to amortize make-whole bonds with final maturity in 2017 and an annual coupon of 5.25% p.a. amounting to EUR 303.5 million. This transaction resulted in the payment of a premium amounting to R\$ 98 (EUR 28 million), recognized as an expense in financial results (Note 29).

(v) In May 2015, the Company signed contracts in accordance with Law 4,131 in the amount of USD 50 million maturing in May 2020. After performing swaps, these transactions resulted in a final cost of 108.75% of the CDI. These borrowings were used for the early redemption of part of the first and second public issues of debentures, amounting to R\$ 950.

(vi) During the semester ended June 30, 2015, the Company's subsidiaries received R\$ 90 from BNDES (December 31, 2014 - R\$ 411) to fund their expansion and modernization projects, including the purchase of machinery and equipment at the average funding cost of TJLP + 2.59% p.a. (December 31, 2014 - TJLP + 2.76% p.a.).

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(i) Fair value of borrowing

	6/30/2015	
	Carrying amount	Fair value
Local currency		
Debentures	5,122	5,020
BNDES	2,206	1,958
Export credit notes	231	213
FINAME	186	143
Development promotion agency	132	113
Other	33	20
	<u>7,910</u>	<u>7,467</u>
Foreign currency		
Eurobonds - USD	7,971	8,031
Eurobonds - EUR	3,926	3,857
Loans - Resolution 4131	2,075	2,124
Export prepayments	1,854	1,933
Syndicated loans/bilateral agreement	662	673
BNDES	578	611
Development promotion agency	161	161
Working capital	94	95
Other	40	45
	<u>17,361</u>	<u>17,530</u>
	<u>25,271</u>	<u>24,997</u>

20 Current and deferred income tax and social contribution

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

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

The income tax and social contribution amounts presented in the statements of income for the periods ended June 30 are reconciled to their Brazilian standard rates as follows:

	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Profit before income tax and social contribution	1,008	726
Standard rates	34%	34%
Income tax and social contribution at standard rates	(343)	(247)
Adjustments for the calculation of income tax and social contribution at effective rates		
Equity in the results of investees	39	90
Income tax and social contribution losses without recording the deferred amounts	(52)	(131)
Differences in the tax rates of foreign subsidiaries	64	53
Tax on mining operations	(21)	(16)
Other (additions) exclusions, net	(22)	51
Income tax and social contribution calculated	<u>(335)</u>	<u>(200)</u>
Current	(423)	(252)
Deferred	88	52
Income tax and social contribution expenses	<u>(335)</u>	<u>(200)</u>

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(b) Breakdown of deferred tax balances

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

	<u>6/30/2015</u>	<u>12/31/2014</u>
Tax losses	2,318	2,173
Tax credits on temporary differences		
Foreign exchange gains	1,572	829
Tax, civil and labor provisions	548	592
Provision for losses on investments	401	339
Use of Public Assets ("UBP")	210	189
Provision for inventory losses	134	131
CPC 25 – "Decommissioning"	125	103
Environmental liabilities	49	51
CPC 29 - "Biological assets"	46	43
Provision for electric energy selling fee	17	
Tax benefit on goodwill	13	54
Other	168	239
Tax debits on temporary differences		
Accelerated depreciation and adjustment of useful lives	(1,643)	(1,668)
Market value adjustments to property, plant and equipment	(1,422)	(1,300)
Financial instruments - firm commitment	(401)	(325)
Goodwill amortization	(351)	(326)
CPC 20 - "Capitalized interest"	(143)	(137)
Deferred gains on derivative contracts	(89)	(26)
CPC 12 - "Adjustment to present value"	(60)	(46)
Pension funds	(46)	(42)
Borrowing costs	(32)	(18)
CPC 25 – "Decommissioning"	(11)	(11)
Other	(44)	(152)
Net	<u>1,370</u>	<u>692</u>
Net deferred tax assets related to the same legal entity	<u>2,932</u>	<u>2,205</u>
Net deferred tax liabilities related to the same legal entity	<u>(1,562)</u>	<u>(1,513)</u>

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

	<u>1/1/2015 to 6/30/2015</u>	<u>1/1/2014 to 6/30/2014</u>
Opening balance	692	518
Deferred income tax and social contribution on hedge accounting	636	(184)
Effects on results for the semester	88	52
Effects of foreign exchange variation and other components of comprehensive income	(102)	27
Other	56	19
Closing balance	<u>1,370</u>	<u>432</u>

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21 Other liabilities

	<u>6/30/2015</u>	<u>12/31/2014</u>
Deferred revenue - performance obligation (i)	1,070	905
Non-current advances from customers	108	23
Provision for services	175	210
Environmental obligations	144	150
Provision for utilities - water, electric energy and gas	137	46
Long-term trade payables	116	112
Payables for acquisition of interests (ii)	72	249
"REFIS" - Tax Recovery Program	45	48
Provision for freight	31	50
Provision for maintenance	12	21
Unappropriated premiums	10	11
Long-term taxes payable	8	15
Other liabilities	119	94
	<u>2,047</u>	<u>1,934</u>
Current	<u>(686)</u>	<u>(624)</u>
Non-current	<u>1,361</u>	<u>1,310</u>

- (i) In December 2014, the Company, through its subsidiary Votener, assigned to a financial institution the receivables through December 2019 arising from certain Electrical Energy Sale Agreements in the Regulated Environment ("CCEAR") equivalent to R\$ 1,253, without any right of subrogation or co-obligation by the Company. For the assignment of receivables, the Company received a total amount of R\$ 905 and interest in advance will be recognized pro rata to the income over the term of the contract. On June 30, 2015, the updated balance amounts to R\$ 819.

In May 2015, the Company, through its subsidiary Votener, assigned to a financial institution the receivables through December 2019 arising from certain Electrical Energy Sale Agreements in the Regulated Environment ("CCEAR") equivalent to R\$ 368. For the assignment of receivables, the subsidiary received a total amount of R\$ 251 and interest in advance will be recognized pro rata to the income over the term of the contract.

- (ii) In March 31, 2015, the Company reclassified an amount of R\$ 108 to "Assets and liabilities classified as held-for-sale" that relates to payables from the acquisition of Silcar investments (Note 12).

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22 Provision

The changes in the provision for asset retirement obligations and legal claims are as follows:

	ARO (i)	Restructuring	Legal claims				1/1/2015 to	1/1/2014 to
			Tax	Labor	Civil	Other	6/30/2015	6/30/2014
							Total	Total
Opening balance	865	19	710	126	136	54	1,910	2,020
Present value adjustment	20						20	17
Additions			74	33	14	2	123	65
Reversals			(137)	(22)	(2)	(1)	(162)	(113)
Judicial deposits, net of write-offs			(10)	(18)	7		(21)	36
Settlement	(5)		(51)	(12)	(33)	(10)	(111)	
Transfers (ii)	3	(16)					(13)	
Monetary restatement	1		46	9	6	1	63	18
Foreign exchange gains (losses)	58		2	1		3	64	(22)
Revision of estimated cash flow								(4)
Closing balance	942	3	634	117	128	49	1,873	2,017

(i) Asset Retirement Obligation

(ii) During the first quarter of 2015, the subsidiary VCSA reclassified an amount of R\$ 16 to “Assets and liabilities held-for-trading” (Note 12), which related to the restructuring provision connected to its Chinese operations.

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(a) Provision for tax, civil, labor and other contingencies

The Company and its subsidiaries are parties to tax, labor, civil and environmental and other litigation in progress and are discussing these matters at both the administrative and judicial levels. They are 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 remotely likely losses are neither accrued nor disclosed, except when, due to the visibility of the lawsuit, the Company considers their disclosure justified.

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

The provision and the corresponding judicial deposits are as follows:

	6/30/2015			12/31/2014		
	Judicial deposits	Provisions	Net amount	Judicial deposits	Provisions	Net amount
Tax	(499)	1,133	634	(489)	1,199	710
Labor	(82)	199	117	(64)	189	125
Civil	(21)	149	128	(28)	164	136
Environmental		34	34		34	34
Other		15	15		21	21
	<u>(602)</u>	<u>1,530</u>	<u>928</u>	<u>(581)</u>	<u>1,607</u>	<u>1,026</u>

(b) Outstanding judicial deposits

At June 30, 2015, the Company had judicial deposits with the courts in relation to proceedings classified by its legal advisors as having a possible or remote possibility of loss in the amounts below. Given their classification, no provision was made:

	6/30/2015	12/31/2014
Tax	218	249
Labor	28	32
Civil	88	109
Other	3	31
	<u>337</u>	<u>421</u>

(c) 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 of federal, state and municipal taxes. The 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 party to 5,694 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 the common courts, due to Constitutional Amendment 45 and the need to comply with normative clauses.

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(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 relates to public civil claims and citizens' lawsuits, whose objects include the interruption of the environmental licensing of new projects, and the recovery of areas of permanent preservation, among other matters.

(d) Litigation with likelihood of loss considered possible

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

	<u>6/30/2015</u>	<u>12/31/2014</u>
Civil	7,094	6,067
Tax	4,372	4,230
Environmental	500	484
Labor and social security	309	244
	<u>12,275</u>	<u>11,025</u>

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

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

Nature	<u>6/30/2015</u>	<u>12/31/2014</u>
(i) Compensation for exploration for mineral resources	416	512
(ii) Disallowances of "PIS"/"COFINS" credits	347	297
Offset of tax loss – 30% limit (merger)	240	230
"ICMS" transfer costs	197	200
Requirement of "ICMS" on Distribution System Usage Tariff	171	169
Disallowance of "IRPJ" negative balance	148	112
"IRPJ"/"CSLL" – Profits abroad	147	140
Tax assessment notice – "IRPJ"/"CSLL"	146	189
Other lawsuits of individual amounts lower than R\$ 100	2,560	2,381
	<u>4,372</u>	<u>4,230</u>

In the semester ended June 30, 2015, the main changes in tax lawsuits with a likelihood of loss considered possible, in addition to those detailed in the Note 28 (e.1) of the last consolidated financial statements, were as follows:

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(i) Compensation for exploration for mineral resources

The subsidiaries VCSA, Votorantim Metais S.A. ("VMSA"), Votorantim Metais Zinco S.A. ("VMZ") and Companhia Brasileira de Alumínio ("CBA") have had various tax assessment notices issued by the National Department of Mineral Production ("DNPM") for alleged failure to pay 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, 1991 to 2003 and 2013, respectively. At June 30, 2015, the amount subject to litigation totaled R\$ 416, considered a possible loss. The amount of the contingency relating to the subsidiary VCSA was reduced by R\$ 106 due to DNPM recognizing the decay of the contingency.

(ii) Disallowances of "PIS"/"COFINS" credits

The Company's subsidiaries VMSA and CBA have received various court decisions relating to the disallowance of "PIS" and "COFINS" credits on items applied during the production process, which in the Federal Revenue of Brazil's understanding would not entitle them to credits. The restated amount at June 30, 2015 was R\$ 347. It is worth mentioning that the amount was raised by R\$ 97 in the last quarter, due to the issuance of eight new court decisions relating to subsidiary VMSA. Currently, the lawsuits are pending decisions in the lower administrative court.

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

Labor claims with a likelihood of loss considered possible include 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.

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

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

Nature	6/30/2015	12/31/2014
(i) Public civil suit - Violation of the economic order	3,150	3,013
(ii) Administrative investigations carried out by the "SDE"	1,815	666
(iii) Indemnity lawsuits	525	493
Arbitration – Petrolina Aggregates Operation	292	285
Litigation with a São Paulo transportation company	168	166
Litigation with a Northeast transportation company	88	86
Litigation in Brasília	43	43
Other lawsuits	1,013	1,315
	<u>7,094</u>	<u>6,067</u>

In the semester ended June 30, 2015, the main changes in tax lawsuits with a likelihood of loss considered possible, in addition to those detailed in the Note 28 (e.3) of the last consolidated financial statements, were as follows:

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(i) Public civil suit - violation of the economic order

The Office of the Public Prosecutor of the State of Rio Grande do Norte has filed a civil class action against the subsidiary Votorantim Cimentos S.A. (“VCSA”), together with eight other defendants, including several of Brazil’s largest cement manufacturers, alleging cartel formation, demanding that: (1) that the defendants make an indemnity payment, jointly, amounting to R\$ 5,600, in favor of the civil class action, due to moral and collective damage; (2) that the defendants make payment of 10.0% of the total amount paid by the consumers for the acquisition of cement or concrete under the brands held by the defendants during the period from 2002 until 2006, due to individual consumers damage; (3) that the defendants pay the following penalties according to Articles 23, Section I and Article 24 of Law nº 8.884/94: (i) in addition to the payments mentioned in item (1), a fine ranging from 1.0% to 30.0% annual revenue after the deduction of taxes relating to the fiscal year immediately preceding the year in which the alleged violation occurred, but not less than the monetary advantage acquired; and (ii) a prohibition, for a period not shorter than five years, against obtaining financing support from governmental financial institutions or participating in bidding processes held by the federal, state or municipal governments and their associated entities. Because the current claims mentioned in item (1), amounts to R\$ 5,600 and the civil class action alleges joint liability, VCSA has estimated that, based on its market share, its share of the liability would be approximately R\$ 2,400. However, there can be no assurance that this apportionment would prevail, or that VCSA will not be held liable for a different portion, which could be larger, or for the entire amount of this claim. Additionally, there is no assurance that VCSA will not be held liable for other amounts in relation to indemnifications for consumer damage as mentioned in item (2) above and /or the fine mentioned in item (3) above.

To date, there has been no relevant decision in this lawsuit. The expectation of loss in relation to this matter is considered possible, and no provision has been established for this claim. At June 30, 2015, the amount under litigation was R\$ 3,150.

(ii) Administrative investigations carried out by the SDE

In 2003 the SDE, the current General Superintendence of CADE, initiated administrative proceedings against the largest concrete producing Brazilian cement companies, including subsidiary VCSA. These proceedings relate 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. In March of 2015 the introductory phase of this legal process was reopened. However, to date there is no indication that the general super intendancy will forward any recommendation to the CADE court, regarding conducting a future investigation in this regard. In the company’s opinion, and that of its legal advisors, VCSA will not be subjected to any administrative or criminal penalties. The prospect of loss is considered remote.

Additionally, in 2006 the SDE, currently the General Superintendence of CADE, initiated administrative proceedings against the Cement Industry Union, some industry associations (cement and concrete), the largest Brazilian cement companies, including VCSA, and some executives. On January 22, 2014, CADE initiated a trial in relation to the lawsuit initiated in 2006 by SDE, with four of its five counselors voting in favor of certain penalties. On May 28, 2014, after suspending the first trial session, CADE issued its final decision on the administrative proceeding, imposing certain penalties on six cement Brazilian companies, including VCSA, due to the alleged anti-competitive practices. The affected parties’ present declaration embargoes, the last administrative resource at CADE, which were judged on July 29, 2015, having reached the final terms of the judgment.

The penalties imposed by CADE on VCSA, include the payment of a fine amounting to R\$ 1,566 and the obligation to sell (1) all its interests, minority or otherwise, in other companies operating in the cement or concrete markets in Brazil; (2) 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; (3) other cement assets (of which VCSA has not yet been informed) which, in CADE’s opinion, were directly related to the alleged illegal acts / crimes that VCSA is being accused of. Other non-monetary sanctions were also imposed, including (1) the mandatory disclosure of CADE’s decision in one of the five biggest Brazilian periodicals; (2) the

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prohibition to hire official financial institutions, in the case of credit lines with financing conditions subsidized by public resources, made available by such institutions; (3) a restriction on financing provided by Brazilian government, as well as the recommendation to limit other benefits and tax incentives.

At the moment, the decision by the Counselors has been published, as has a record of the judgment in the Union's official diary. The company still awaits when it will be considered subpoenaed of this decision, and the deadline for complying with the sentence will begin. It is worth mentioning that there are still possibilities of opposition from new declaration embargos, which could suspend the execution of the decision until its appreciation.

If CADE's decision holds, VCSA intends to appeal at the judicial level. The company considers the likelihood of loss in this matter as possible and, the balance updated by the SELIC rate since January 22, 2014, date of the judgment. At June 30, 2015, the amount subject to the dispute was R\$ 1,815, because of the maintenance of the penalty by the Court on appeal CADE sphere.

(iii) Indemnity lawsuits

An indemnity lawsuit has been filed against the subsidiary VMZ, claiming, among other matters, property damage and pain and suffering. The lower court judgment considered the lawsuit to be groundless, and a judgment on the appeal is pending. The restated amount involved at June 30, 2015 was R\$ 69.

A further indemnity lawsuit has been filed against VMZ, alleging property damage and pain and suffering. VMZ has filed its defense and is awaiting judgment. The restated amount involved at June 30, 2015 was R\$ 32.

Lawsuits have been filed against VMZ, which are in the phase of the expert examination of the claims. The claims relate to differences over the provision of services. The restated amount involved at June 30, 2015 was R\$ 15.

Further lawsuits have been filed against VMZ, which are in the phase of expert examination of the claims. The claims relate to differences over the provision of services. The restated amount involved at June 30, 2015 was R\$ 28.

An indemnity lawsuit has been filed against the subsidiary VMSA claiming compensation for the alleged rescission of an agreement. The proceedings are still in the fact-finding phase. The restated amount involved at June 30, 2015 was R\$ 285.

An indemnity lawsuit has been filed against VMSA alleging the rescission of an agreement. This lawsuit is in the initial phase. The restated amount involved at June 30, 2015 was R\$ 65.

An indemnity lawsuit has been filed against VMSA, which is currently in the initial phase, alleging the rescission of an agreement. In view of the procedural phase and the elements raised so far, it is not possible to estimate the amount under litigation (June 2015).

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An indemnity lawsuit has been filed against the subsidiary CBA arising from a contractual relationship. After receiving the complaint, CBA filed its defense, totally refuting the claim. The court proceedings are in the expert witness phase. The amount involved in the lawsuit at June 30, 2015 totaled R\$ 31.

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

The environmental litigation of the Company and its subsidiaries basically relates to public civil actions, class actions and indemnity lawsuits, the objectives of which are the interruption of the environmental licensing of new projects, the recovery of areas of permanent preservation, and the decontamination of land, among other matters. The cost of the preparation of environmental studies and the cost of the recovery of the Company's and its subsidiaries' land in the event of an unfavorable outcome are estimated as the need arises. These costs are recorded as expenses in the statement of income as they are incurred. The current possible demands relate basically to indemnity lawsuits. The Company has filed its defense, fully contesting the allegations. All environmental lawsuits with material amounts and classified as possible losses are in the fact-finding phase.

There has been no provision recorded in relation to environmental lawsuits in progress.

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23 Use of public assets

The Company invests in companies that have concession contracts in the electrical energy 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:

Plants/Companies	Investor	Concession start date	Concession end date	Payment start date	6/30/2015			12/31/2014		
					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%	219	457	60%	224	437
Enercan - Campos Novos	Companhia Brasileira de Alumínio	apr-00	may-35	jun-06	33%	4		33%	4	
Salto do Rio Verdinho	Companhia Brasileira de Alumínio	aug-02	sep-37	oct-10	100%	9	18	100%	9	17
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%	1	4	100%	1	4
Baesa - Energética Barra Grande	Companhia Brasileira de Alumínio	jun-01	may-36	jun-07	15%	15	39	15%	16	38
Capim Branco I and Capim Branco II	Votorantim Metais Zinco S.A.	aug-01	sep-36	oct-07	13%	3	10	13%	3	9
Picada	Votorantim Metais Zinco S.A.	may-01	jun-36	jul-06	100%	21	61	100%	21	59
Enercan - Campos Novos	Votorantim Metais S.A.	apr-00	may-35	jun-06	12%	1	11	12%	1	11
Pedra do Cavalo	Votorantim Cimentos N/NE S.A.	mar-02	apr-37	apr-06	100%	138	452	100%	138	435
						413	1,060		419	1,018
Current							(65)			(64)
Non-current						413	995		419	954

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24 Equity

(a) Share capital

At June 30, 2015 and December 31, 2014, the Company's fully subscribed and paid-up capital, amounting to R\$ 20,363, comprised 17,782,851 thousand registered common shares.

(b) Securities convertible into shares

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

Debenture holders have, from the 12th month after the issue, the option to convert the debentures into shares, and 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. For conversion purposes, each debenture will be converted into a fixed lot of registered common shares in the issuer, without par value. In the event of the postponement of interest payment, the indenture establishes conversion based on the same factors used to set the share conversion ratio. Based on these characteristics, the debentures were accounted for as equity instruments.

The yield of R\$ 38 is included in "Equity", under "Retained earnings", net of income tax and social contribution.

(c) Dividends

At April 30, 2015, dividends were approved at the Ordinary General Meeting ("AGO") in the amount of R\$ 379. Of this amount, R\$ 151 were paid in anticipation to its parent VPAR in February 10, 2015, ratified at the Extraordinary General Meeting ("AGE").

25 Net revenue

(a) Reconciliation of revenue

The reconciliation of gross and net revenue for the quarters ended June 30 is as follows:

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	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Gross revenue		
Sales of products - domestic market	9,117	8,913
Sales of products - foreign market	6,346	5,246
Supply of electrical energy	1,736	1,304
Service revenue	461	579
	<u>17,660</u>	<u>16,042</u>
Taxes on sales and services and other deductions	<u>(2,776)</u>	<u>(2,615)</u>
Net revenue	<u>14,884</u>	<u>13,427</u>

(b) Information on geographical areas in which the Company operates

The geographical 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

	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Brazil	8,671	8,531
United States	1,514	1,029
Peru	939	828
Colombia	514	448
Argentina	453	323
Canada	372	305
Turkey	317	290
Switzerland	282	166
Spain	216	166
Morocco	179	163
Luxembourg	168	126
Netherlands	162	48
Uruguay	156	126
Tunisia	110	114
Singapore	103	81
Japan	99	98
South Korea	90	46
India	86	85
Chile	86	45
Belgium	61	52
Other countries	306	357
	<u>14,884</u>	<u>13,427</u>

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(ii) Revenue by currency

	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Real	8,530	8,443
US Dollar	4,038	2,989
Colombian Peso	439	390
Argentinian Peso	414	305
Euro	396	190
Canadian Dollar	371	302
Turkish Lira	278	265
Dirham	179	163
Dinar	109	135
Other currencies	130	245
	<u>14,884</u>	<u>13,427</u>

26 Expenses by nature

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

The cost of sales, selling and administrative expenses for the periods ended June 30 are as follows:

	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Raw materials, inputs and consumables used	7,954	7,092
Employee benefit expenses	1,996	1,840
Depreciation, amortization and depletion	1,272	1,099
Outsourced services	783	502
Transportation expenses	582	648
Other expenses	351	345
Total cost of sales, selling and administrative expenses	<u>12,938</u>	<u>11,526</u>
Reconciliation		
Cost of products sold and services rendered	10,972	9,563
Selling expenses	849	887
General and administrative expenses	1,117	1,076
Total cost of sales, selling and administrative expenses	<u>12,938</u>	<u>11,526</u>

27 Employee benefit expenses

	1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
Salaries and bonuses	1,209	1,140
Payroll charges	516	481
Social benefits	271	219
	<u>1,996</u>	<u>1,840</u>

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28 Other operating expenses, net

	<u>1/1/2015 to 6/30/2015</u>	<u>1/1/2014 to 6/30/2014</u>
Gain on sale of property, plant and equipment	56	11
Reversal of impairment of property, plant, equipment (Note 17)	17	
Financial instruments - firm commitment (Note 14)	(114)	
Mark-to-market of embedded derivatives - Fibria call option		(126)
Other expenses, net	(22)	(14)
	<u>(63)</u>	<u>(129)</u>

29 Finance results, net

	<u>1/1/2015 to 6/30/2015</u>	<u>1/1/2014 to 6/30/2014</u>
Finance income		
Income from financial investments	236	188
Derivative financial instruments (i)	220	
Interest on financial assets	55	37
Monetary restatement of assets	62	31
Discounts obtained	17	12
Interest on related-party transactions (Note 13)	31	22
Other finance income	86	22
	<u>707</u>	<u>312</u>
Finance costs		
Interest on borrowing	(862)	(794)
Capitalization of borrowing costs – CPC 20	42	32
Monetary restatement of provisions	(106)	(32)
Premium paid on repurchase of bonds	(98)	(506)
Derivative financial instruments	(89)	(174)
Interest and monetary restatement "UBP"	(75)	(47)
Income tax on remittances of interest abroad	(74)	(126)
Adjustments to monetary restatements on tax credits - Summer Plan	(55)	
Interest on anticipation of receivables	(36)	
Discounts granted	(21)	(48)
Interest on related-party transactions (Note 13)	(20)	(13)
Other finance costs	(110)	(116)
	<u>(1,504)</u>	<u>(1,824)</u>
Foreign exchange and monetary gains (losses), net	(192)	201
Finance results, net	<u>(989)</u>	<u>(1,311)</u>

(i) Refers mainly to the foreign exchange rate of the US dollar in hedge operations. (Note 5.1.1).

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30 Insurance

The operational insurance coverage at June 30, 2015 was as follows:

Assets	Type of coverage	Coverage amount
Facilities, equipment and products in inventory	Property damage	50,826
	Loss of profits	10,199

31 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 analysis of each business segment 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 according to 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.

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(a) Balance sheet – business segments

								6/30/2015
	Cement	Aluminum	Nickel	Zinc & byproducts	Steel	Holding companies and other	Eliminations and reclassifications	Total consolidated
Assets								
Current assets								
Cash and cash equivalents, financial investments and derivative financial instruments	2,719	1,120	449	1,719	366	1,125		7,498
Trade receivables	1,576	293	101	389	549	415	(300)	3,023
Inventory	1,574	664	122	952	739			4,051
Taxes recoverable	244	61	187	271	139	67		969
Dividends receivable	40	12	3			14	(25)	44
Financial instruments - firm commitment		172				217		389
Other assets	228	32	17	90	86	2		455
	<u>6,381</u>	<u>2,354</u>	<u>879</u>	<u>3,421</u>	<u>1,879</u>	<u>1,840</u>	<u>(325)</u>	<u>16,429</u>
Assets classified as held for sale	<u>1,769</u>					<u>(36)</u>	<u>(414)</u>	<u>1,319</u>
Non-current assets								
Long-term receivables								
Financial investments and derivative financial instruments	260		10	10	37	123		440
Taxes recoverable	239	420	476	220	36	3		1,394
Related parties	179	291	632	4	31	3,828	(2,197)	2,768
Deferred income tax and social contribution	804	318	310	598	52	850		2,932
Judicial deposits	141	81	13	21	70	11		337
Financial instruments - firm commitment		530				261		791
Other assets	171	15	12	22	8	101	9	338
	<u>1,794</u>	<u>1,655</u>	<u>1,453</u>	<u>875</u>	<u>234</u>	<u>5,177</u>	<u>(2,188)</u>	<u>9,000</u>
Investments	1,505	610	109	5	96	26,688	(22,948)	6,065
Property, plant, equipment and biological assets	11,180	4,599	1,088	5,575	3,304	872	341	26,959
Intangible assets	5,703	602	204	6,791	291	164		13,755
	<u>20,182</u>	<u>7,466</u>	<u>2,854</u>	<u>13,246</u>	<u>3,925</u>	<u>32,901</u>	<u>(24,795)</u>	<u>55,779</u>
Total assets	<u>28,332</u>	<u>9,820</u>	<u>3,733</u>	<u>16,667</u>	<u>5,804</u>	<u>34,705</u>	<u>(25,534)</u>	<u>73,527</u>

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	6/30/2015							
	Cement	Aluminum	Nickel	Zinc & byproducts	Steel	Holding companies and other	Eliminations and reclassifications	Total consolidated
Liabilities and equity								
Current liabilities								
Borrowing	794	266	20	125	217	69		1,491
Derivative financial instruments	83	31	39	102	49	76		380
Trade payables	1,409	341	149	1,203	408	269	(290)	3,489
Payables - trading	129							129
Salaries and payroll charges	303	82	49	134	94	51		713
Income tax and social contribution	20	29		10	37	17		113
Taxes payable	225	11	4	53	79	30		402
Dividends payable	6	13		5	1	218	(27)	216
Other liabilities	363	299	3	61	208	236	(158)	1,012
	<u>3,332</u>	<u>1,072</u>	<u>264</u>	<u>1,693</u>	<u>1,093</u>	<u>966</u>	<u>(475)</u>	<u>7,945</u>
Liabilities related to assets held for sale	1,132						(451)	681
Non-current liabilities								
Borrowing	15,139	2,545	978	2,286	800	2,032		23,780
Derivative financial instruments		2						2
Related parties	89	870	82	128	533	1,320	(2,012)	1,010
Deferred income tax and social contribution	493			1,003	8	129	(71)	1,562
Tax, civil, labor and environmental provisions	730	240	150	625	113	15		1,873
Other liabilities	300	505	33	148	268	997	422	2,673
	<u>16,751</u>	<u>4,162</u>	<u>1,243</u>	<u>4,190</u>	<u>1,722</u>	<u>4,493</u>	<u>(1,661)</u>	<u>30,900</u>
Total equity attributable to owners of the Company	6,571	4,586	2,226	7,336	2,908	29,246	(22,951)	29,922
Non-controlling interests	546			3,448	81		4	4,079
Total equity	7,117	4,586	2,226	10,784	2,989	29,246	(22,947)	34,001
Total liabilities and equity	<u>28,332</u>	<u>9,820</u>	<u>3,733</u>	<u>16,667</u>	<u>5,804</u>	<u>34,705</u>	<u>(25,534)</u>	<u>73,527</u>

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(b) Statement of income – business segments

	Statement of income for the period from 1/1/2015 to 6/30/2015							
	Cement	Aluminum	Nickel	Zinc & byproducts	Steel	Holding companies and other	Eliminations and reclassifications	Total consolidated
Net revenue from products sold and services rendered	6,360	2,100	583	3,279	2,003	1,920	(1,361) (*)	14,884
Cost of products sold and services rendered	(4,509)	(1,658)	(547)	(2,426)	(1,616)	(1,577)	1,361 (*)	(10,972)
Gross profit	1,851	442	36	853	387	343		3,912
Operating expenses								
Selling	(511)	(27)	(5)	(140)	(163)	(3)		(849)
General and administrative	(455)	(92)	(62)	(228)	(156)	(124)		(1,117)
Other operating income (expenses), net	194	(36)	(12)	(177)	16	(48)		(63)
	(772)	(155)	(79)	(545)	(303)	(175)		(2,029)
Operating profit (loss) before equity results and finance results	1,079	287	(43)	308	84	168		1,883
Result from equity investments								
Equity in the results of investees	82	24	1		12	(114)	109	114
Finance results, net								
Finance income	376	112	16	15	40	197	(49)	707
Finance costs	(891)	(246)	(28)	(85)	(106)	(197)	49	(1,504)
Foreign exchange gains (losses), net	(155)	(365)	(148)	(370)	(18)	(4)	868	(192)
	(670)	(499)	(160)	(440)	(84)	(4)	868	(989)
Profit (loss) before income tax and social contribution	491	(188)	(202)	(132)	12	50	977	1,008
Income tax and social contribution								
Current	(131)	(65)	(1)	(112)	(40)	(74)		(423)
Deferred	20	148	72	123	37	(17)	(295)	88
Profit (loss) for the period from continuing operations	380	(105)	(131)	(121)	9	(41)	682	673
Discontinued operations								
Profit for the period from discontinued operations	8							8
Profit (loss) for the period	388	(105)	(131)	(121)	9	(41)	682	681
Profit (loss) attributable to the owners of the Company	352	(105)	(131)	(111)	7	(41)	662	633
Profit (loss) attributable to non-controlling interests	36			(10)	2		20	48
Profit (loss) for the period	388	(105)	(131)	(121)	9	(41)	682	681

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

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Statement of income for the period from 1/1/2014 to 6/30/2014								
	Cement	Aluminum	Nickel	Zinc & byproducts	Steel	Holding companies and other	Eliminations and reclassifications	Total consolidated
Net revenue from products sold and services rendered	6,068	1,735	422	2,638	1,941	1,353	(730) (*)	13,427
Cost of products sold and services rendered	(4,028)	(1,310)	(376)	(1,890)	(1,521)	(1,168)	730 (*)	(9,563)
Gross profit	2,040	425	46	748	420	185		3,864
Operating expenses								
Selling	(548)	(42)	(10)	(119)	(165)	(3)		(887)
General and administrative	(382)	(104)	(65)	(221)	(160)	(144)		(1,076)
Other operating income (expenses), net	159	(8)	(8)	(163)	6	(115)		(129)
	(771)	(154)	(83)	(503)	(319)	(262)		(2,092)
Operating profit (loss) before equity results and finance results	1,269	271	(37)	245	101	(77)		1,772
Result from equity investments								
Equity in the results of investees	61	28	3	16	13	624	(480)	265
Finance results, net								
Finance income	107	51	24	15	32	99	(16)	312
Finance costs	(877)	(317)	(19)	(81)	(73)	(473)	16	(1,824)
Foreign exchange gains (losses), net	20	126	60	144	1	(150)		201
	(750)	(140)	65	78	(40)	(524)		(1,311)
Profit (loss) before income tax and social contribution	580	159	31	339	74	23	(480)	726
Income tax and social contribution								
Current	(121)		(1)	(69)	(26)	(35)		(252)
Deferred	1	(124)	(33)	(8)	10	206		52
Profit (loss) for the period from continuing operations	460	35	(3)	262	58	194	(480)	526
Discontinued operations								
Loss for the period from discontinued operations	(4)							(4)
Profit (loss) for the period	456	35	(3)	262	58	194	(480)	522
Profit (loss) attributable to the owners of the Company	433	35	(3)	312	58	194	(552)	477
Profit (loss) attributable to non-controlling interests	23			(50)			72	45
Profit (loss) for the period	456	35	(3)	262	58	194	(480)	522

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

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(c) Adjusted EBITDA – business segments

	Adjusted EBITDA - period from 1/1/2015 to 6/30/2015							Total consolidated
	Cement	Aluminum	Nickel	Zinc & byproducts	Steel	Holding companies and other	Eliminations and reclassifications	
Net revenue from products sold and services rendered	6,360	2,100	583	3,279	2,003	1,920	(1,361)	14,884
Cost of products sold and services rendered	(4,509)	(1,658)	(547)	(2,426)	(1,616)	(1,577)	1,361	(10,972)
Gross profit	1,851	442	36	853	387	343		3,912
Operating income (expenses)								
Selling	(511)	(27)	(5)	(140)	(163)	(3)		(849)
General and administrative	(455)	(92)	(62)	(228)	(156)	(124)		(1,117)
Other operating income (expenses), net	194	(36)	(12)	(177)	16	(48)		(63)
	(772)	(155)	(79)	(545)	(303)	(175)		(2,029)
Operating profit (loss) before equity investments and finance results	1,079	287	(43)	308	84	168		1,883
Plus:								
Depreciation, amortization and depletion - continuing operations	459	148	48	479	115	23		1,272
EBITDA	1,538	435	5	787	199	191		3,155
Plus:								
Dividends received	15				8	44		67
Exceptional items								
Reversion of impairment - property, plant, equipment	(14)							(14)
Fair value of biological assets					7			7
Adjusted EBITDA	1,539	435	5	787	214	235		3,215

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	Adjusted EBITDA - period from 1/1/2014 to 6/30/2014							
	Cement	Aluminum	Nickel	Zinc & byproducts	Steel	Holding companies and other	Eliminations and reclassifications	Total consolidated
Net revenue from products sold and services rendered	6,068	1,735	422	2,638	1,941	1,353	(730)	13,427
Cost of products sold and services rendered	(4,028)	(1,310)	(376)	(1,890)	(1,521)	(1,168)	730	(9,563)
Gross profit	2,040	425	46	748	420	185		3,864
Operating income (expenses)								
Selling	(548)	(42)	(10)	(119)	(165)	(3)		(887)
General and administrative	(382)	(104)	(65)	(221)	(160)	(144)		(1,076)
Other operating income (expenses), net	159	(8)	(8)	(163)	6	(115)		(129)
	(771)	(154)	(83)	(503)	(319)	(262)		(2,092)
Operating profit (loss) before equity investments and finance results	1,269	271	(37)	245	101	(77)		1,772
Plus:								
Depreciation, amortization and depletion - continuing operations	393	156	35	390	120	5		1,099
EBITDA	1,662	427	(2)	635	221	(72)		2,871
Plus:								
Dividends received	14							14
Exceptional items								
Fibria call option						126		126
Provision for impairment - intangible assets	1							1
Adjusted EBITDA	1,677	427	(2)	635	221	54		3,012

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(d) Adjusted EBITDA

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

	7/1/2014 to 6/30/2015	1/1/2014 to 12/31/2014
Profit for the period	1,840	1,681
Plus (less):		
Equity in the results of investees	(107)	(258)
Finance income (costs), net - continuing operations	2,007	2,329
Finance income (costs), net - discontinued operations	(63)	(34)
Income tax and social contributions - continuing operations	475	340
Income tax and social contributions - discontinued operations	7	6
Depreciation, amortization and depletion - continuing operations	2,473	2,291
EBITDA	6,632	6,355
Plus:		
Dividends received	109	56
Extraordinary items		
EBITDA - discontinued operations	28	12
Fibria call option		126
Impairment of goodwill	14	14
Provision for impairment - intangible assets	(1)	
Provision for impairment - PP&E	531	545
Gain on sale of investments	1	1
Fair value of biological assets	(25)	(32)
Other	28	28
Adjusted EBITDA	7,317	7,105

32 Events after the reporting period

- (i) On June 8, 2015, at the Extraordinary General Meeting, the share capital of subsidiary Companhia Brasileira de Alumínio was reduced by the amount of R\$ 290. This reduction will be effective after 60 days from the publication date of the meeting's minutes. The counterpart of this reduction shall be paid to the Company, as follows: (a) payment in local currency, amounting to R\$ 286; (b) transfer of real estate property in the amount of R\$ 4.
- (ii) On July 2015, there was a receipt of R\$ 102 from Banco da Amazônia, relating to loan agreements signed in December 2014 in the amount of R\$ 207. These loans relate to finance expansion projects. This receipt took place in subsidiary VCNNE and has a cost of 7% per year.
- (iii) On July 15, 2015, subsidiary Votorantim Metais Cajamarquilla S.A. acquired, through a Public Offering for the Acquisition of Shares, 130,975,829 shares of Companhia Mineradora Milpo S.A.A., increasing its stake to 59.89%.
- (iv) On July of 2015, subsidiary VCSA rebought with own resources the amount of R\$ 313 (USD 99 millions), from the Eurobond that it possesses, with the expiration in April of 2041.

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- (v) Due to the current Brazilian macroeconomic context, on July 22, 2015 the management of subsidiary VCSA announced the temporary suspension, starting in August 2015, of the cement production activities at its plant located in municipality of Ribeirao Grande, in the state of São Paulo.

The demand for cement will be met by other factories that VCSA owns in the region, with no change in commercial relations. The Ribeirao Grande unit will operate as a distribution center, maintaining the shipping and distribution of brands "Ribeirão" and "Votoran". Due to this decision, VCSA is conducting, gradually, the restructuring of the plant, which entails the dismissal of employees affected by this measure, who are being provided with support in job relocation. As soon as market conditions permit, VCSA will resume the production activities in this plant.

VCSA management estimates that the effect of this temporary suspension, considering the recoverability perspective of assets, is approximately R\$ 95 which, net of income tax and social contribution, will have an impact on the result of approximately R\$ 80.