



Parent company and consolidated condensed interim financial statements at June 30, 2016 and report on review



Report on review of parent company and consolidated condensed interim financial statements

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

Introduction

We have reviewed the accompanying condensed balance sheet of Votorantim Cimentos S.A. (the "Company"), as at June 30, 2016, and the related condensed statements of income, comprehensive income and cash flows for the quarter and six-month period then ended, and the condensed statements of changes in equity for the six-month period then ended, as well the consolidated condensed balance sheet of Votorantim Cimentos S.A. and its subsidiaries ("Consolidated"), as at June 30, 2016, and related consolidated condensed statements of income, comprehensive income and cash flows for the quarter and six-month period then ended, and the condensed statements of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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



Votorantim Cimentos S.A.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements referred to above are not prepared, in all material respects, in accordance with CPC 21 and IAS 34.

Curitiba, August 8, 2016



PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5



Maurício Colombari
Contador CRC1SP195838/O-3

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Votorantim Cimentos S.A.
Interim balance sheet
All amounts in thousands of reais



| Assets | Note | Parent company | | Consolidated | | Liabilities and stockholders' equity | Note | Parent company | | Consolidated | |
|---|--------|----------------|------------|--------------|------------|---|--------|----------------|------------|--------------|------------|
| | | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | | | 6/30/2016 | 12/31/2015 | | |
| Current assets | | | | | | Current liabilities | | | | | |
| Cash and cash equivalents | 7 | 1,243,446 | 1,529,129 | 2,020,853 | 3,035,652 | Loans and financing | 16 | 581,930 | 1,199,185 | 1,296,704 | 1,880,820 |
| Financial investments | 8 | 1,344,273 | 1,533,309 | 1,678,053 | 1,697,733 | Derivative financial instruments | 5.3 | 253,731 | 201,224 | 253,731 | 201,224 |
| Trade accounts receivable | 9 | 467,648 | 248,082 | 1,090,518 | 1,461,063 | Trade payables | | 238,467 | 249,945 | 1,030,101 | 1,249,071 |
| Inventory | 10 | 395,750 | 443,018 | 1,422,262 | 1,585,693 | Confirming payable | 17 | 275,762 | 283,441 | 450,840 | 578,224 |
| Other taxes recoverable | 11 | 284,819 | 314,651 | 442,081 | 531,772 | Salaries and payroll charges | | 138,582 | 179,940 | 315,528 | 428,809 |
| Advances to suppliers | | 831 | 6,931 | 66,796 | 94,708 | Taxes payable | | 101,860 | 94,084 | 220,218 | 286,777 |
| Dividends receivable | 12 | 37,937 | 68,676 | 9,039 | 12,602 | Advances from customers | | 8,789 | 6,040 | 32,615 | 37,025 |
| Other assets | | 24,868 | 28,651 | 231,574 | 335,923 | Dividends payable | 12 | 165,715 | 165,715 | 168,584 | 168,656 |
| | | | | | | Use of public assets | | | | 30,158 | 28,471 |
| | | 3,799,572 | 4,172,447 | 6,961,176 | 8,755,146 | Other liabilities | | 208,203 | 308,605 | 349,327 | 482,775 |
| Assets of disposal groups classified as held for sale | 27 | | 381,069 | 33,478 | 413,705 | | | 1,973,039 | 2,688,179 | 4,147,806 | 5,341,852 |
| | | 3,799,572 | 4,553,516 | 6,994,654 | 9,168,851 | | | | | | |
| Non-current assets | | | | | | Non-current liabilities | | | | | |
| Long-term receivables | | | | | | Loans and financing | 16 | 12,931,991 | 16,339,319 | 13,912,855 | 17,615,800 |
| Derivative financial instruments | 5.3 | 146,603 | 318,700 | 146,603 | 318,700 | Derivative financial instruments | 5.3 | 438,701 | | 438,701 | |
| Other taxes recoverable | 11 | 141,896 | 155,428 | 236,267 | 235,935 | Deferred taxes | 18 (b) | | | 492,199 | 574,955 |
| Deferred taxes | 18 (b) | 455,736 | 1,025,182 | 1,068,646 | 1,762,953 | Related parties | 12 | 549,314 | 625,249 | 205,587 | 169,551 |
| Related parties | 12 | 80,806 | 84,337 | 379,665 | 71,315 | Provisions | 19 (a) | 440,376 | 462,004 | 826,871 | 885,349 |
| Judicial deposits | 19 (b) | 120,970 | 112,545 | 187,964 | 168,655 | Payables to investees | 13 | 42,112 | 51,607 | | |
| Other assets | | 51,539 | 52,358 | 398,675 | 354,764 | Use of public assets | | | | 473,455 | 448,547 |
| | | 997,550 | 1,748,550 | 2,417,820 | 2,912,322 | Pension liabilities | | | | 148,072 | 171,907 |
| | | | | | | Other liabilities | | 87,969 | 76,347 | 210,688 | 184,436 |
| Investments in associates and joint ventures | 13 | 13,316,677 | 15,239,168 | 1,029,351 | 1,275,806 | | | 14,490,463 | 17,554,526 | 16,708,428 | 20,050,545 |
| Property, plant and equipment | 14 | 5,029,584 | 5,114,137 | 12,339,550 | 13,052,901 | Total liabilities | | 16,463,502 | 20,242,705 | 20,856,234 | 25,392,397 |
| Intangible assets | 15 | 885,746 | 855,997 | 6,182,904 | 6,934,475 | Stockholders' equity | 20 | | | | |
| | | 19,232,007 | 21,209,302 | 19,551,805 | 21,263,182 | Capital | | 3,730,875 | 2,730,875 | 3,730,875 | 2,730,875 |
| | | | | | | Revenue reserves | | 2,979,400 | 2,930,984 | 2,979,400 | 2,930,984 |
| | | | | | | Retained earnings | | 214,655 | | 214,655 | |
| | | | | | | Cumulative other comprehensive income | | 640,697 | 1,606,804 | 640,697 | 1,606,804 |
| | | | | | | Total equity attributable to owners of the parent | | 7,565,627 | 7,268,663 | 7,565,627 | 7,268,663 |
| | | | | | | Non-controlling interests | | | | 542,418 | 683,295 |
| | | | | | | Total stockholders' equity | | 7,565,627 | 7,268,663 | 8,108,045 | 7,951,958 |
| Total assets | | 24,029,129 | 27,511,368 | 28,964,279 | 33,344,355 | Total liabilities and stockholders' equity | | 24,029,129 | 27,511,368 | 28,964,279 | 33,344,355 |

The accompanying notes are an integral part of these interim parent company and consolidated financial statements.

Interim statement of income

Period ended on June 30

All amounts in thousands of reais, unless otherwise stated

| | Note | Parent company | | | | Consolidated | | | |
|---|--------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
| | | 4/1/2016 to 6/30/2016 | 4/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 4/1/2016 to 6/30/2016 | 4/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| | | | | | | Restatement (Note 2.3) | | Restatement (Note 2.3) | |
| Continuing operations | | | | | | | | | |
| Revenue | 21 | 1,271,507 | 1,513,742 | 2,454,861 | 3,018,252 | 3,481,698 | 3,566,645 | 6,252,600 | 6,491,312 |
| Cost of sales and services | 22 | (906,807) | (952,622) | (1,723,884) | (1,847,573) | (2,547,659) | (2,530,672) | (4,752,234) | (4,666,422) |
| Gross profit | | 364,700 | 561,120 | 730,977 | 1,170,679 | 934,039 | 1,035,973 | 1,500,366 | 1,824,890 |
| Operating income (expenses) | | | | | | | | | |
| Selling | 22 | (189,751) | (164,501) | (361,421) | (327,936) | (278,365) | (261,715) | (549,652) | (515,636) |
| General and administrative | 22 | (120,034) | (129,399) | (229,709) | (261,341) | (216,357) | (225,015) | (437,075) | (445,559) |
| Other operating income (expenses), net | 24 | (1,566) | 18,176 | 328,751 | 28,194 | 12,069 | 111,115 | 363,363 | 190,561 |
| | | (311,351) | (275,724) | (262,379) | (561,083) | (482,653) | (375,615) | (623,364) | (770,634) |
| Operating profit before equity results and net financial results | | 53,349 | 285,396 | 468,598 | 609,596 | 451,386 | 660,358 | 877,002 | 1,054,256 |
| Results of investees | | | | | | | | | |
| Equity in the results of associates and joint ventures | 13 | 280,547 | 254,067 | 280,002 | 349,916 | 25,369 | 55,362 | 51,576 | 81,792 |
| Realization of other comprehensive income on disposal of investments | 1 (c) | | | 25,007 | | | | 44,133 | |
| | | 280,547 | 254,067 | 305,009 | 349,916 | 25,369 | 55,362 | 95,709 | 81,792 |
| Financial results, net | | | | | | | | | |
| Financial income | 25 | 174,139 | 98,806 | 509,142 | 173,737 | 202,602 | 119,516 | 571,505 | 220,133 |
| Financial expenses | | (366,412) | (472,588) | (769,569) | (775,126) | (431,136) | (525,292) | (889,980) | (862,271) |
| Derivative financial instruments | | (323,976) | (26,691) | (722,824) | 117,595 | (323,976) | (26,691) | (722,824) | 117,595 |
| Exchange variations, net | | 229,451 | 55,946 | 462,581 | (145,710) | 249,545 | 29,561 | 454,852 | (120,745) |
| | | (286,798) | (344,527) | (520,670) | (629,504) | (302,965) | (402,906) | (586,447) | (645,288) |
| Profit before taxation | | 47,098 | 194,936 | 252,937 | 330,008 | 173,790 | 312,814 | 386,264 | 490,760 |
| Income tax and social contribution | | | | | | | | | |
| Current | 18 (a) | | | | | (85,781) | (63,135) | (112,113) | (130,136) |
| Deferred | | 77,184 | 17,304 | 10,134 | 597 | 54,718 | (7,800) | 11,976 | 19,338 |
| Profit for the period from continuing operations | | 124,282 | 212,240 | 263,071 | 330,605 | 142,727 | 241,879 | 286,127 | 379,962 |
| Discontinued operations | | | | | | | | | |
| Losses from discontinued operations | 27 (b) | | | | | (468) | (4,993) | (1,040) | (4,955) |
| Net income for the period | | 124,282 | 212,240 | 263,071 | 330,605 | 142,259 | 236,886 | 285,087 | 375,007 |
| Net income attributable to the owners of the parent | | 124,282 | 212,240 | 263,071 | 330,605 | 124,282 | 212,240 | 263,071 | 330,605 |
| Net income attributable to non-controlling interests | | | | | | 17,977 | 24,646 | 22,016 | 44,402 |
| Net income for the period | | 124,282 | 212,240 | 263,071 | 330,605 | 142,259 | 236,886 | 285,087 | 375,007 |
| Weighted average number of shares, thousands | | 6,126,939 | 5,421,511 | 6,009,368 | 5,421,511 | 6,126,939 | 5,421,511 | 6,009,368 | 5,421,511 |
| Basic and diluted earnings per thousand shares, reais | | 20.28 | 39.15 | 43.78 | 60.98 | 20.28 | 39.15 | 43.78 | 60.98 |
| From continuing operations | | | | | | | | | |
| Basic and diluted earnings per thousand shares, reais | | 20.28 | 39.15 | 43.78 | 60.98 | 20.36 | 40.07 | 43.95 | 61.89 |
| From discontinued operations | | | | | | | | | |
| Basic and diluted losses per thousand share, reais | | | | | | (0.08) | (0.92) | (0.17) | (0.91) |

The accompanying notes are an integral part of these interim parent company and consolidated financial statements.

Interim statement of comprehensive income
Period ended on June 30
All amounts in thousands of reais

| | Note | Parent company | | | | Consolidated | | | |
|---|--------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | 4/1/2016 to 6/30/2016 | 4/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 4/1/2016 to 6/30/2016 | 4/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Net income for the period | | 124,282 | 212,240 | 263,071 | 330,605 | 142,259 | 236,886 | 285,087 | 375,007 |
| Other components of comprehensive income | | | | | | | | | |
| to be subsequently reclassified to the statement of income | | | | | | | | | |
| Currency translation of investees located abroad | 20 (b) | (1,177,009) | (218,147) | (2,062,716) | 919,868 | (1,275,159) | (249,675) | (2,207,093) | 953,725 |
| Hedge accounting of net investments abroad, net of income tax and social contribution | 5.4 | 662,768 | 77,447 | 1,125,067 | (620,880) | 662,768 | 77,447 | 1,125,067 | (620,880) |
| Realization of comprehensive income on disposals of investments | 1 (c) | | | (25,007) | | | | (44,133) | |
| Interest in other comprehensive income of investees | 20 (b) | (14,088) | (6,897) | (3,451) | 24,431 | (13,997) | (7,800) | (2,841) | 27,791 |
| Other comprehensive income for the period | | (528,329) | (147,597) | (966,107) | 323,419 | (626,388) | (180,028) | (1,129,000) | 360,636 |
| Total comprehensive income for the period | | (404,047) | 64,643 | (703,036) | 654,024 | (484,129) | 56,858 | (843,913) | 735,643 |
| Comprehensive income from | | | | | | | | | |
| Continuing operations | | | | | | (483,661) | 88,329 | (842,873) | 740,598 |
| Discontinued operations | 27 (b) | | | | | (468) | (31,471) | (1,040) | (4,955) |
| | | | | | | (484,129) | 56,858 | (843,913) | 735,643 |
| Comprehensive income attributable to | | | | | | | | | |
| Owners of the parent | | | | | | (404,047) | 64,643 | (703,036) | 654,024 |
| Non-controlling interests | | | | | | (80,082) | (7,785) | (140,877) | 81,619 |
| | | | | | | (484,129) | 56,858 | (843,913) | 735,643 |

The accompanying notes are an integral part of these interim parent company and consolidated financial statements.

Votorantim Cimentos S.A.



Interim statement of changes in equity Semester ended on June 30

All amounts in thousands of reais

| | Note | Attributable to owners of the parent | | | | | | | Non-controlling interests | Total stockholders equity |
|--|--------|--------------------------------------|-----------------------|---------|------------------|-------------------|---------------------------------------|-----------|---------------------------|---------------------------|
| | | Capital | Revenue reserves | | | Retained earnings | Cumulative other comprehensive income | | | |
| | | | Tax incentive reserve | Legal | Profit retention | | Total | Total | | |
| At January 1, 2015 | | 2,730,875 | 953,037 | 473,623 | 827,672 | | 735,335 | 5,720,542 | 443,167 | 6,163,709 |
| Comprehensive income for the semester | | | | | | | | | | |
| Net income for the period | | | | | 330,605 | | | 330,605 | 44,402 | 375,007 |
| Other comprehensive income | 20 (b) | | | | | | 323,419 | 323,419 | 37,217 | 360,636 |
| | | | | | 330,605 | | 323,419 | 654,024 | 81,619 | 735,643 |
| Contributions by and distributions to stockholders | | | | | | | | | | |
| Increase in non-controlling interest - Yacuces | | | | | | | | | 30,435 | 30,435 |
| Increase in non-controlling interest - Itacamba | | | | | | | | | 34,020 | 34,020 |
| Deliverable dividends canceled | | | | | 116,722 | | | 116,722 | | 116,722 |
| Allocation of net income for the semester | | | | | | | | | | |
| Tax incentive reserve | | | 82,267 | | | | | | | |
| Dividends paid | | | | | | | | | (35,585) | (35,585) |
| | | | 82,267 | | 116,722 | | | 116,722 | 28,870 | 145,592 |
| At June 30, 2015 | | 2,730,875 | 1,035,304 | 473,623 | 944,394 | 248,338 | 1,058,754 | 6,491,288 | 553,656 | 7,044,944 |
| At January 1, 2016 | | 2,730,875 | 1,102,531 | 510,723 | 1,317,730 | | 1,606,804 | 7,268,663 | 683,295 | 7,951,958 |
| Comprehensive income for the semester | | | | | | | | | | |
| Net income for the period | | | | | 263,071 | | | 263,071 | 22,016 | 285,087 |
| Other comprehensive income | 20 (b) | | | | | | (966,107) | (966,107) | (162,893) | (1,129,000) |
| | | | | | 263,071 | | (966,107) | (703,036) | (140,877) | (843,913) |
| Contributions by and distributions to stockholders | | | | | | | | | | |
| Capital increase | 1 (a) | 1,000,000 | | | | | | 1,000,000 | | 1,000,000 |
| Allocation of net income for the semester | | | | | | | | | | |
| Tax incentive reserve | | | 48,416 | | | | | | | |
| | | 1,000,000 | 48,416 | | | | | 1,000,000 | | 1,000,000 |
| At June 30, 2016 | | 3,730,875 | 1,150,947 | 510,723 | 1,317,730 | 214,655 | 640,697 | 7,565,627 | 542,418 | 8,108,045 |

The accompanying notes are an integral part of these interim parent company and consolidated financial statements.

Interim statement of cash flow
Period ended on June 30
All amounts in thousands of reais

| | Note | Parent company | | | | Consolidated | | | |
|--|---------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 4/1/2016 to 6/30/2016 | 4/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 4/1/2016 to 6/30/2016 | 4/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Cash flow from operating activities | | | | | | | | | |
| Profit before income tax and social contribution | | 47,098 | 194,936 | 252,937 | 330,008 | 173,790 | 312,814 | 386,264 | 490,760 |
| Losses from discontinued operations | 27 (b) | | | | | (468) | (4,993) | (1,040) | (4,955) |
| Adjustments of items that do not represent changes in cash and cash equivalents | | | | | | | | | |
| Depreciation, amortization and depletion | 14 e 15 | 94,543 | 92,766 | 188,009 | 185,501 | 260,734 | 235,589 | 526,430 | 475,999 |
| Equity in the results of associates and joint ventures | 13 (b) | (280,547) | (254,067) | (280,002) | (349,916) | (25,369) | (55,362) | (51,576) | (81,792) |
| Realization of other comprehensive income on disposal of investment | 1 (c) | (25,007) | | (25,007) | | (44,133) | | (44,133) | |
| Interest, indexation and exchange variations | | 88,057 | 317,377 | 106,651 | 678,145 | (58,123) | 409,729 | (164,175) | 1,041,596 |
| Reversal (provision) net, for impairment of property plant and equipment and intangible assets | 24 | (1,756) | | (2,972) | | 5,574 | (6,829) | (2,742) | (13,628) |
| Impairment of goodwill | 15 (ii) | 4,223 | | 4,223 | | 18,031 | | 18,031 | |
| Loss (gain) on sale of property, plant and equipment and intangible assets | 24 | (2,132) | (177) | (6,458) | 1,013 | (3,474) | (50,333) | (9,459) | (50,261) |
| Gain on sales of investments, net | 24 | | | (296,915) | | | | (296,915) | |
| Allowance for doubtful accounts | 9 (b) | 7,286 | 4,431 | 14,481 | 6,856 | 7,769 | 11,838 | 32,832 | 20,568 |
| Provision | | 14,342 | (11,705) | (29,180) | (20,934) | 3,517 | 21,965 | (40,279) | 273 |
| Fair value adjustment - Resolution 4131 | 16 (c) | (33,364) | | (57,021) | | (33,364) | | (57,021) | |
| Fair value adjustment of derivative instruments | 5.3 (c) | 250,816 | 8,476 | 863,305 | (154,715) | 250,816 | 8,476 | 863,305 | (154,715) |
| | | 163,559 | 352,037 | 532,051 | 675,958 | 555,300 | 882,894 | 959,522 | 1,723,845 |
| Decrease (increase) in assets | | | | | | | | | |
| Financial investments | | 99,873 | 250,586 | 286,530 | 329,141 | (201,894) | 280,991 | 135,217 | 426,087 |
| Trade accounts receivable | | (54,041) | (50,967) | (101,863) | (107,152) | 113,448 | (410,046) | 499,795 | (452,309) |
| Inventory | | 58,870 | (17,148) | 47,268 | (87,232) | 205,951 | (7,045) | 163,431 | (272,013) |
| Other taxes recoverable | | 15,544 | 15,365 | 43,364 | 16,698 | 38,614 | 45,322 | 89,359 | 51,929 |
| Related parties | | (139,035) | 16,119 | (247,717) | 25,140 | (400,433) | 39,357 | (608,968) | 15,690 |
| Accounts receivable and other assets | | 4,415 | 50,498 | 2,278 | 52,211 | 40,682 | 203,448 | 68,199 | 29,427 |
| Increase (decrease) in liabilities | | | | | | | | | |
| Trade payables | | 8,054 | 68,173 | (11,478) | 112,597 | (9,647) | 136,281 | (218,970) | 181,673 |
| Salaries and social charges | | 15,465 | (47,064) | (41,358) | (21,567) | 31,956 | (106,042) | (113,281) | (13,763) |
| Advances from customers | | 1,730 | 29,083 | 2,749 | 1,307 | (7,276) | 54,918 | (4,410) | 94,869 |
| Taxes payable | | (23,182) | 1,323 | 7,776 | (904) | (27,998) | 98,001 | (66,559) | (63,536) |
| Accounts payable and other liabilities | | 51,154 | (19,292) | 22,678 | (17,003) | 1,139 | (226,770) | (70,578) | (147,127) |
| Cash provided by operations activities | | 202,406 | 648,713 | 542,278 | 979,194 | 339,842 | 991,309 | 832,757 | 1,574,772 |
| Interest paid on borrowing and use of public assets | | (418,410) | (469,870) | (606,834) | (602,158) | (459,775) | (485,329) | (675,367) | (643,776) |
| Premium paid on the partial repurchase of Bond | 25 | | (97,993) | | (97,993) | | (97,993) | | (97,993) |
| Income tax and social contribution paid | | | | | (1,339) | (49,271) | (38,133) | (118,080) | (62,509) |
| Net cash provided by (used in) operating activities | | (216,004) | 80,850 | (64,556) | 277,704 | (169,204) | 369,854 | 39,310 | 750,494 |
| Cash flow from investment activities | | | | | | | | | |
| Proceeds from disposals of property, plant and equipment and intangible assets | | 1,619 | 1,688 | 8,310 | 8,702 | 13,294 | 62,356 | 28,437 | 92,526 |
| Dividends received | | 27,838 | 50,001 | 30,739 | 53,870 | 10,072 | 10,734 | 12,973 | 14,603 |
| Acquisitions of property, plant and equipment | | (66,544) | (212,407) | (136,295) | (359,026) | (449,929) | (394,897) | (892,690) | (755,799) |
| Increase in intangible assets | 15 | | (42) | (13) | (42) | | (899) | (2,187) | (1,390) |
| Capital increase in investees | 1 (b) | | | (100,000) | | | | | |
| Proceeds from disposals of investments | | | | | | | 23,666 | | 23,666 |
| Advances received due to the sale of the Sirama investment | | | | 565,970 | | | | 565,970 | |
| Net cash provided by (used in) investment activities | | (37,087) | (160,760) | 368,711 | (296,496) | (426,563) | (299,040) | (287,497) | (626,394) |
| Cash flow from financing activities | | | | | | | | | |
| New loans and financing | 16 (c) | | 1,670,135 | 798,900 | 1,670,135 | 333,598 | 1,780,785 | 1,648,074 | 1,791,224 |
| Payments of loans and financing | | (249,780) | (1,140,787) | (2,683,583) | (1,261,627) | (604,790) | (1,223,709) | (3,492,603) | (1,405,671) |
| Derivative financial instruments | 5.3 | (73,161) | (18,214) | (59,519) | (37,120) | (73,161) | (18,214) | (59,519) | (37,120) |
| Receipt of capital reduction in VCEAA | 1 (d) | 212,172 | 125,835 | 212,172 | 125,835 | | | | |
| Capital increase | 1 (a) | | | 1,000,000 | | | | 1,000,000 | |
| Increase in non-controlling interest in Yacuces | | | | | | | 21,191 | | 30,435 |
| Increase in non-controlling interest in Ilacamba | | | | | | | 34,020 | | 34,020 |
| Dividends paid | | | | | | | (35,585) | | (35,585) |
| Related parties | | 73,224 | (89,342) | 142,192 | (21) | 214,485 | (46,678) | 287,160 | (22,820) |
| Net cash provided by (used in) financing activities | | (37,545) | 547,627 | (589,838) | 497,202 | (129,868) | 511,810 | (616,888) | 354,483 |
| Increase (decrease) in cash and cash equivalents | | (290,636) | 467,717 | (285,683) | 478,410 | (725,635) | 582,624 | (865,075) | 478,583 |
| Effect of fluctuations in exchange rates | | | | | | (93,476) | 2,590 | (149,724) | 52,942 |
| Cash and cash equivalents at the beginning of the period | | 1,534,082 | 199,369 | 1,529,129 | 188,676 | 2,839,964 | 901,638 | 3,035,652 | 955,327 |
| Cash and cash equivalents at the end of the period | | 1,243,446 | 667,086 | 1,243,446 | 667,086 | 2,020,853 | 1,486,852 | 2,020,853 | 1,486,852 |
| Main non-cash transactions | | | | | | | | | |
| Transfer of assets classified as held for sale | | | | | | | | | 340,678 |
| Deliverable dividends canceled | | | 116,722 | | 116,722 | | 116,722 | | 116,722 |
| Transfer of liabilities related to assets held for sale | | | | | | | 1,629 | | 109,691 |
| Dividends received without cash effects for Avellaneda | | | | | | | 1,402 | | 1,402 |
| Loans from FINAME for acquisition of property, plant and equipment | | | | | 7,913 | | 181 | | 8,637 |

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All amounts in thousands of reais, unless otherwise stated

1 General considerations

Votorantim Cimentos S.A. (the "Company" or "VCSA") and its subsidiaries are principally engaged in the following activities: the production and sale of a wide portfolio of building materials, which includes cement, aggregates, concrete, ready-mix, mortar, as well as raw materials and byproducts, similar and related products; the provision of concrete-pouring services; research, mining and processing of mineral reserves in connection with its cement producing activities; transportation, distribution and importing, co-processing for energy generation; and holding investments in other companies. The Company is a corporation headquartered in the city and state of São Paulo. The Company and its subsidiaries operate in all regions of Brazil, as well as in North America and South America, Europe, Asia and Africa.

The Company is directly controlled by Votorantim S.A. ("VSA"), a privately held company controlled by the Ermírio de Moraes family and which is the holding company of Votorantim ("Votorantim"), headquartered in São Paulo, Brazil.

Main changes in interest during the first semester of 2016

(a) Capital increase

On February 2, 2016, at an Extraordinary General Meeting, Management decided upon and approved a capital increase amounting to R\$ 1,000,000 by issuing 705,427,574 common shares, increasing the capital to R\$ 3,730,875. The capital increase was integrated on February 15, 2016. The book value of the shares subscribed and integrated as part of this capital increase, calculated as at November 30, 2015, amounted to R\$ 1.42 per share.

(b) Capital increase in subsidiary Votorantim Cimentos N/NE S.A. ("VCNNE")

On February 15, 2016, at an Extraordinary General Meeting, Management decided upon and approved a capital increase in the subsidiary VCNNE amounting to R\$ 100,000 by issuing 1,309,121 common shares, increasing the capital to R\$ 739,559. The book value of the shares subscribed and integrated as part of this capital increase, calculated as at November 30, 2015, amounted to R\$ 76.39 per share.

(c) Sale of the investment in the investee Sirama Participações Administração e Transportes Ltda. ("Sirama")

On January 26, 2016, the General Superintendence of the Administrative Council for Economic Defense ("CADE") granted its approval for the sale of the shares owned by the Company in the investee Sirama. On March 3, 2016, the Company recorded the net gain related to the sale in the amount of R\$ 292,604 and, consequently, registered the write-off related to exchange variations on investments registered abroad in "Realization of other comprehensive income on disposal of investments", in the amount of R\$ 25,007 (parent) and R\$ 44,133 (consolidated). The difference amounting to R\$ 19,136 between the balances that were written off in the parent and consolidated is due to the period during which Sirama was held directly by subsidiary Silcar Empreendimentos, Comércio e Participações Ltda. ("Silcar").

(d) Share premium distribution of subsidiary Votorantim Cimentos EAA Inversiones S.L. ("VCEAA")

On April 28, 2016, the Company's Management approved the partial distribution of VCEAA's share premium, at an amount of R\$ 212,172 paid in cash, which was received on May 5, 2016, without any cancellation of shares.

(e) Loss due to change in shareholding

During the second quarter of 2016, investee Cimentos Portland S.A. ("CEMPOR"), acquired 28.28% of interest owned by its former investor Inversiones Portland S.A. ("IPSA"), generating a loss due to the change in shareholding amounting to R\$ 30,406, booked under stockholders' equity - "Other comprehensive income".

Notes to interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

2 Presentation of the interim parent company and consolidated financial statements

2.1 Basis of preparation

(a) Interim parent company and consolidated financial statements

The financial statements have been prepared and are being presented in accordance with Technical Pronouncement CPC 21 - (R1) Interim Financial Reporting, and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”) and show all relevant information pertinent to the interim financial statements, which are consistent with those used by the Management.

The interim parent company and consolidated financial statements as of June 30, 2016, do not contain all of the explanatory notes and disclosures required by the accounting standards applicable to the annual financial statements, since its purpose is to provide an update on the significant activities, events and circumstances compared to the annual financial statements. Therefore, they should be read together with the financial statements at December 31, 2015, issued on February 26, 2016 and publicly disclosed on April 7, 2016 in the Diário Oficial de São Paulo.

The interim parent company and consolidated financial statements have been prepared in a manner consistent with the accounting policies disclosed in Note 2 to the consolidated financial statements as at December 31, 2015.

(b) Approval of the parent company and consolidated financial statements

The Board of Directors meeting of August 5, 2016 authorized the issue of these financial statements.

2.2 Main companies included in the interim parent company and consolidated financial statements

During the semester that ended on June 30, 2016, the main changes in ownership interest in subsidiaries and joint operations related to the information disclosed in Note 2.2 of the last annual financial statement were:

| | Percentage of total and voting capital | | Headquarters | Main activity |
|--|--|------------|--------------|---------------|
| | 6/30/2016 | 12/31/2015 | | |
| Votorantim Cimentos EAA Inversiones S.L. and subsidiaries | | | | |
| Votorantim Çimento Sanayi ve Ticaret A.Ş.(ii) | 99.87 | 99.82 | Turkey | Cement |
| Exclusive investment funds (i) | | | | |
| Investment fund Pentágono Multimercado - Crédito privado | 67.73 | | Brazil | Finance |

- (i) Due to the nature of the exclusive funds, they do not have “voting capital”, and the Company owns the total mentioned capital. The shares in exclusive funds are consolidated according to the segregation of the investments that make up these funds, according to Note 8 (i).

2.3 Restatement of comparatives figures

(a) Confirming payable

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

Notes to interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

| Type | Parent company | | | Consolidated | | |
|--------------------|--------------------|-------------|----------|--------------------|-------------|-----------|
| | As prior presented | Restatement | Restated | As prior presented | Restatement | Restated |
| Trade payables | 406,925 | (156,980) | 249,945 | 1,700,834 | (451,763) | 1,249,071 |
| Payables - Trading | 126,461 | (126,461) | | 126,461 | (126,461) | |
| Confirming payable | | 283,441 | 283,441 | | 578,224 | 578,224 |
| | 533,386 | | 533,386 | 1,827,295 | | 1,827,295 |

(b) China operation and Minerações e Construções Ltda.

In accordance with “IFRS 5 / CPC31 – Non current assets held for sale and discontinued operations”, the Company reclassified its operation in China from discontinued operation to continuing operation, and the subsidiary Minerações e Construções Ltda. from continuing operations to discontinued operations, and consequently, the income statement balances have changed from those previously presented in the interim condensed parent company and consolidated financial statements as at June 30, 2015, issued on August 14, 2015. The changes are necessary in order to properly disclose these operations balances, as disclosed in the last annual financial statements, Note 2.25 “Restatement of comparative figures”.

The table below presents the effects of these reclassifications, showing the original balances and the restated balances.

| | June 30, 2015 | | | |
|--|--------------------|--|--|-------------|
| | As prior presented | Impacts of China operations reclassification | Impacts of Minerações e Construções operations reclassifications | Restated |
| Continuing operations | | | | |
| Revenue | 6,360,203 | 134,989 | 3,880 | 6,491,312 |
| Cost of sales and services | (4,509,511) | (162,095) | (5,184) | (4,666,422) |
| Income (loss) gross | 1,850,692 | (27,106) | (1,304) | 1,824,890 |
| Operating income (expenses) | | | | |
| Selling | (514,319) | (1,058) | 259 | (515,636) |
| General and administrative | (440,000) | (5,678) | (119) | (445,559) |
| Other operating income (expenses), net | 182,581 | 4,257 | (3,723) | 190,561 |
| | (771,738) | (2,479) | (3,583) | (770,634) |
| Operating profit (loss) before equity results and net financial results | 1,078,954 | (29,586) | (4,887) | 1,054,256 |
| Results of investees | | | | |
| Equity in the results of associates and joint ventures | 81,792 | | | 81,792 |
| Financial results, net | | | | |
| Financial income | 220,123 | 28 | 18 | 220,133 |
| Financial expenses | (852,889) | (9,468) | (86) | (862,271) |
| Derivative financial instruments | 117,595 | | | 117,595 |
| Exchange variations, net | (154,919) | 34,174 | | (120,745) |
| | (670,090) | 24,734 | (68) | (645,288) |
| Profit (loss) before taxation | 490,656 | (4,852) | (4,955) | 490,760 |
| Income tax and social contribution | | | | |
| Current | (129,814) | (322) | | (130,136) |
| Deferred | 18,968 | 370 | | 19,338 |
| Profit for the semester from continuing operations | 379,810 | (4,804) | (4,955) | 379,962 |
| Discontinued operations | | | | |
| Profit (loss) from discontinued operations | 8,218 | (8,218) | 4,955 | (4,955) |
| Net income for the semester | 388,028 | (13,022) | | 375,007 |
| Net income attributable to the owners of the parent | 352,201 | (21,596) | | 330,605 |
| Net income attributable to non-controlling interests | 35,827 | 8,574 | | 44,402 |
| Net income for the semester | 388,028 | (13,022) | | 375,007 |

Notes to interim parent company and consolidated financial statements

At June 30

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3 Changes in accounting practices and alterations

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

4 Critical accounting estimates and judgments

In the semester ended on June 30, 2016, there have been no changes in estimates and assumptions that present a significant risk and probability of causing material adjustments to the carrying amounts of assets and liabilities for the current fiscal year, compared to those detailed in Note 4 to the latest annual financial statements.

5 Financial risk management

5.1 Foreign exchange risk

| | Note | Parent company | | Consolidated | |
|--|------|---------------------|---------------------|---------------------|---------------------|
| | | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Assets denominated in foreign currency | | | | | |
| Cash and cash equivalents | 7 | 2,596 | | 685,324 | 1,471,085 |
| Financial investments | 8 | | | 258,693 | 136,396 |
| Derivative financial instruments | 5.3 | 146,603 | 318,700 | 146,603 | 318,700 |
| Trade accounts receivable | | 2,642 | 8,538 | 589,172 | 1,167,791 |
| Related parties | | 16,742 | 20,288 | 335,808 | 25,935 |
| | | <u>168,583</u> | <u>347,526</u> | <u>2,015,600</u> | <u>3,119,907</u> |
| Liabilities denominated in foreign currency | | | | | |
| Loans and financing (i) | | 9,537,663 | 11,987,930 | 11,002,516 | 13,679,104 |
| Derivative financial instruments | 5.3 | 692,432 | 201,224 | 692,432 | 201,224 |
| Trade payables | | 680 | 7,446 | 714,791 | 1,008,813 |
| Confirming payables | 17 | | | 135,290 | 273,432 |
| Related parties | | 499,474 | 607,765 | 145,992 | 148,530 |
| | | <u>10,730,249</u> | <u>12,804,365</u> | <u>12,691,021</u> | <u>15,311,103</u> |
| Net exposure | | <u>(10,561,666)</u> | <u>(12,456,839)</u> | <u>(10,675,421)</u> | <u>(12,191,196)</u> |

(i) Funding costs are not considered in these amounts.

Notes to interim parent company and consolidated financial statements

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5.2 Liquidity risk

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

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

| | Parent company | | | | | |
|----------------------------------|------------------|-----------------------|-----------------------|------------------------|-------------------|-------------------|
| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Between 5 and 10 years | Over 10 years | Total |
| At June 30, 2016 | | | | | | |
| Loans and financing (i) | 1,328,432 | 1,209,633 | 9,608,114 | 2,978,062 | 7,708,876 | 22,833,117 |
| Derivative financial instruments | 253,731 | 177,273 | 261,428 | | | 692,432 |
| Trade payables | 238,467 | | | | | 238,467 |
| Confirming payables | 275,762 | | | | | 275,762 |
| Dividends payable | 165,715 | | | | | 165,715 |
| Related parties | 47,471 | 88,277 | 605,975 | | | 741,723 |
| | <u>2,309,578</u> | <u>1,475,183</u> | <u>10,475,517</u> | <u>2,978,062</u> | <u>7,708,876</u> | <u>24,947,216</u> |
| At December 31, 2015 | | | | | | |
| Loans and financing (i) | 2,119,639 | 2,030,609 | 8,566,011 | 7,087,451 | 9,540,888 | 29,344,598 |
| Derivative financial instruments | 201,224 | | | | | 201,224 |
| Trade payables | 249,945 | | | | | 249,945 |
| Confirming payables | 283,441 | | | | | 283,441 |
| Dividends payable | 165,715 | | | | | 165,715 |
| Related parties | 55,391 | 66,744 | 763,239 | | | 885,374 |
| | <u>3,075,355</u> | <u>2,097,353</u> | <u>9,329,250</u> | <u>7,087,451</u> | <u>9,540,888</u> | <u>31,130,297</u> |
| Consolidated | | | | | | |
| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Between 5 and 10 years | Over 10 years | Total |
| At June 30, 2016 | | | | | | |
| Loans and financing (i) | 2,118,150 | 1,350,095 | 10,425,884 | 3,290,305 | 7,708,876 | 24,893,310 |
| Derivative financial instruments | 253,731 | 177,273 | 261,428 | | | 692,432 |
| Trade payables | 1,030,101 | | | | | 1,030,101 |
| Confirming payables | 450,840 | | | | | 450,840 |
| Dividends payable | 168,584 | | | | | 168,584 |
| Related parties | 37,868 | 167,719 | | | | 205,587 |
| Use of public assets | 30,158 | 32,370 | 109,589 | 232,607 | 820,207 | 1,224,931 |
| | <u>4,089,432</u> | <u>1,727,457</u> | <u>10,796,901</u> | <u>3,522,912</u> | <u>8,529,083</u> | <u>28,665,785</u> |
| At December 31, 2015 | | | | | | |
| Loans and financing (i) | 2,854,722 | 2,587,264 | 9,342,238 | 7,332,463 | 9,540,888 | 31,657,575 |
| Derivative financial instruments | 201,224 | | | | | 201,224 |
| Trade payables | 1,249,071 | | | | | 1,249,071 |
| Confirming payables | 578,224 | | | | | 578,224 |
| Dividends payable | 168,656 | | | | | 168,656 |
| Related parties | 2,995 | 166,556 | | | | 169,551 |
| Use of public assets | 28,471 | 30,567 | 103,485 | 219,650 | 823,606 | 1,205,779 |
| | <u>5,083,363</u> | <u>2,784,387</u> | <u>9,445,723</u> | <u>7,552,113</u> | <u>10,364,494</u> | <u>35,230,080</u> |

- (i) Does not include the recorded fair value of the debts executed by Resolution 4131.

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5.3 Derivative financial instruments

(a) Effect of the derivatives on the financial statement

| Program | Unit | Principal | | Average Rate/Price FWD | Average term (days) | Fair value | | | Parent and consolidated | | |
|---|------|-----------|------------|------------------------|---------------------|--------------------|---------------------|-------------------------|--|--|----------------|
| | | 30/6/2016 | 31/12/2015 | | | Non current assets | Current Liabilities | Non current liabilities | 6/30/2016 | 12/31/2015 | |
| | | | | | | | | | Total (net between assets and liabilities) | Total (net between assets and liabilities) | |
| Hedging instruments for foreign exchange exposure | | | | | | | | | | | |
| EUR forward | EUR | 18,402 | | 4.23 | 11 | | (12,395) | | | (12,395) | |
| Debt protection | | | | | | | | | | | |
| LIBOR floating rate vs CDI floating rate swap | USD | 550,000 | 450,000 | 102.41% | 1,360 | 138,639 | (221,922) | (398,225) | | (481,508) | 131,100 |
| US\$ floating rate vs CDI floating rate swap | USD | 50,000 | 50,000 | 101.90% | 1,548 | 7,964 | (19,414) | (40,476) | | (51,926) | (13,624) |
| | | | | | | <u>146,603</u> | <u>(253,731)</u> | <u>(438,701)</u> | | <u>(545,829)</u> | <u>117,476</u> |

(b) Maturity profile

| Program | | | | | | | Parent and consolidated | |
|---|------------------|------------------|------------------|-----------------|---------------|---------------|-------------------------|--|
| | | | | | | | Fair value by maturity | |
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total | |
| Hedging instruments for foreign exchange exposure | | | | | | | | |
| EUR forward | | | | | | | (12,395) | |
| Debt protection | | | | | | | | |
| LIBOR floating rate vs CDI floating rate swap | (121,040) | (188,223) | (147,251) | (76,474) | 20,620 | 30,860 | (481,508) | |
| US\$ floating rate vs CDI floating rate swap | (10,862) | (16,242) | (13,184) | (11,788) | 150 | | (51,926) | |
| | <u>(144,297)</u> | <u>(204,465)</u> | <u>(160,435)</u> | <u>(88,262)</u> | <u>20,770</u> | <u>30,860</u> | <u>(545,829)</u> | |

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(c) Effect of the derivatives financial instruments on the financial result and cash flow

| Program | Unit | 1/1/2016 to 6/30/2016 | | | | Parent and consolidated 1/1/2015 to 6/30/2015 | | | |
|---|------|-----------------------|-----------------------|----------------------|------------------|--|-----------------------|----------------------|----------------|
| | | Principal | Fair value adjustment | Realized gain (loss) | Total | Principal | Fair value adjustment | Realized gain (loss) | Total |
| Hedging instruments for foreign exchange exposure | | | | | | | | | |
| USD forward | USD | | | (7,154) | (7,154) | 164,000 | 7,879 | 695 | 8,574 |
| EUR forward | EUR | 18,402 | (12,395) | (67,556) | (79,951) | | | | |
| Debt protection | | | | | | | | | |
| LIBOR floating rate vs CDI floating rate swap | USD | 550,000 | (612,608) | 20,515 | (592,093) | 300,000 | 146,836 | (37,815) | 109,021 |
| US\$ floating rate vs CDI floating rate swap | USD | 50,000 | (38,302) | (5,324) | (43,626) | | | | |
| | | | <u>(663,305)</u> | <u>(59,519)</u> | <u>(722,824)</u> | | <u>154,715</u> | <u>(37,120)</u> | <u>117,595</u> |

Notes to the interim parent company and consolidated financial statements**At June 30****All amounts in thousands of reais, unless otherwise stated**

5.4 Hedging of net investment

The Company designated as a hedging instrument its debt denominated in Euros at an aggregate amount equal to EUR 987 million (R\$ 3,495,068) (December 31, 2015 – EUR 1,150 million – R\$ 4,887,960) with respect to its investment in the subsidiary VCEAA, which has the Euro as its functional currency.

The Company also designated a portion of its debt denominated in US Dollars, at an aggregate amount equal to US\$ 1,410 million (R\$ 4,524,648) (December 31, 2015 – US\$ 1,424 million – R\$ 5,560,124), as a hedging instrument of the investment in its subsidiary Votorantim Cement North America Inc. (“VCNA”). The hedging object includes only those investments originating in US\$ from VCNA. VCNA is a Company domiciled in Canada, whose subsidiaries functional currencies include the US Dollar and the Canadian Dollar.

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

The Company also has debt denominated in US\$, along with derivative instruments, executed with financial institution together with the loan (debt in US\$ + swap for R\$ at a % of the CDI). The loan’s terms and conditions, and the respective derivatives, configure themselves as a combined operation, in such a way that the result is economically a debt at a % of the CDI denominated in R\$. As at June 30, 2016, the total amount of these types of operations was US\$ 586 million (R\$ 1,880,612) (December 31 2015 – US\$ 503 million – R\$ 1,963,357).

The foreign exchange gain on the translation of debt, net of income tax and social contribution, recognized as other comprehensive income on June 30, 2016, amounted to R\$ 1,125,067 (June 30, 2015 – loss of 620,880).

5.5 Sensitivity analysis

Presented below is a sensitivity analysis of the main risk factors that have an impact on the pricing of the outstanding financial instruments in the categories of cash and cash equivalents, financial investments, loans and financing, and derivative financial instruments. The main sensitivities included the exposure to the fluctuations of the US dollar, euro, Chinese yuan, bolivianos, Hong Kong dollar, Argentine peso, the LIBOR, CDI and US dollar onshore interest rate (“Cupom Dollar”) and commodities prices. The scenarios for these factors are prepared using market sources and specialists, in compliance with the Company’s policies.

The scenarios on June 30, 2016 are described below:

- Scenario I: considers a change in the market forward yield curves and quotations as at June 30, 2016, according to the base scenario defined by the Company for September 30, 2016.
- Scenario II: considers a change of + or -25% in the market forward yield curves as at June 30, 2016.
- Scenario III: considers a change of + or -50% in the market forward yield curves as at June 30, 2016.

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| | | | | | | | | | | | | | | Parent company | | | | | | | |
|---------------------------------|---|-------------------------|---|------|------------------------|-----------------------|----------|----------|----------|-----------|-----------------------|-----------|-----------|----------------|-------------|----------------------|--|---------------------------------|--|----------------------|--|
| | | | | | | | | | | | | | | Impacts on P&L | | | | Impacts on comprehensive income | | | |
| | | | | | | | | | | | | | | Scenario I | | Scenarios II and III | | Scenario I | | Scenarios II and III | |
| Risk factor | Cash and cash equivalents and financial investments (i) | Loans and financing (i) | The main derivative financial instruments | Unit | Changes from 6/30/2016 | Results of scenario I | -25% | -50% | +25% | +50% | Results of scenario I | -25% | -50% | +25% | +50% | | | | | | |
| Foreign exchange rate | | | | | | | | | | | | | | | | | | | | | |
| US\$ | 2,596 | 6,474,287 | 600,000 | US\$ | 9.04% | (4,982) | 57,843 | 115,686 | (57,843) | (115,686) | (408,842) | 1,232,723 | 2,465,447 | (1,232,723) | (2,465,447) | | | | | | |
| EUR | | 3,510,366 | 18,402 | EUR | 10.05% | 5,013 | (12,083) | (24,167) | 12,083 | 24,167 | (351,296) | 961,591 | 1,923,182 | (961,591) | (1,923,182) | | | | | | |
| Interest rates | | | | | | | | | | | | | | | | | | | | | |
| BRL - CDI | 1,670,289 | 3,230,000 | 1,991,049 | BRL | -25 bps | 4,124 | 58,481 | 117,636 | (57,915) | (115,352) | | | | | | | | | | | |
| US\$ - LIBOR | | 1,899,901 | 600,000 | US\$ | -2 bps | (2,378) | (12,456) | (24,910) | 12,458 | 24,918 | | | | | | | | | | | |
| US Dollar onshore interest rate | | | 600,000 | US\$ | -15 bps | 9,006 | 57,945 | 119,883 | (54,344) | (105,425) | | | | | | | | | | | |

| | | | | | | | | | | | | | | Consolidated | | | | | | | |
|---------------------------------|---|-------------------------|---|------|------------------------|-----------------------|----------|----------|----------|-----------|-----------------------|-----------|-----------|----------------|-------------|----------------------|--|---------------------------------|--|----------------------|--|
| | | | | | | | | | | | | | | Impacts on P&L | | | | Impacts on comprehensive income | | | |
| | | | | | | | | | | | | | | Scenario I | | Scenarios II and III | | Scenario I | | Scenarios II and III | |
| Risk factor | Cash and cash equivalents and financial investments (i) | Loans and financing (i) | The main derivative financial instruments | Unit | Changes from 6/30/2016 | Results of scenario I | -25% | -50% | +25% | +50% | Results of scenario I | -25% | -50% | +25% | +50% | | | | | | |
| Foreign exchange rate | | | | | | | | | | | | | | | | | | | | | |
| US\$ | 399,711 | 6,494,202 | 600,000 | US\$ | 9.04% | (7,264) | 64,722 | 129,444 | (64,722) | (129,444) | (372,457) | 1,123,018 | 2,246,037 | (1,123,018) | (2,246,037) | | | | | | |
| EUR | 131,333 | 3,864,125 | 18,402 | EUR | 10.05% | 5,013 | (12,083) | (24,167) | 12,083 | 24,167 | (373,653) | 1,022,787 | 2,045,573 | (1,022,787) | (2,045,573) | | | | | | |
| CNY | | 346,555 | | | | (33,529) | 95,021 | 190,042 | (95,021) | (190,042) | | | | | | | | | | | |
| BOB | 24,911 | 226,109 | | | | (22,656) | 62,191 | 124,382 | (62,191) | (124,382) | 1,907 | (6,705) | (13,409) | 6,705 | 13,409 | | | | | | |
| HKD | | 107,757 | | | | (9,778) | 29,384 | 58,768 | (29,384) | (58,768) | | | | | | | | | | | |
| ARS | 64,014 | | | | | | | | | | 4,949 | (17,241) | (34,481) | 17,241 | 34,481 | | | | | | |
| Interest rates | | | | | | | | | | | | | | | | | | | | | |
| BRL - CDI | 1,837,221 | 3,230,000 | 1,991,049 | BRL | -25 bps | 3,714 | 52,687 | 106,047 | (52,121) | (103,763) | | | | | | | | | | | |
| USD - LIBOR | | 2,076,971 | 600,000 | US\$ | -2 bps | (2,340) | (12,176) | (24,350) | 12,178 | 24,358 | | | | | | | | | | | |
| US Dollar onshore interest rate | | | 600,000 | US\$ | -15 bps | 9,006 | 57,945 | 119,883 | (54,344) | (105,425) | | | | | | | | | | | |
| PBOC | | 107,757 | | | | (209) | 2,097 | 4,194 | (2,097) | (4,194) | | | | | | | | | | | |
| HIBOR | | 346,555 | | | | (99) | 264 | 529 | (264) | (529) | | | | | | | | | | | |

- (i) The balances presented in Note sensitivity analysis does not reconcile with the cash notes and cash equivalents, financial investments and loans and financing, as the analysis covering the most significant currencies.

Notes to the interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

5.6 Capital management

The net debt/Adjusted EBITDA ratios at June 30, 2016 and December 31, 2015 are summarized as follows:

| | | Cosolidated | |
|------------------------------------|-------------|--------------------|-------------------|
| | Note | 6/30/2016 | 12/31/2015 |
| Loans and financing | 16 | 15,209,559 | 19,496,620 |
| Cash and cash equivalents | 7 | (2,020,853) | (3,035,652) |
| Derivative financial instruments | 5.3 | 545,829 | (117,476) |
| Financial investments | 8 | (1,678,053) | (1,697,733) |
| Net debt - (A) | | <u>12,056,482</u> | <u>14,645,759</u> |
| Adjusted EBITDA - (B) | 28 (a) | <u>2,834,492</u> | <u>3,230,662</u> |
| Net debt / adjusted EBITDA - (A/B) | | 4.25 | 4.53 |

Notes to the interim parent company and consolidated financial statements
At June 30

All amounts in thousands of reais, unless otherwise stated

6 Credit quality of financial assets

| | Parent company | | | | | | Consolidated | | | | | |
|----------------------------------|----------------|---------------|-----------|--------------|---------------|-----------|--------------|---------------|-----------|--------------|---------------|-----------|
| | 6/30/2016 | | | 12/31/2015 | | | 6/30/2016 | | | 12/31/2015 | | |
| | Local rating | Global rating | Total | Local rating | Global rating | Total | Local rating | Global rating | Total | Local rating | Global rating | Total |
| Cash and cash equivalents | | | | | | | | | | | | |
| AAA | | | | 1,267,085 | | 1,267,085 | | | | 1,297,530 | | 1,297,530 |
| AA+ | 1 | | 1 | 415 | | 415 | 29 | | 29 | | 3,674 | 3,674 |
| AA | | | | 261,605 | | 261,605 | | | | 263,290 | | 263,290 |
| AA- | | 877,614 | 877,614 | 5 | | 5 | 972,129 | | 972,129 | 7 | | 7 |
| A+ | | 275,991 | 275,991 | | | | 275,993 | 59,314 | 335,307 | | 239,083 | 239,083 |
| A | | | | | | | | 180,942 | 180,942 | | 469,277 | 469,277 |
| A- | 14 | | 14 | 19 | | 19 | 50 | 110,978 | 111,028 | 66 | 170,607 | 170,673 |
| BBB+ | | | | | | | | 168,459 | 168,459 | | 294,595 | 294,595 |
| BBB | 2 | | 2 | | | | 2 | 2,247 | 2,249 | | 6,866 | 6,866 |
| BBB- | | | | | | | | 45,390 | 45,390 | | 51,214 | 51,214 |
| BB+ | | | | | | | | 32,779 | 32,779 | | 1,492 | 1,492 |
| BB | | 87,228 | 87,228 | | | | 87,275 | 7,259 | 94,534 | | 18,327 | 18,327 |
| BB- | | | | | 2,596 | 2,596 | | 2,596 | 2,596 | | | |
| B+ | | | | | | | | 56,586 | 56,586 | | 116,428 | 116,428 |
| CCC+ | | | | | | | | 2,151 | 2,151 | | 11,214 | 11,214 |
| CCC- | | | | | | | | | | | 3,170 | 3,170 |
| Without rating | | | | | | | 51 | 16,623 | 16,674 | | 88,812 | 88,812 |
| | 1,240,850 | 2,596 | 1,243,446 | 1,529,129 | | 1,529,129 | 1,335,529 | 685,324 | 2,020,853 | 1,564,567 | 1,471,085 | 3,035,652 |
| Financial investments | | | | | | | | | | | | |
| AAA | | | | 1,028,035 | | 1,028,035 | | | | 1,040,278 | | 1,040,278 |
| AA+ | 55,698 | | 55,698 | 245,558 | | 245,558 | 55,698 | | 55,698 | 257,428 | | 257,428 |
| AA | | | | 128,257 | | 128,257 | | | | 129,373 | | 129,373 |
| AA- | 1,150,702 | | 1,150,702 | | | | 1,222,819 | | 1,222,819 | | | |
| A+ | 112,521 | | 112,521 | | | | 112,521 | | 112,521 | | | |
| A | | | | | | | 2,951 | 153,351 | 156,302 | 2,794 | | 2,794 |
| A- | | | | 15,445 | | 15,445 | | 43,480 | 43,480 | 15,449 | | 15,449 |
| BBB | 16,114 | | 16,114 | | | | 16,114 | | 16,114 | | | |
| BB | 501 | | 501 | | | | 501 | | 501 | | | |
| CCC+ | | | | | | | | 61,862 | 61,862 | | | |
| CCC- | | | | | | | | | | | 95,187 | 95,187 |
| Without rating (i) | 8,737 | | 8,737 | 116,014 | | 116,014 | 8,756 | | 8,756 | 116,015 | 41,209 | 157,224 |
| | 1,344,273 | | 1,344,273 | 1,533,309 | | 1,533,309 | 1,419,360 | 258,693 | 1,678,053 | 1,561,337 | 136,396 | 1,697,733 |
| Derivative financial instruments | | | | | | | | | | | | |
| AAA | 61,950 | | 61,950 | 97,379 | | 97,379 | 61,950 | | 61,950 | 97,379 | | 97,379 |
| AA+ | | | | 49,717 | | 49,717 | | | | 49,717 | | 49,717 |
| AA- | 40,922 | | 40,922 | | | | 40,922 | | 40,922 | | | |
| A+ | | 35,767 | 35,767 | | 163,090 | 163,090 | | 35,767 | 35,767 | | 163,090 | 163,090 |
| A | | 7,964 | 7,964 | | 8,514 | 8,514 | | 7,964 | 7,964 | | 8,514 | 8,514 |
| | 102,872 | 43,731 | 146,603 | 147,096 | 171,604 | 318,700 | 102,872 | 43,731 | 146,603 | 147,096 | 171,604 | 318,700 |
| | 2,687,995 | 46,327 | 2,734,322 | 3,209,534 | 171,604 | 3,381,138 | 2,857,761 | 987,748 | 3,845,509 | 3,273,000 | 1,779,085 | 5,052,085 |

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

- (i) Refers mainly to Credit Rights Investment Funds ("FIDC"), exclusive of the Votorantim group and that do not have a classification on rating agencies.

Notes to the interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

7 Cash and cash equivalents

| | Parent company | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Local currency | | | | |
| Cash and banks | 573 | 515 | 3,461 | 3,375 |
| Repurchase agreements - Privatel securities | 914,260 | 863,323 | 914,260 | 865,934 |
| Repurchase agreements - Federal securities | 326,017 | 665,291 | 417,808 | 695,258 |
| | <u>1,240,850</u> | <u>1,529,129</u> | <u>1,335,529</u> | <u>1,564,567</u> |
| Foreign currency | | | | |
| Cash and banks | 2,596 | | 549,879 | 1,208,973 |
| Bank Deposit Certificates | | | 135,445 | 262,112 |
| | <u>2,596</u> | | <u>685,324</u> | <u>1,471,085</u> |
| | <u>1,243,446</u> | <u>1,529,129</u> | <u>2,020,853</u> | <u>3,035,652</u> |

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

8 Financial investments

| | Parent company | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Held for trading | | | | |
| Local currency | | | | |
| Repurchase agreements - Federal securities | 556,494 | | 556,494 | |
| Financial Treasury Bills ("LFT") | 382,890 | 10,850 | 392,198 | 18,423 |
| Bank Deposit Certificates ("CDBs") | 207,007 | 255,087 | 248,824 | 267,114 |
| Repurchase agreements - Private securities | 197,844 | 187,033 | 221,797 | 195,457 |
| Investment fund quotas (i) | | 1,080,265 | | 1,080,265 |
| Others | 38 | 74 | 47 | 78 |
| | <u>1,344,273</u> | <u>1,533,309</u> | <u>1,419,360</u> | <u>1,561,337</u> |
| Foreign currency | | | | |
| Repurchase agreements | | | 258,693 | 136,396 |
| | | | <u>258,693</u> | <u>136,396</u> |
| | <u>1,344,273</u> | <u>1,533,309</u> | <u>1,678,053</u> | <u>1,697,733</u> |

The majority of financial investments possess, immediate liquidity. The local currency financial assets include public titles or from up-market titles issued by financial institutions, indexed to the interbank deposit rate. The applications denominated in foreign currency are composed mostly by financial instruments with a fixed income in local currency (time deposits).

- (i) From 2016, the Company began to consolidate the balances of "Fundo de Investimento Pentágono Multimercado – Crédito Privado – ("Pentágono")" of Votorantim's group, considering that VCSA has control of this fund with 68.55% of its shares, and that Companhia Brasileira de Alumínio – ("CBA") owns the remaining 31.45%. For this reason, the Company started to disclose the balances invested in Pentágono in the respectively titles that make up the fund portfolio.

The amount invested on June 30, 2016, in Fundo de Investimentos em Direitos Creditórios VID Indústria – ("FIDIC") – amounting to R\$ 148,557, was eliminated against the row "Trade accounts receivable" and the amount owned by CBA amounting to R\$ 33,121 (parent) and R\$ 49,494 (consolidated) was recorded in "Related parties" according to Note 12.

Notes to the interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

Below is the composition of the fund's portfolio as of December 31, 2015:

| | Consolidated |
|--|---------------------|
| | 12/31/2015 |
| Financial investments | |
| Repurchase agreements - Federal securities | 447,593 |
| Financial Treasury Bills ("LFT") | 412,550 |
| Credit Rights Investment Funds ("FIDC") | 116,014 |
| Repurchase agreements - Private securities | 103,474 |
| Bank Deposit Certificates | 634 |
| | 1,080,265 |

9 Trade accounts receivable

(a) Analysis

| | Note | Parent company | | Consolidated | |
|---------------------------------|------|----------------|----------------|------------------|------------------|
| | | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Local customers | | 471,800 | 238,800 | 591,363 | 306,843 |
| Foreign customers | | | 80 | 558,889 | 1,188,473 |
| Related parties | 12 | 33,814 | 32,687 | 51,970 | 67,376 |
| | | 505,614 | 271,567 | 1,202,222 | 1,562,692 |
| Allowance for doubtful accounts | | (37,966) | (23,485) | (111,704) | (101,629) |
| | | 467,648 | 248,082 | 1,090,518 | 1,461,063 |

The increase in the accounts receivable in the parent company is mainly due to the consolidation of Pentágono, according to Note 8. The reduction of the balance in the consolidated is mainly due to "securization program of the accounts receivable" (i) implemented by the subsidiary Votorantim Cement North America (VCNA) in June, 2016 for its Canadian and US subsidiaries. This operation had a cash impact amounting to US\$ 110 million (R\$ 353,078). The senior lender's commitment is up to US\$ 150 million available for three years from the closing date of the transaction, depending on certain criteria of the receivables.

- (i) On first semester of 2016, the subsidiary VCNA entered into a revolving receivables securitization transaction with financial institutions for the sale of trade receivables owned by its American and Canadian subsidiaries to a special purpose entity (SPE) which was established specifically for this purpose and which is not controlled by the Company. The SPE finances the initial acquisition of the receivables by means of: (i) senior notes, (ii) intermediate subordinated certificates and (iii) junior subordinated certificates. The SPE acquires new receivables on a revolving bases, using mainly amounts paid for previously purchased receivables.

VCNA manages, as a service provider on behalf of the SPE, the collections of the receivables included in the transaction. The SPE is not included in the consolidated financial statements since the company does not control the SPE for accounting purposes as determined in accordance with the criteria of IFRS 10, Consolidated Financial Statements and CPC 36 – Consolidated financial statements.

The receivables are recognized on the balance sheet to the extent of the company's continuing involvement and recognized an associated liability. The net carrying amount of the partially transferred assets and associated liabilities reflects the rights and obligations that VCNA has retained.

Notes to the interim parent company and consolidated financial statements

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(b) Changes in the allowance for doubtful accounts

| | Parent company | | Consolidated | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Balance at the beginning of the semester | (23,485) | (15,425) | (101,629) | (76,122) |
| Additions | (16,122) | (8,251) | (37,743) | (26,728) |
| Reversals | 1,641 | 1,395 | 4,911 | 6,160 |
| Trade accounts receivable written off during the semester as uncollectible | | 8,063 | 9,232 | 19,580 |
| Exchange variations | | | 13,525 | (4,507) |
| Balance at the end of the semester | (37,966) | (14,218) | (111,704) | (81,617) |

(c) Aging list

| | Parent company | | Consolidated | |
|--------------------|----------------|------------|--------------|------------|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Falling due | 442,708 | 206,794 | 1,043,173 | 1,150,849 |
| Up to 3 months | 17,272 | 37,806 | 56,297 | 278,917 |
| From 3 to 6 months | 5,661 | 10,309 | 10,902 | 50,657 |
| Over 6 months | 39,973 | 16,658 | 91,850 | 82,269 |
| | 505,614 | 271,567 | 1,202,222 | 1,562,692 |

10 Inventory

| | Parent company | | Consolidated | |
|-------------------------------------|----------------|------------|--------------|------------|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Finished products | 36,631 | 40,368 | 135,053 | 151,440 |
| Semi-finished products | 216,886 | 209,605 | 644,951 | 615,362 |
| Raw materials | 98,138 | 113,571 | 444,950 | 543,158 |
| Auxiliary materials and consumables | 115,677 | 126,283 | 329,900 | 360,398 |
| Imports in transit | 626 | 20,292 | 8,111 | 60,630 |
| Other | 6,491 | 5,083 | 30,143 | 31,712 |
| Provision for losses (i) | (78,699) | (72,184) | (170,846) | (177,007) |
| | 395,750 | 443,018 | 1,422,262 | 1,585,693 |

(i) The provision for losses relates mainly to obsolete and slow-moving materials in inventory. During the reporting period the Company had no inventory pledged as collateral for any of its liabilities.

11 Other taxes recoverable

| | Parent company | | Consolidated | |
|--|----------------|------------|--------------|------------|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Current income tax and social contribution - "IRPJ" and "CSLL" | 176,009 | 206,334 | 214,199 | 277,515 |
| Social Contribution on Revenue - "COFINS" | 103,613 | 111,710 | 176,731 | 172,533 |
| Value-added tax on Sales and Services - "ICMS" | 81,709 | 80,024 | 123,848 | 135,366 |
| Value-added tax - "IVA" | | | 52,484 | 65,318 |
| Value-added tax on acquisitions of property, plant and equipment | 26,682 | 34,845 | 33,442 | 42,366 |
| Employees' Profit Participation Program - "PIS" | 22,382 | 24,656 | 38,089 | 37,737 |
| Excise Tax - "IPI" | 15,308 | 11,625 | 19,266 | 16,126 |
| Other | 1,012 | 885 | 20,289 | 20,746 |
| | 426,715 | 470,079 | 678,348 | 767,707 |
| Current | 284,819 | 314,651 | 442,081 | 531,772 |
| Non-current | 141,896 | 155,428 | 236,267 | 235,935 |
| | 426,715 | 470,079 | 678,348 | 767,707 |

Votorantim Cimentos S.A.



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All amounts in thousands of reais, unless otherwise stated

12 Related parties

(a) Parent company

| | Trade accounts receivable | | Dividends receivable | | Non-current assets | | Trade payables | | Dividends payable | | Non-current liabilities | | Sales | | Purchases | | Financial revenue (expense) | | |
|---|---------------------------|---------------|----------------------|---------------|--------------------|---------------|----------------|---------------|-------------------|----------------|-------------------------|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|-----------------------|-----|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | |
| Parent | | | | | | | | | | | | | | | | | | | |
| Votorantim S.A. | 152 | 127 | | | 38 | 38 | 2,688 | 8,217 | 165,715 | 165,715 | | | | | 15,998 | 21,954 | | | |
| Associates or joint ventures | | | | | | | | | | | | | | | | | | | |
| Acaríúba Minerações e Participações Ltda. | | | | | 219 | 219 | | | | | | | | | | | | | |
| Calmit Industrial Ltda. | | | | | 404 | 404 | | | | | | | | | | | | | |
| Cia de Cimento Itambé | | 2,967 | | | | | | | | | | | 6,084 | 12,804 | | | | | |
| Companhia Brasileira de Alumínio (Nota 8 (ii)) | 507 | 417 | | | | | 136 | 262 | | | 33,121 | | 18 | | 136 | 892 | | | |
| Fazenda São Miguel Ltda. | 1 | 5 | | | | | 332 | 777 | | | | | 3 | | 6,416 | 4,290 | | | |
| Hailstone Limited | | | | | 16,376 | 19,922 | | | | | | | | | | | | | |
| Itacamba Cimentos S.A. | 2,572 | 8,388 | | | 32 | 32 | | | | | | | 13,556 | 12,972 | | | | | |
| Mizu S.A. | | | | | | | | | | | | | | 33,100 | | | | | |
| Pedreira Pedra Negra Ltda. | 20 | 46 | | | | | 988 | 1,062 | | | 5,532 | 5,532 | | | | 391 | | | |
| Polimix Concreto Ltda. | | | | | | | | | | | | | | 80,610 | | | | | |
| Seacrown do Brasil Comércio, Importação e Participação S.A. | | | | | 2,497 | 2,495 | | | | | | | | | | | | | |
| Silcar Empreendimentos, Comércio e Participações Ltda. | | | 20,125 | 45,125 | 88 | 88 | | | | | | 956 | | | | | | 43 | |
| Sírama Participações Administração e Transportes Ltda. | | | | 11,477 | | | | | | | | | | | | | | | |
| Supemix Concreto S.A. | 14,893 | 16,187 | | | | | | | | | | | 113,235 | 144,714 | | | | | |
| Votener-Votorantim Comercializadora de Energia Ltda. | | | | | | | 13 | 12,277 | | | | | | | 113,702 | 104,623 | | | |
| VOTO-Votorantim Overseas Trading Operations IV Limited | | | | | | | | | | | | | 499,474 | 607,765 | | 55,242 | (24,730) | (19,713) | |
| Votorantim Cement Trading S.L. | | | | | | | | 5,649 | | | | | | | | | | | |
| Votorantim Cimentos EAA Inversiones, S.L. | | | | | | | | | | | | | | | 15,736 | 1,401 | | | |
| Votorantim Cimentos NNE S.A. | 13,125 | 4,261 | 11,369 | 11,369 | 43,437 | 43,437 | 402 | 956 | | | 78 | 78 | 23,023 | 38,074 | 247 | 1,335 | | | 985 |
| Votorantim Empreendimentos Ltda. | | | | | 14,396 | 14,396 | | | | | 126 | 126 | | | | | | | |
| Votorantim Metais S.A. | | | | | | | 6,139 | 6,000 | | | | | 1,082 | | 23 | | | | |
| Other | 2,544 | 289 | 6,443 | 705 | 3,319 | 3,306 | 624 | 1,624 | | | 10,983 | 10,792 | 6,964 | 3,947 | 5,175 | 6,450 | 12 | | 9 |
| | <u>33,814</u> | <u>32,687</u> | <u>37,937</u> | <u>68,676</u> | <u>80,806</u> | <u>84,337</u> | <u>11,322</u> | <u>36,824</u> | <u>165,715</u> | <u>165,715</u> | <u>549,314</u> | <u>625,249</u> | <u>163,985</u> | <u>326,221</u> | <u>157,433</u> | <u>196,578</u> | <u>(24,675)</u> | <u>(18,709)</u> | |
| Current | 33,814 | 32,687 | 37,937 | 68,676 | | | 11,322 | 36,824 | 165,715 | 165,715 | | | | | | | | | |
| Non-current | | | | | 80,806 | 84,337 | | | | | 549,314 | 625,249 | | | | | | | |
| | <u>33,814</u> | <u>32,687</u> | <u>37,937</u> | <u>68,676</u> | <u>80,806</u> | <u>84,337</u> | <u>11,322</u> | <u>36,824</u> | <u>165,715</u> | <u>165,715</u> | <u>549,314</u> | <u>625,249</u> | | | | | | | |

Notes to the interim parent company and consolidated financial statements
At June 30

All amounts in thousands of reais, unless otherwise stated

(b) Consolidated

| | Trade accounts receivable | | Dividends receivable | | Non-current assets | | Trade payables | | Dividends payable | | Non-current liabilities | | Sales | | Purchases | | Financial revenue (expense) | | |
|--|---------------------------|---------------|----------------------|---------------|--------------------|---------------|----------------|---------------|-------------------|----------------|-------------------------|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|-----------------------|--|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | |
| Parent | | | | | | | | | | | | | | | | | | | |
| Votorantim S.A. | 152 | 127 | | | 9,667 | 11,752 | 3,553 | 8,818 | 165,715 | 165,715 | 722 | 722 | | | 20,805 | 22,076 | | | |
| Associates or joint ventures | | | | | | | | | | | | | | | | | | | |
| Acerbrag S.A. | | | | | | | | | | | | 11,634 | | | | | | (972) | |
| Cementos Avellaneda S.A. | 597 | 11,678 | 39 | 29 | | | 690 | 756 | | | 68,784 | 96,459 | | | | | 5,074 | 373 | |
| Cementos Especiales de las Islas, S.A. | 2,990 | 1 | | | | | 414 | 290 | | | | | 7,057 | 9,719 | | | | | |
| Cementos Granadilla | 2,285 | 1,104 | | | 6,167 | 587 | 799 | 916 | | | | | 36,202 | | | | | | |
| Cia de Cimento Itambé | | 2,967 | | | | | | | | | | | 10,620 | 12,804 | | | | | |
| Companhia Brasileira de Alumínio (Nota 8 (i)) | 770 | 551 | | | | | 137 | 263 | | | 49,494 | | | | 136 | 892 | | | |
| Hallstone Limited | | | | | 16,376 | 19,922 | | | | | 39,927 | 49,142 | | | | | | | |
| Ibar Administração e Participação Ltda. | | | | | 3,319 | 3,319 | | | | | | | | | | | | | |
| Maré Cimento Ltda. | | | | | | | | | | | | | | | | | | 44,497 | |
| Mizu S.A. | | | | | | | | | | | | | | | | | | 33,261 | |
| Polimix Concreto Ltda. | | | | | | | | | | | | | | | | | | 93,340 | |
| Sirama Participações Administração e Transportes Ltda. | | | | 11,477 | | | | | | | | | | | | | | | |
| Sumter Cement Co. LLC | 25 | 2,089 | | | | 4,361 | | | | | | | | | | | | | |
| Superior Materials Holdings, LLC | 15,208 | 6,000 | | | | | | | | | | | 29,409 | 14,810 | | | | | |
| Supermix Concreto S.A. | 18,218 | 20,210 | 150 | 150 | | | | | | | | | 135,234 | 184,887 | | | | | |
| Suwannee American Cement LLC | 4,410 | 202 | | | | | 40,000 | 40,626 | | | | | | | | | | 1,225 | |
| UTE Pexcon | 89 | 208 | | | 902 | 1,065 | 124 | 85 | | | | | 2 | 724 | | | | | |
| VCNA SPE, LLC (i) | | | | | 312,363 | | | | | | 34,874 | | | | | | | | |
| Votener-Votorantim Comercializadora de Energia Ltda. | | | | | | | 13 | 12,277 | | | | | 4,178 | 346 | 117,560 | 106,007 | | | |
| Votorantim Empreendimentos Ltda. | | | | | 14,396 | 14,396 | 10 | 14 | | | 126 | 126 | | | | | | | |
| Votorantim GmbH | | 20,997 | | | | | 7 | 8 | | | | | | 15,202 | 289 | 134 | | | |
| Votorantim Metais S.A. | | | | | | | 6,139 | 6,000 | | | | | 1,082 | 23 | | | | | |
| Outros | 7,226 | 1,242 | 8,850 | 946 | 16,475 | 15,913 | 3,416 | 4,428 | | | 11,660 | 11,468 | 12,326 | 5,313 | 3,302 | 1,411 | 1 | | |
| | <u>51,970</u> | <u>67,376</u> | <u>9,039</u> | <u>12,602</u> | <u>379,665</u> | <u>71,315</u> | <u>55,302</u> | <u>74,481</u> | <u>165,715</u> | <u>165,715</u> | <u>205,587</u> | <u>169,551</u> | <u>236,110</u> | <u>414,903</u> | <u>142,115</u> | <u>130,520</u> | <u>5,075</u> | <u>626</u> | |
| Total | | | | | | | | | (2,869) | (2,941) | | | | | | | | | |
| Current | 51,970 | 67,376 | 9,039 | 12,602 | | | 55,302 | 74,481 | 168,584 | 168,656 | | | | | | | | | |
| Non-current | | | | | 379,665 | 71,315 | | | | | 205,587 | 169,551 | | | | | | | |
| | <u>51,970</u> | <u>67,376</u> | <u>9,039</u> | <u>12,602</u> | <u>379,665</u> | <u>71,315</u> | <u>55,302</u> | <u>74,481</u> | <u>168,584</u> | <u>168,656</u> | <u>205,587</u> | <u>169,551</u> | | | | | | | |

- (i) During the first semester of 2016, the subsidiary VCNA finished a securization program of the accounts receivable owned by its Canadian and American subsidiaries, which still have balances to be received from the fund managers (Note 9).

Notes to the interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

(c) **Guarantees of the indebtedness of the Company and its consolidated entities granted by related parties**

| Instrument | Guarantor | 6/30/2016 | 12/31/2015 |
|----------------------------|--|------------------|------------------|
| Eurobonds - US\$ (Voto 41) | VSA | 3,756,786 | 4,570,071 |
| BNDES | Hejoassu (parent of VSA) | 881,238 | 1,152,235 |
| Eurobonds - US\$ (Voto 20) | VSA (100%), VCSA (50%) and Fibria Celulose S.A.(50%) | 309,916 | 377,020 |
| ECA Framework Agreement | VSA | 135,797 | 178,781 |
| | | <u>5,083,737</u> | <u>6,278,107</u> |

(d) **Guarantees of the indebtedness of related parties granted by the Company and its subsidiaries**

| Instrument | Debtor | Guarantor | Percentage guaranteed by the Company | 6/30/2016 | | 12/31/2015 | |
|----------------------------|--------|----------------|--------------------------------------|------------------|-------------------|------------------|-------------------|
| | | | | Debt | Amount guaranteed | Debt | Amount guaranteed |
| Eurobonds - US\$ (Voto 19) | VSA | VSA, VCSA, CBA | 50% | 674,633 | 337,316 | 820,590 | 410,295 |
| Eurobonds - US\$ (Voto 21) | CBA | VSA, VCSA | 50% | 785,385 | 392,693 | 955,440 | 477,720 |
| | | | | <u>1,460,018</u> | <u>730,009</u> | <u>1,776,030</u> | <u>888,015</u> |

(e) **Key management compensation**

| | Parent company | | Consolidated | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Short-term benefits to managers | 11,716 | 9,983 | 19,024 | 13,833 |
| Post-employment benefits | 235 | 174 | 536 | 327 |
| Termination benefits | 20 | | 20 | |
| Other long-term benefits to key management | 2,696 | 4,722 | 3,548 | 5,164 |
| | <u>14,667</u> | <u>14,879</u> | <u>23,128</u> | <u>19,324</u> |

Votorantim Cimentos S.A.



Notes to the interim parent company and consolidated financial statements At June 30

All amounts in thousands of reais, unless otherwise stated

13 Investments

(a) Analysis

| | Information as at June 30, 2016 | | | Equity in the results | | Parent company Balance | |
|---|---------------------------------|--|--|-----------------------|-------------|---------------------------|------------|
| | Net equity | Net income (loss) for the semester | Percentage of voting and total capital (%) | 1/1/2016 to | 1/1/2015 to | 6/30/2016 | 12/31/2015 |
| | | | | 6/30/2016 | 6/30/2015 | | |
| Investments accounted for using the equity method | | | | | | | |
| Subsidiaries and associates | | | | | | | |
| Votorantim Cimentos EAA Inversiones S.L. | 8,015,915 | 171,080 | 100.00 | 171,080 | 150,305 | 8,015,915 | 9,717,546 |
| Votorantim Cimentos N/NE S.A. | 2,360,135 | 46,164 | 100.00 | 46,164 | 115,205 | 2,360,135 | 2,213,973 |
| Silcar Empreendimentos Comércio e Participações Ltda. | 296,270 | 36,439 | 100.00 | 36,439 | 32,345 | 296,270 | 278,971 |
| Votorantim Cimentos Chile Ltda. | 185,265 | 9,185 | 100.00 | 9,185 | 10,736 | 185,265 | 240,573 |
| Cementos Portland S.A. | 109,028 | (2,054) | 50.00 | (1,027) | 1,897 | 54,514 | 98,426 |
| Votorantim Cimentos Argentina S.A. | 37,544 | 6,038 | 99.94 | 6,034 | 1,080 | 37,521 | 41,760 |
| Votorantim Cement North America Inc | | | | | 31,981 | | |
| Sirama Participações Administração e Transportes Ltda. (Note 1 (c)) | | | | 961 | | | |
| Other | | | | 9 | 9 | 9,557 | 2,159 |
| Joint operation | | | | | | | |
| VOTO-Votorantim Overseas Trading Operations IV Limited | 492,544 | 20,889 | 50.00 | 10,445 | 8,009 | 246,272 | 288,597 |
| | | | | 279,290 | 351,567 | 11,205,449 | 12,882,005 |
| Goodwill | | | | | | | |
| Votorantim Cimentos EAA Inversiones S.L. | | | | | | 1,228,429 | 1,474,364 |
| Votorantim Cement North America Inc. | | | | | | 882,799 | 882,799 |
| | | | | | | 2,111,228 | 2,357,163 |
| | | | | | | 13,316,677 | 15,239,168 |
| Payables to investees | | | | | | | |
| Lux Cem Internacional S.A. | (41,486) | 424 | 100.00 | 424 | (1,030) | (41,486) | (50,692) |
| Seacrown do Brasil, Comércio, Importação e Participação S.A. | (1,548) | 713 | 40.45 | 288 | (621) | (626) | (915) |
| | | | | 712 | (1,651) | (42,112) | (51,607) |
| | | | | 280,002 | 349,916 | 13,274,565 | 15,187,561 |

Votorantim Cimentos S.A.



Notes to the interim parent company and consolidated financial statements At June 30

All amounts in thousands of reais, unless otherwise stated

| | Information as at June 30, 2016 | | | | | | Consolidated |
|---|---------------------------------|--|--|--------------------------|--------------------------|------------------|------------------|
| | Net equity | Net income (loss) for the semester | Percentage of voting and total capital (%) | Equity in the results | | Balance | |
| | | | | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 6/30/2016 | 12/31/2015 |
| Investments accounted for using the equity method | | | | | | | |
| Associates | | | | | | | |
| Votorantim Cimentos EAA Inversiones S.L. | | | | | | | |
| Cementos Avellaneda S.A. (a) | 427,766 | 59,898 | 49.00 | 29,350 | 28,226 | 325,775 | 425,038 |
| Silcar Empreendimentos Comércio e Participações Ltda. | | | | | | | |
| Supermix Concreto S.A. | 246,888 | 7,050 | 25.00 | 1,763 | 4,035 | 61,722 | 63,975 |
| Sirama Participações Administração e Transportes Ltda. (Note 1 (c)) | | | | 961 | 31,294 | | |
| Votorantim Cimentos Chile Ltda. | | | | | | | |
| Cemento Bio Bio S.A. (b) | 886,251 | 55,954 | 16.70 | 9,344 | 10,832 | 148,004 | 201,768 |
| Votorantim Cement North America Inc | | | | | | | |
| Hutton Transport Ltda | 31,636 | 3,254 | 25.00 | 814 | | 7,909 | 16,527 |
| Joint ventures - VCNA | | | | | | | |
| Suwannee American Cement LLC (a) | 258,599 | 8,901 | 50.00 | 4,450 | 4,361 | 215,350 | 257,490 |
| Superior Building Materials LL | 79,462 | 10,478 | 50.00 | 5,239 | 702 | 39,731 | 42,162 |
| Sumter Cement Co LLC | 36,892 | (6,677) | 50.00 | (3,338) | (107) | 18,446 | 26,127 |
| Trinity Materials LLC | 17,647 | (79) | 50.00 | (39) | (212) | 8,823 | 10,774 |
| Joint ventures - VCSA | | | | | | | |
| Cementos Portland S.A. | 109,028 | (2,054) | 50.00 | (1,027) | 1,897 | 54,514 | 98,426 |
| Other investments | | | | 4,059 | 764 | 149,077 | 133,519 |
| | | | | <u>51,576</u> | <u>81,792</u> | <u>1,029,351</u> | <u>1,275,806</u> |

- (a) The investments in Cementos Avellaneda S.A. and Suwannee American Cement LLC include, on June 30, 2016, the amounts of R\$ 116,170 and R\$ 86,051 (December 31, 2015 - R\$ 163,169 and R\$ 104,683), respectively relating to the goodwill paid on the acquisition of these investments.
- (b) These represent investees in which the Company holds less than 20% of the voting interest but over whose activities the Company exerts significant influence through shareholder agreements to which the Company is a party.

Notes to the interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

(b) Changes in investments

| | Parent company | | Consolidated | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Balance at the beginning of the semester | 15,187,561 | 12,173,326 | 1,275,806 | 1,677,115 |
| Equity in the results of investments | 280,002 | 349,916 | 51,576 | 81,792 |
| Dividends deliberates | (2,868) | (53,870) | (11,004) | (47,681) |
| Exchange gains (losses) on investments abroad | (2,062,716) | 919,868 | (269,475) | 102,753 |
| Cash flow hedge accounting in investees | (214) | | (564) | (216) |
| Other comprehensive income of investees | 26,955 | 24,431 | (2,463) | 6,261 |
| Capital increases - VCNNE (Note 1 (b)) | 100,000 | | | |
| Reversal of dividends deliberates | | 42,035 | | |
| Capital reduction - VCEEA (Note 1 (d)) | (212,172) | (125,835) | | |
| Reclassification of assets held for sale | | | | (315,984) |
| Loss due to change in shareholding (Note 1 (e)) | (30,406) | | (30,406) | |
| Other | (11,577) | 5,353 | 15,881 | 1,217 |
| Balance at the end of the semester | <u>13,274,565</u> | <u>13,335,224</u> | <u>1,029,351</u> | <u>1,505,257</u> |

Notes to the interim parent company and consolidated financial statements
At June 30

All amounts in thousands of reais, unless otherwise stated

14 Property, plant and equipment

(a) Analysis and changes

| | | | | | | | | Parent company | |
|--|--------------------------|-----------|---|-----------|---------------------------|-----------------------------|---------------------------|--------------------------|--------------------------|
| | | | | | | | | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| | Land and improvements | Buildings | Machinery, equipment and facilities | Vehicles | Furniture and fixtures | Construction in progress | Leasehold improvements | Total | Total |
| Balance at the beginning of the semester | | | | | | | | | |
| Cost | 385,874 | 1,240,196 | 6,238,318 | 392,976 | 66,008 | 318,041 | 40,664 | 8,682,077 | 8,295,059 |
| Accumulated depreciation | (34,604) | (499,938) | (2,658,824) | (306,830) | (50,026) | | (17,718) | (3,567,940) | (3,312,528) |
| Net balance | 351,270 | 740,258 | 3,579,494 | 86,146 | 15,982 | 318,041 | 22,946 | 5,114,137 | 4,982,531 |
| Acquisitions | | 2,431 | 6,127 | | | 127,737 | | 136,295 | 351,004 |
| Disposals | (140) | (97) | (437) | (423) | (48) | | (706) | (1,851) | (9,715) |
| Depreciation | (1,221) | (11,645) | (123,196) | (17,879) | (1,222) | | (1,184) | (156,347) | (152,481) |
| Reversal for impairment (Note 24) | | 14 | 877 | | | 240 | 643 | 1,774 | |
| Transfers (i) | 15,058 | 17,336 | 99,213 | 722 | 796 | (197,522) | (27) | (64,424) | (83,617) |
| Net balance at the end of the semester | 364,967 | 748,297 | 3,562,078 | 68,566 | 15,508 | 248,496 | 21,672 | 5,029,584 | 5,087,722 |
| Cost | 400,540 | 1,256,958 | 6,189,164 | 366,926 | 58,635 | 248,496 | 39,607 | 8,560,326 | 8,540,897 |
| Accumulated depreciation | (35,573) | (508,661) | (2,627,086) | (298,360) | (43,127) | | (17,935) | (3,530,742) | (3,453,175) |
| Balance at the end of the semester | 364,967 | 748,297 | 3,562,078 | 68,566 | 15,508 | 248,496 | 21,672 | 5,029,584 | 5,087,722 |
| Average annual depreciation rates - % | 2 | 2 | 2 | 20 | 10 | | 2 | 2 | |

Notes to the interim parent company and consolidated financial statements
At June 30

All amounts in thousands of reais, unless otherwise stated

| | | | | | | | | | Consolidated | |
|---|--------------------------|-------------|---|-----------|---------------------------|-----------------------------|---------------------------|----------|--------------------------|--------------------------|
| | | | | | | | | | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| | Land and improvements | Buildings | Machinery, equipment and facilities | Vehicles | Furniture and fixtures | Construction in progress | Leasehold improvements | Other | Total | Total |
| Balance at the beginning of the semester | | | | | | | | | | |
| Cost | 1,347,796 | 3,688,032 | 17,210,253 | 1,177,882 | 155,012 | 2,028,354 | 514,859 | 71,160 | 26,193,348 | 20,981,524 |
| Accumulated depreciation | (44,846) | (1,666,536) | (10,112,638) | (891,419) | (124,556) | | (260,626) | (39,826) | (13,140,447) | (10,334,036) |
| Net balance | 1,302,950 | 2,021,496 | 7,097,615 | 286,463 | 30,456 | 2,028,354 | 254,233 | 31,334 | 13,052,901 | 10,647,488 |
| Acquisitions | 2,475 | 10,126 | 37,858 | 94 | 100 | 837,625 | | 4,412 | 892,690 | 747,004 |
| Disposals | (4,308) | (2,981) | (8,329) | (1,233) | (412) | | (1,313) | | (18,576) | (36,136) |
| Depreciation | (1,991) | (50,700) | (339,373) | (43,077) | (3,119) | | (9,626) | (1,211) | (449,097) | (412,471) |
| Exchange variations | (127,272) | (168,252) | (396,361) | (29,127) | (1,590) | (204,981) | (30,714) | | (958,297) | 328,549 |
| Reversal (provision) for impairment (Note 24) | 487 | (10,581) | 10,559 | (2) | 80 | 240 | 643 | | 1,426 | 13,473 |
| Reclassification from assets held for sale | | | | | | | | | | (28,980) |
| Transfers (i) | (23,590) | 188,767 | 656,115 | 30,271 | 1,822 | (1,035,869) | 987 | | (181,497) | (95,903) |
| Balance at the end of the semester | 1,148,751 | 1,987,875 | 7,058,084 | 243,389 | 27,337 | 1,625,369 | 214,210 | 34,535 | 12,339,550 | 11,163,024 |
| Cost | 1,195,338 | 3,535,296 | 16,150,472 | 1,045,195 | 127,988 | 1,625,369 | 448,264 | 75,571 | 24,203,493 | 22,370,524 |
| Accumulated depreciation | (46,587) | (1,547,421) | (9,092,388) | (801,806) | (100,651) | | (234,054) | (41,036) | (11,863,943) | (11,207,500) |
| Net balance at the end of the semester | 1,148,751 | 1,987,875 | 7,058,084 | 243,389 | 27,337 | 1,625,369 | 214,210 | 34,535 | 12,339,550 | 11,163,024 |
| Average annual depreciation rates - % | 2 | 2 | 5 | 21 | 11 | | 9 | 10 | | |

- (i) The transfers to intangible assets during the quarter relate to the reclassification of “construction in progress” to “software” and “rights-to use natural resources” within intangible assets.

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All amounts in thousands of reais, unless otherwise stated

(b) Construction in progress

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

| | Parent company | | Consolidated | |
|---|----------------|----------------|------------------|------------------|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| New plant in Yacuses - Santa Cruz/Bolivia (i) | | | 398,856 | 245,364 |
| New plant in Sivas - Turkey (ii) | | | 318,527 | 194,787 |
| Expansion of the cement productive capacity - North America (iii) | | | 129,986 | 87,981 |
| New plant in Primavera - PA (iv) | | | 112,097 | 711,297 |
| Equipment refurbishment | 29,567 | 32,072 | 53,477 | 54,478 |
| New plant in Edealina - GO (v) | 51,438 | 101,238 | 51,438 | 101,238 |
| New mortar plant in Ituaçu - BA | | | 42,979 | 43,866 |
| Cement grinding - Pecém CE | | | 35,335 | 5,794 |
| Expansion of the clinker productive capacity - Turkey | | | 30,708 | 43,456 |
| New plant in Sobral - CE | | | 28,800 | 21,096 |
| Burden removal | 20,204 | 39,024 | 21,232 | 41,656 |
| New coprocessing lines | 15,074 | 9,315 | 15,464 | 9,392 |
| Expansion of the aggregates productive capacity - North America | | | 14,797 | 38,857 |
| New coprocessing lines - North America | | | 9,069 | 12,790 |
| Burden removal - Aggregates | 1,944 | 6,440 | 2,326 | 8,218 |
| Oven renovation - Spain, Tunisia and Marocco | | | | 12,495 |
| Other projects | 130,269 | 129,952 | 360,278 | 395,589 |
| | <u>248,496</u> | <u>318,041</u> | <u>1,625,369</u> | <u>2,028,354</u> |

During the first semester of 2016, borrowing charges capitalized as part of construction in progress totaled R\$ 1,589 in the Company (June 30, 2015 - R\$ 19,157), and in the consolidated R\$ 11,805 (June 30, 2015 - R\$ 29,519). The capitalization rate used was 7.60% per year (June 30, 2015 – 8.03% per year) (Note 25).

- (i) Expansion of the cement business - new plant located in Yacuses – Santa Cruz – Bolivia. The project is ongoing with, completion forecast to take a place in the second half of 2016. This project includes the following core processes and industrial equipment: mining, crushing limestone, grinding, ovens and cyclone towers, bag filters, storage silos, packers, palletizers.
- (ii) Expansion of the cement business with the new plant in Sivas – Turkey. An ongoing project with completion forecast for 2017. The main processes and industrial equipment include mining, ovens and cyclone towers, bag filters and storage silos.
- (iii) Expansion of the cement business in the region of Charlevoix (USA) the main processes and industrial equipment of which include limestone grinding, ovens and cyclone towers and cement grinding. An ongoing project with completion forecast for 2018.
- (iv) Expansion of the cement business - new unit located in Primavera – PA. The project started its operation during the first semester of 2016, however there are still some ongoing expenses due to projects stabilization. The main processes and equipment includes core processes and industrial equipment, limestone crushing, milling, oven, bagging machines, palletizers, substations and electric rooms.
- (v) Expansion of the cement business with a new plant located in Edealina – GO. The project started during the second semester of 2015, however there are still some ongoing expenses due to the project's stabilization. The following main processes and industrial equipment compose the project: mining, crushing limestone, grinding, ovens and cyclone towers, bag filters, storage silos, packers, palletizers, substations and electrical rooms.

Notes to the interim parent company and consolidated financial statements
At June 30

All amounts in thousands of reais, unless otherwise stated

15 Intangible assets

(a) Analysis and changes

| | | | | | | Parent company | |
|--|------------------------------------|----------|----------|-----------|-------|--------------------------|--------------------------|
| | | | | | | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| | Rights to use natural resources | Goodwill | ARO (i) | Software | Other | Total | Total |
| Balance at the beginning of the semester | | | | | | | |
| Cost | 725,570 | 207,676 | 113,217 | 151,071 | 3,510 | 1,201,044 | 1,118,977 |
| Accumulated amortization and depletion | (220,716) | | (22,093) | (101,932) | (306) | (345,047) | (290,406) |
| Net balance | 504,854 | 207,676 | 91,124 | 49,139 | 3,204 | 855,997 | 828,571 |
| Acquisitions | 13 | | | | | 13 | 42 |
| Disposals | | | | (1) | | (1) | |
| Amortization and depletion | (21,860) | | (2,366) | (7,436) | | (31,662) | (33,020) |
| Reversal (provision) for impairment (Note 24) (ii) | 1,198 | (4,223) | | | | (3,025) | |
| Transfers (iii) | 58,881 | | | 5,543 | | 64,424 | 83,617 |
| Balance at the end of the semester | 543,086 | 203,453 | 88,758 | 47,245 | 3,204 | 885,746 | 879,210 |
| Cost | 785,650 | 203,453 | 113,217 | 156,354 | 3,510 | 1,262,184 | 1,202,637 |
| Accumulated amortization and depletion | (242,564) | | (24,459) | (109,109) | (306) | (376,438) | (323,427) |
| Net balance at the end of the semester | 543,086 | 203,453 | 88,758 | 47,245 | 3,204 | 885,746 | 879,210 |
| Average annual amortization and depletion rates % | 4 | | 3 | 20 | | | |

**Notes to the interim parent company and consolidated financial statements
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All amounts in thousands of reais, unless otherwise stated

| | | | | | | | | Consolidated | |
|---|------------------------------------|------------------|----------------------|----------------|--|---------------|---------------|--------------------------|--------------------------|
| | | | | | | | | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| | Rights to use natural resources | Goodwill | Use of public assets | ARO (ii) | Contractual customer relationships and non- competition agreements | Software | Other | Total | Total |
| Balance at the beginning of the semester | | | | | | | | | |
| Cost | 2,965,082 | 4,004,838 | 198,546 | 204,080 | 488,895 | 303,155 | 45,374 | 8,209,970 | 6,142,416 |
| Accumulated amortization and depletion | (638,527) | | (68,552) | (56,250) | (283,027) | (206,413) | (22,726) | (1,275,495) | (875,362) |
| Net balance | <u>2,326,555</u> | <u>4,004,838</u> | <u>129,994</u> | <u>147,830</u> | <u>205,868</u> | <u>96,742</u> | <u>22,648</u> | <u>6,934,475</u> | <u>5,267,054</u> |
| Acquisitions | 1,920 | | | | | 158 | 109 | 2,187 | 1,390 |
| Disposals | (401) | | | | | (1) | | (402) | (6,129) |
| Amortization and depletion | (44,369) | | (3,046) | (4,837) | (13,496) | (11,477) | (108) | (77,333) | (63,528) |
| Exchange variations | (291,286) | (499,950) | | (5,325) | (34,972) | (8,111) | (1,161) | (840,805) | 408,149 |
| Provision (reversal) for impairment (Note 24) (ii) | 1,316 | (18,031) | | | | | | (16,715) | 155 |
| Transfers (iii) | 174,298 | | | | | 7,199 | | 181,497 | 95,903 |
| Balance at the end of the semester | <u>2,168,033</u> | <u>3,486,857</u> | <u>126,948</u> | <u>137,668</u> | <u>157,400</u> | <u>84,510</u> | <u>21,488</u> | <u>6,182,904</u> | <u>5,702,994</u> |
| Cost | 2,821,216 | 3,486,857 | 198,546 | 193,737 | 401,735 | 283,234 | 37,337 | 7,422,662 | 6,704,476 |
| Accumulated amortization and depletion | (653,183) | | (71,598) | (56,069) | (244,335) | (198,724) | (15,849) | (1,239,758) | (1,001,482) |
| Net balance at the end of the semester | <u>2,168,033</u> | <u>3,486,857</u> | <u>126,948</u> | <u>137,668</u> | <u>157,400</u> | <u>84,510</u> | <u>21,488</u> | <u>6,182,904</u> | <u>5,702,994</u> |
| Average annual amortization and depletion rates - % | 4 | | 3 | 4 | 7 | 21 | 3 | | |

- (i) Asset Retirement Obligation.
- (ii) During the second quarter of 2016, due to the current economic scenario in Brazil, the Company reviewed the future cash flow of its goodwill booked on subsidiaries Mineração Potilíder Ltda. and Pedreira Pedra Negra Ltda., complementing the impairment adjustment to meet the original goodwill balances, amounting to R\$ 13,808 and R\$ 4,223, respectively, booked under row "Other operating income, net" (Note 24).
- (iii) Transfers of property, plant and equipment are related to the reclassification of "works in progress" in the asset group to "software" and "rights over natural resources".

Notes to the interim parent company and consolidated financial statements
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All amounts in thousands of reais, unless otherwise stated

16 Loans and financing

(a) Analysis and fair value

| Type | Annual average cost (i) | Parent company | | | | | | | |
|--|--|----------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | Current | | Non-current | | Total | | Fair value | |
| | | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| In local currency | | | | | | | | | |
| Debentures | 111.49% CDI | 89,107 | 618,645 | 3,226,961 | 4,145,202 | 3,316,068 | 4,763,847 | 3,102,766 | 4,454,138 |
| BNDES | 4.90% Fixed BRL / TJLP + 2.72% | 240,519 | 260,408 | 341,515 | 448,939 | 582,034 | 709,347 | 532,104 | 609,110 |
| FINAME | 4.79% Fixed BRL / TJLP + 2.60% | 26,409 | 27,250 | 100,756 | 113,106 | 127,165 | 140,356 | 96,076 | 95,441 |
| Other | | 2,805 | 16 | 670 | 2,610 | 3,475 | 2,626 | 3,050 | 2,178 |
| | | <u>358,840</u> | <u>906,319</u> | <u>3,669,902</u> | <u>4,709,857</u> | <u>4,028,742</u> | <u>5,616,176</u> | <u>3,733,996</u> | <u>5,160,867</u> |
| In foreign currency | | | | | | | | | |
| Eurobonds - US\$ | 7.25% Fixed US\$ | 63,911 | 77,598 | 3,692,875 | 4,492,472 | 3,756,786 | 4,570,070 | 3,445,919 | 3,514,430 |
| Eurobonds - EUR | 3.36% Fixed EUR | 54,934 | 85,339 | 3,455,432 | 4,837,027 | 3,510,366 | 4,922,366 | 3,084,324 | 3,542,720 |
| Loans - Resolution 4131 (ii) | 3.10% Fixed US\$ / LIBOR 3M US\$ + 1.56% | 3,227 | 4,439 | 1,877,385 | 1,958,918 | 1,880,612 | 1,963,357 | 1,829,849 | 1,954,274 |
| BNDES | UMBNDDES + 2.45% | 77,151 | 96,610 | 124,467 | 191,144 | 201,618 | 287,754 | 188,688 | 294,352 |
| Development agency | LIBOR 6M US\$ + 1.39% | 23,867 | 28,880 | 111,930 | 149,901 | 135,797 | 178,781 | 141,008 | 186,113 |
| | | <u>223,090</u> | <u>292,866</u> | <u>9,262,089</u> | <u>11,629,462</u> | <u>9,485,179</u> | <u>11,922,328</u> | <u>8,689,788</u> | <u>9,491,889</u> |
| | | <u>581,930</u> | <u>1,199,185</u> | <u>12,931,991</u> | <u>16,339,319</u> | <u>13,513,921</u> | <u>17,538,504</u> | <u>12,423,784</u> | <u>14,652,756</u> |
| Interest on loans and financing | | 228,150 | 303,630 | | | | | | |
| Current portion of long term loans and financing (principal) | | 353,780 | 895,555 | | | | | | |
| | | <u>581,930</u> | <u>1,199,185</u> | | | | | | |

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| Type | Annual average cost (i) | Current | | Non-current | | Total | | Consolidated | |
|--|---|-----------|------------|-------------|------------|------------|------------|--------------|------------|
| | | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| In local currency | | | | | | | | | |
| Debentures | 111.49% CDI | 89,107 | 618,645 | 3,226,961 | 4,145,202 | 3,316,068 | 4,763,847 | 3,102,766 | 4,454,138 |
| BNDES | 4.81% Fixed BRL / TJLP + 2.71% | 277,389 | 321,836 | 375,279 | 497,766 | 652,668 | 819,602 | 597,797 | 708,387 |
| FINAME | 4.88% Fixed BRL / TJLP + 2.60% | 28,719 | 29,273 | 112,672 | 126,154 | 141,391 | 155,427 | 106,595 | 105,265 |
| Development agency | 8.24% Fixed BRL | 7,543 | 595 | 121,522 | 128,499 | 129,065 | 129,094 | 98,368 | 85,792 |
| Other | | 14,708 | 10,536 | 14,979 | 17,547 | 29,687 | 28,083 | 22,993 | 28,542 |
| | | 417,466 | 980,885 | 3,851,413 | 4,915,168 | 4,268,879 | 5,896,053 | 3,928,519 | 5,382,124 |
| In foreign currency | | | | | | | | | |
| Eurobonds - US\$ | 7.29% Fixed US\$ | 63,418 | 76,999 | 3,999,713 | 4,865,205 | 4,063,131 | 4,942,204 | 3,772,228 | 3,898,758 |
| Eurobonds - EUR | 3.36% Fixed EUR | 54,934 | 85,339 | 3,455,432 | 4,837,027 | 3,510,366 | 4,922,366 | 3,084,324 | 3,542,720 |
| Loans - Resolution 4131 (ii) | 3.10% Fixed US\$ / LIBOR 3M US\$ + 1.56% | 3,227 | 4,439 | 1,877,385 | 1,958,918 | 1,880,612 | 1,963,357 | 1,829,849 | 1,954,274 |
| Syndicated loans/Bilateral agreements | Euribor 1M + 0.90% / 6% Fixed BOB/ 2.18 Fixed EUR | 126,171 | 1,763 | 454,339 | 659,053 | 580,510 | 660,816 | 600,667 | 721,025 |
| Working capital | 104.55% PBoC / HIBOR 6M + 2% | 509,862 | 581,104 | | | 509,862 | 581,104 | 510,646 | 582,863 |
| BNDES | UMBNDDES + 2.45% | 90,167 | 118,394 | 136,686 | 212,279 | 226,853 | 330,673 | 213,091 | 339,800 |
| Development agency | LIBOR 6M US\$ + 1.39% | 23,867 | 28,880 | 111,930 | 149,901 | 135,797 | 178,781 | 141,008 | 186,113 |
| Other | | 7,592 | 3,017 | 25,957 | 18,249 | 33,549 | 21,266 | 33,555 | 21,227 |
| | | 879,238 | 899,935 | 10,061,442 | 12,700,632 | 10,940,680 | 13,600,567 | 10,185,368 | 11,246,780 |
| | | 1,296,704 | 1,880,820 | 13,912,855 | 17,615,800 | 15,209,559 | 19,496,620 | 14,113,887 | 16,628,904 |
| Interest on loans and financing | | 241,257 | 324,981 | | | | | | |
| Current portion of long term loans and financing (principal) | | 551,272 | 990,506 | | | | | | |
| Short term loans and financing | | 504,175 | 565,333 | | | | | | |
| | | 1,296,704 | 1,880,820 | | | | | | |

| | |
|----------|--|
| BNDES | - National Bank for Economic and Social Development |
| BRL | - Local currency – Brazilian Reais |
| CDI | - Interbank Deposit Certificate |
| EUR | - Euro |
| EURIBOR | - Euro Interbank Offered Rate |
| FINAME | - Government Agency for Machinery and Equipment Financing |
| INR | - Indian Rupee |
| LIBOR | - London Interbank Offered Rate |
| TJLP | - Long-term Interest Rate set by the National Monetary Council, the TJLP is the basic cost of financing of the BNDES |
| UMBNDDES | - Monetary unit of the BNDES, reflecting the weighted basket of currencies of foreign currency debt obligations. As at September 30, 2015, the basket was 99.32% comprised of US Dollars |
| US\$ | - US Dollar |
| PBoC | - People's Bank of China. |
| HIBOR | - Hong Kong Interbank Offered Rate |

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- (i) The average annual costs are presented only for agreements with significant relevance of the total debt amount.

- (ii) Loans for Resolution 4131, have swaps that are intended both to exchange LIBOR floating rates and fixed-rate for floating rate CDI rates, as well as currency swaps of US Dollar for Brazilian Real, and resulted in a final weighted cost of 102.32% pa CDI. Funding of this type possess derivative instruments, executed with financial institution together with the loan (debt in US\$ + swap to BRL in % of CDI). The terms and conditions of the loan, and the respective derivative, configure themselves as a combined operation, in such way that the result is economically a debt at a % of CDI denominated in BRL. The difference in measurement between the two instruments (loan at amortized cost x derivative at fair value), creates an "accounting mismatch" on the profit. To eliminate this "accounting mismatch" some of the contracts were designated at "fair value", and the effect of this designation on the measurement of debt was at fair value through profit or loss according to Note 25.

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At June 30

All amounts in thousands of reais, unless otherwise stated

(b) Maturity profile

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Parent company | | |
|-----------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|---------------|--------------|------|----------------|------------------|-------------------|
| | | | | | | | | | | | 2026 onwards | Total | |
| In local currency | | | | | | | | | | | | | |
| Debtures (i) | 89,676 | (1,138) | 348,862 | 1,274,042 | 1,164,626 | 440,000 | | | | | | | 3,316,068 |
| BNDES | 130,063 | 204,811 | 139,508 | 107,652 | | | | | | | | | 582,034 |
| FINAME | 14,045 | 23,327 | 17,884 | 16,901 | 16,056 | 15,513 | 14,078 | 7,249 | 2,112 | | | | 127,165 |
| Other | 2,677 | 128 | | 670 | | | | | | | | | 3,475 |
| | <u>236,461</u> | <u>227,128</u> | <u>506,254</u> | <u>1,399,265</u> | <u>1,180,682</u> | <u>455,513</u> | <u>14,078</u> | <u>7,249</u> | <u>2,112</u> | | | | <u>4,028,742</u> |
| | 5.87% | 5.64% | 12.57% | 34.73% | 29.31% | 11.31% | 0.35% | 0.18% | 0.04% | | | | 100.00% |
| In foreign currency | | | | | | | | | | | | | |
| Eurobonds - US\$ | 63,911 | | | | | | | | | | | 3,692,875 | 3,756,786 |
| Eurobonds - EUR (i) | 45,630 | 4,845 | (8,918) | (8,918) | (8,918) | 2,004,396 | 1,482,249 | | | | | | 3,510,366 |
| Loans - Resolution 4131 (i) | 4,280 | (2,127) | (2,160) | 627,718 | 931,921 | 320,980 | | | | | | | 1,880,612 |
| BNDES | 40,706 | 68,829 | 49,480 | 40,150 | 2,453 | | | | | | | | 201,618 |
| Development agency | 12,576 | 22,581 | 22,581 | 22,581 | 22,581 | 16,692 | 10,803 | 5,402 | | | | | 135,797 |
| | <u>167,103</u> | <u>94,128</u> | <u>60,983</u> | <u>681,531</u> | <u>948,037</u> | <u>2,342,068</u> | <u>1,493,052</u> | <u>5,402</u> | | | | <u>3,692,875</u> | <u>9,485,179</u> |
| | 1.76% | 0.99% | 0.64% | 7.19% | 9.99% | 24.69% | 15.74% | 0.06% | | | | 38.94% | 100.00% |
| | <u>403,564</u> | <u>321,256</u> | <u>567,237</u> | <u>2,080,796</u> | <u>2,128,719</u> | <u>2,797,581</u> | <u>1,507,130</u> | <u>12,651</u> | <u>2,112</u> | | | <u>3,692,875</u> | <u>13,513,921</u> |
| | <u>2.99%</u> | <u>2.38%</u> | <u>4.20%</u> | <u>15.40%</u> | <u>15.75%</u> | <u>20.70%</u> | <u>11.15%</u> | <u>0.09%</u> | <u>0.02%</u> | | | <u>27.32%</u> | <u>100.00%</u> |

Votorantim Cimentos S.A.



Notes to the interim parent company and consolidated financial statements At June 30

All amounts in thousands of reais, unless otherwise stated

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 onwards | Consolidated Total |
|---------------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|---------------|---------------|---------------|------------------|--------------------|
| In local currency | | | | | | | | | | | | |
| Debtentures (i) | 89,676 | (1,138) | 348,862 | 1,274,042 | 1,164,626 | 440,000 | | | | | | 3,316,068 |
| BNDES | 151,561 | 233,955 | 156,314 | 110,595 | 112 | 112 | 19 | | | | | 652,668 |
| FINAME | 15,223 | 25,592 | 19,682 | 18,656 | 17,811 | 17,247 | 15,675 | 8,701 | 2,804 | | | 141,391 |
| Development agency | 569 | 15,007 | 16,062 | 16,062 | 16,062 | 16,062 | 16,062 | 16,062 | 16,062 | 1,055 | | 129,065 |
| Other | 9,065 | 8,452 | 9,161 | 3,009 | | | | | | | | 29,687 |
| | <u>266,094</u> | <u>281,868</u> | <u>550,081</u> | <u>1,422,364</u> | <u>1,198,611</u> | <u>473,421</u> | <u>31,756</u> | <u>24,763</u> | <u>18,866</u> | <u>1,055</u> | | <u>4,268,879</u> |
| | 6.23% | 6.60% | 12.89% | 33.32% | 28.08% | 11.09% | 0.74% | 0.58% | 0.44% | 0.03% | | 100.00% |
| In foreign currency | | | | | | | | | | | | |
| Eurobonds - US\$ (i) | 63,864 | (893) | (893) | (893) | 309,070 | | | | | | 3,692,876 | 4,063,131 |
| Eurobonds - EUR (i) | 45,630 | 4,845 | (8,918) | (8,918) | (8,918) | 2,004,396 | 1,482,249 | | | | | 3,510,366 |
| Loans - Resolution 4131 (i) | 4,280 | (2,127) | (2,160) | 627,718 | 931,921 | 320,980 | | | | | | 1,880,612 |
| Syndicated loans/Bilateral agreements | 125,595 | 5,571 | 39,510 | 98,749 | 98,950 | 70,463 | 40,951 | 36,525 | 32,098 | 32,098 | | 580,510 |
| Working capital | 80,604 | 429,258 | | | | | | | | | | 509,862 |
| BNDES | 48,217 | 79,503 | 55,152 | 41,528 | 2,453 | | | | | | | 226,853 |
| Development agency | 12,576 | 22,581 | 22,581 | 22,581 | 22,581 | 16,692 | 10,803 | 5,402 | | | | 135,797 |
| Other | 6,262 | 8,205 | 7,152 | 881 | 978 | 1,082 | 1,194 | 1,314 | 4,900 | 1,581 | | 33,549 |
| | <u>387,028</u> | <u>546,943</u> | <u>112,424</u> | <u>781,646</u> | <u>1,357,035</u> | <u>2,413,613</u> | <u>1,535,197</u> | <u>43,241</u> | <u>36,998</u> | <u>33,679</u> | <u>3,692,876</u> | <u>10,940,680</u> |
| | 3.54% | 5.00% | 1.04% | 7.14% | 12.40% | 22.06% | 14.03% | 0.40% | 0.34% | 0.31% | 33.74% | 100.00% |
| | <u>653,122</u> | <u>828,811</u> | <u>662,505</u> | <u>2,204,010</u> | <u>2,555,646</u> | <u>2,887,034</u> | <u>1,566,953</u> | <u>68,004</u> | <u>55,864</u> | <u>34,734</u> | <u>3,692,876</u> | <u>15,209,559</u> |
| | <u>4.29%</u> | <u>5.45%</u> | <u>4.36%</u> | <u>14.49%</u> | <u>16.80%</u> | <u>18.98%</u> | <u>10.30%</u> | <u>0.45%</u> | <u>0.37%</u> | <u>0.23%</u> | <u>24.28%</u> | <u>100.00%</u> |

(i) The negative balances refer to borrowing costs which are settled on a linear basis.

Notes to the interim parent company and consolidated financial statements

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(c) Changes

| | Parent company | | Consolidated | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Balance at the beginning of the semester | 17,538,504 | 13,240,853 | 19,496,620 | 14,425,190 |
| New loans and financing | 798,900 | 1,678,048 | 1,648,074 | 1,799,861 |
| Exchange variations | (2,064,705) | 1,027,572 | (2,362,334) | 1,150,156 |
| Interest accruals | 573,119 | 541,540 | 621,285 | 574,080 |
| Interest paid | (606,834) | (602,158) | (661,505) | (629,914) |
| Additions of funding costs, net of amortizations | 15,541 | 37,918 | 17,043 | 37,085 |
| Fair value adjustments - Resolution 4131 | (57,021) | | (57,021) | |
| Payments | (2,683,583) | (1,277,562) | (3,492,603) | (1,423,534) |
| Balance at the end of the semester | 13,513,921 | 14,646,211 | 15,209,559 | 15,932,924 |

(d) Analysis by currency

| | Parent company | | | | Total | |
|-----------------|----------------|------------|-------------|------------|------------|------------|
| | Current | | Non-current | | Total | |
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| US Dollar | 95,842 | 116,812 | 5,689,948 | 6,613,650 | 5,785,790 | 6,730,462 |
| Real | 358,840 | 906,319 | 3,669,902 | 4,709,857 | 4,028,742 | 5,616,176 |
| Euro | 54,934 | 85,339 | 3,455,432 | 4,837,027 | 3,510,366 | 4,922,366 |
| Currency basket | 72,314 | 90,715 | 116,709 | 178,785 | 189,023 | 269,500 |
| | 581,930 | 1,199,185 | 12,931,991 | 16,339,319 | 13,513,921 | 17,538,504 |

| | Consolidated | | | | Total | |
|------------------|--------------|------------|-------------|------------|------------|------------|
| | Current | | Non-current | | Total | |
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| US Dollar | 96,276 | 117,447 | 5,995,629 | 7,102,762 | 6,091,905 | 7,220,209 |
| Real | 417,466 | 980,885 | 3,851,413 | 4,915,168 | 4,268,879 | 5,896,053 |
| Euro | 178,502 | 85,373 | 3,685,623 | 5,261,129 | 3,864,125 | 5,346,502 |
| Chinese Yuan | 346,555 | 399,057 | | | 346,555 | 399,057 |
| Boliviano | 1,423 | | 224,686 | 117,144 | 226,109 | 117,144 |
| Currency basket | 83,177 | 109,874 | 125,992 | 195,045 | 209,169 | 304,919 |
| Hong Kong Dollar | 107,757 | 130,884 | | | 107,757 | 130,884 |
| Indian Rupee | 55,549 | 51,163 | | | 55,549 | 51,163 |
| Other | 9,999 | 6,137 | 29,512 | 24,552 | 39,511 | 30,689 |
| | 1,296,704 | 1,880,820 | 13,912,855 | 17,615,800 | 15,209,559 | 19,496,620 |

Notes to the interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

(e) Analysis by index

| | Parent company | | | | | |
|----------------------------|----------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | Current | | Non-current | | Total | |
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| In local currency | | | | | | |
| CDI | 89,107 | 618,645 | 3,226,961 | 4,145,202 | 3,316,068 | 4,763,847 |
| TJLP | 218,399 | 234,228 | 328,182 | 426,157 | 546,581 | 660,385 |
| Fixed rate | 51,334 | 53,446 | 114,759 | 138,498 | 166,093 | 191,944 |
| | <u>358,840</u> | <u>906,319</u> | <u>3,669,902</u> | <u>4,709,857</u> | <u>4,028,742</u> | <u>5,616,176</u> |
| In foreign currency | | | | | | |
| Fixed rate | 118,636 | 163,005 | 7,302,224 | 9,526,094 | 7,420,860 | 9,689,099 |
| LIBOR | 27,303 | 33,251 | 1,835,398 | 1,912,224 | 1,862,701 | 1,945,475 |
| UMBNDDES | 77,151 | 96,610 | 124,467 | 191,144 | 201,618 | 287,754 |
| | <u>223,090</u> | <u>292,866</u> | <u>9,262,089</u> | <u>11,629,462</u> | <u>9,485,179</u> | <u>11,922,328</u> |
| | <u>581,930</u> | <u>1,199,185</u> | <u>12,931,991</u> | <u>16,339,319</u> | <u>13,513,921</u> | <u>17,538,504</u> |

| | Consolidated | | | | | |
|----------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | Current | | Non-current | | Total | |
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| In local currency | | | | | | |
| CDI | 89,107 | 618,645 | 3,226,961 | 4,145,202 | 3,316,068 | 4,763,847 |
| TJLP | 262,625 | 299,314 | 372,454 | 484,233 | 635,079 | 783,547 |
| Fixed rate | 65,734 | 62,926 | 251,998 | 285,733 | 317,732 | 348,659 |
| | <u>417,466</u> | <u>980,885</u> | <u>3,851,413</u> | <u>4,915,168</u> | <u>4,268,879</u> | <u>5,896,053</u> |
| In foreign currency | | | | | | |
| Fixed rate | 185,156 | 219,708 | 8,040,331 | 10,040,520 | 8,225,487 | 10,260,228 |
| LIBOR | 26,078 | 31,858 | 1,831,304 | 2,023,730 | 1,857,382 | 2,055,588 |
| PBoC | 346,555 | 399,057 | | | 346,555 | 399,057 |
| UMBNDDES | 90,167 | 118,394 | 136,686 | 212,279 | 226,853 | 330,673 |
| EURIBOR | 123,525 | 34 | 53,121 | 424,103 | 176,646 | 424,137 |
| HIBOR | 107,757 | 130,884 | | | 107,757 | 130,884 |
| | <u>879,238</u> | <u>899,935</u> | <u>10,061,442</u> | <u>12,700,632</u> | <u>10,940,680</u> | <u>13,600,567</u> |
| | <u>1,296,704</u> | <u>1,880,820</u> | <u>13,912,855</u> | <u>17,615,800</u> | <u>15,209,559</u> | <u>19,496,620</u> |

(f) Guarantees

On June 30, 2016, R\$ 5,083,737 (December 31, 2015 – R\$ 6,278,107) of the balance of loans and financing of the Company and its subsidiaries were collateralized by sureties, while R\$ 141,391 (December 31, 2015 – R\$ 155,427) were collateralized through liens on the financed assets and R\$ 129,065 were guaranteed by bank guarantee (December 31, 2015 - R\$ 129,094).

(g) New loans and amortizations

The main funding operations and amortizations that took place in 2016 are as follow:

- (i) On January 07, 2016, the Company executed a partial early amortization amounting to R\$ 500,000 of its fifth public issue of debentures. The proceeds for the amortization came from the eighth issue of debentures made in 2015.
- (ii) On February 22, 2016, the Company signed an agreement in accordance with Resolution 4131 of US\$ 100 million (R\$ 403,900) with maturity in February 2020 and the final cost of 103.00% of the CDI, after execution of swap. This operation is guaranteed by its subsidiary VCNA and the funds were used for the early prepayment of debentures.
- (iii) On February 25, 2016, the Company renegotiated the contractual terms of the loan in accordance with

Notes to the interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

Resolution 4131, signed in October 2014, totaling US\$ 100 million. The Company has extended the maturity from 2017 due to 2021 and renegotiated the cost of swaps from 103.00% to 109.90% of the CDI.

- (iv) On March 2, 2016, the Company announced an offer to repurchase bonds (Tender Offer) of their issuances in Euros, with maturity in 2021 and 2022. On March 11, 2016, the Company repurchased EUR 69.1 million (R\$ 284,318) of the principal of the notes with maturity in 2021 and EUR 53.1 million (R\$ 217,825) of the principal of the notes with maturity in 2022, having a cash disbursement amounting to EUR 89.6 million (R\$ 368,087). The settlements took place on March 17, 2016 and generated a gain (discount) amounting to R\$ 149,415.
- (v) On March 16, 2016, the Company renegotiated the contractual conditions of the second public issue of debentures, which extended the maturity of the amortization of R\$ 200,000, from October 2018 to March 2021, maintaining the original terms and conditions.
- (vi) On March 21, 2016, the Company made an early amortization amounting to R\$ 120,000 of the third public issue of debentures with maturity in 2018. Remaining installments of R\$ 240,000 each, maintain the same original maturity, in 2020 and 2021.
- (vii) On March 24, 2016, the Company announced an offer to repurchase 50% of its fifth public issue of debentures, in an amount of R\$ 350,000. The settlement took place on March 30, 2016.
- (viii) On March 30, 2016, the subsidiary Itacamba received the second disbursement of the syndicated line executed in 2015 in the amount of BOB 835 million. The amount received in March 2016, was BOB 278.4 million (R\$ 158,177) and will be used to finance the expansion of the local cement plant.
- (ix) On March 31, 2016, the Company made an early prepayment of the total amount of the 1st and 2nd series of its seventh public issue of debentures, amounting to R\$ 150,000 and R\$ 300,000, respectively. The settlement took place on March 31, 2016.
- (x) On June 2016, VCEAA executed loan agreements with a total amount of EUR 65 million (R\$ 230 million), and final maturity in 2021 and 2023, respectively. This amount was used for the partial early prepayment of a bilateral agreement with maturity to 2017.
- (xi) On 2016, the Company repurchased and cancelled, with its own resources, the balance of EUR 41 million (R\$ 161,318) of principal, related to its bonds issuance with maturity in 2021 and 2022.

17 Confirming payable

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

| Confirming payable | Deadline | Parent company | | Consolidated | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| | | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Payables - Local customers | up to 180 days | 275,762 | 283,441 | 315,550 | 304,792 |
| Payables - Foreign customers | up to 180 days | | | 135,290 | 273,432 |
| | | <u>275,762</u> | <u>283,441</u> | <u>450,840</u> | <u>578,224</u> |

Notes to the interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

18 Current and deferred income tax and social contribution

(a) Reconciliation of income tax and social contribution expenses

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

The income tax and social contribution amounts presented in the statement of income for the semester ended June 30 are reconciled with their Brazilian statutory rates as follows:

| | Parent company | | Consolidated | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Profit before taxation | 252,937 | 330,008 | 386,264 | 490,760 |
| Standard rate | 34% | 34% | 34% | 34% |
| Income tax and social contribution at standard rates | (85,999) | (112,203) | (131,330) | (166,858) |
| Adjustments for the calculation of income tax and social contribution at applicable rates | | | | |
| Difference in tax rate for subsidiaries outside Brazil | - | - | 56,762 | 31,580 |
| Equity in the results of investees | 95,201 | 118,971 | 17,536 | 27,809 |
| Realization of other comprehensive income on disposal of investments | 8,502 | - | 15,005 | - |
| Donations and grants for investment | 3,852 | 4,338 | 14,338 | 25,354 |
| Tax incentives | - | - | 1,495 | 6,227 |
| Taxes losses and negative basis without the deferred | - | - | (37,509) | 2,919 |
| Other additions, net | (11,422) | (10,509) | (36,434) | (37,829) |
| Income tax and social contribution | 10,134 | 597 | (100,137) | (110,798) |
| Current | - | - | (112,113) | (130,136) |
| Deferred | 10,134 | 597 | 11,976 | 19,338 |
| Income tax and social contribution on the income statement | 10,134 | 597 | (100,137) | (110,798) |
| Effective rate - % | 4.01 | 0.18 | (25.92) | (22.58) |

Notes to the interim parent company and consolidated financial statements

At June 30

All amounts in thousands of reais, unless otherwise stated

(b) Analysis of deferred tax balances

| | Parent company | | Consolidated | |
|---|----------------|------------|--------------|------------|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Tax losses | 306,849 | 212,840 | 751,856 | 746,295 |
| Tax credits on temporary differences | | | | |
| Deferred exchange gains - hedge of net investment | 469,768 | 1,113,458 | 469,768 | 1,113,458 |
| Deferred losses on derivative agreements | 188,242 | | 188,814 | |
| Provision | 72,708 | 84,528 | 132,961 | 137,605 |
| Use of public assets | | | 89,953 | 91,373 |
| Provision for taxes under litigation with judicial deposits | 40,243 | 40,243 | 64,241 | 64,353 |
| Impairment assets provision | 22,313 | 22,063 | 58,557 | 60,550 |
| Deferred exchange gains - effect on the income statement | 29,108 | 174,531 | 29,108 | 174,531 |
| Provision for inventory losses | 20,417 | 18,317 | 28,202 | 26,338 |
| Provision for profit sharing - "PPR" | 18,242 | 38,844 | 25,145 | 48,544 |
| Allowance for doubtful accounts | 12,909 | 7,985 | 21,146 | 14,311 |
| Asset retirement obligation | 10,092 | 8,210 | 18,516 | 17,489 |
| Fair value adjustments - Resolution 4131 | | 3,350 | | 3,350 |
| Other credits | 13,257 | 20,996 | 45,966 | 61,919 |
| Tax debits on temporary differences | | | | |
| Adjustments to the useful lives of property, plant and equipment (depreciation) | (318,558) | (301,638) | (536,792) | (515,573) |
| Excess purchase price allocated to assets | (24,044) | (24,663) | (275,942) | (334,628) |
| Amortization of goodwill | (306,128) | (268,864) | (333,011) | (288,505) |
| Interest capitalized | (52,168) | (53,430) | (79,863) | (78,789) |
| Adjustment to present value | (31,289) | (31,424) | (35,058) | (35,187) |
| Fair value adjustments - Resolution 4131 | (16,037) | | (16,037) | |
| Deferred CSLL credit on depreciation (Law 11,051/04) | | | (7,903) | (7,903) |
| Deferred gains on derivative agreements | | (39,942) | | (39,942) |
| Other debts | (188) | (222) | (63,180) | (71,591) |
| Net | 455,736 | 1,025,182 | 576,447 | 1,187,998 |
| Balance of deferred tax assets for the same legal entity | | | 1,068,646 | 1,762,953 |
| Balance of deferred tax liabilities for the same legal entity | | | (492,199) | (574,955) |

(c) Effects of deferred tax and income tax and social contribution expense on profit or loss for the semester and other comprehensive results

| | Parent company | | Consolidated | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Balance at beginning of semester | 1,025,182 | (43,154) | 1,187,998 | (89,285) |
| Effect on income | 10,134 | 597 | 11,976 | 19,338 |
| Effect on comprehensive income - hedge accounting | (579,580) | 319,847 | (579,580) | 319,847 |
| Foreign exchange variations on other components of comprehensive income | | | (43,500) | 32,893 |
| Other | | | (447) | 8,704 |
| Balance at end of semester | 455,736 | 277,290 | 576,447 | 291,497 |

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At June 30

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19 Provisions

(a) Analysis and changes

| | | | | | | | Parent company | |
|---|---------|--------------|---------|---------|---------------|----------|----------------|-------------|
| | | | | | | | 1/1/2016 to | 1/1/2015 to |
| | | | | | | | 6/30/2016 | 6/30/2015 |
| | ARO (i) | Legal claims | | | | Total | Total | |
| | | Tax | Civil | Labor | Environmental | | | |
| Balance at the beginning of the semester | 115,272 | 248,090 | 88,094 | | 10,548 | 462,004 | 424,874 | |
| Present value adjustment | 3,168 | | | | | 3,168 | 543 | |
| Additions | | 13,324 | 7,655 | 6,515 | 85 | 27,579 | 28,092 | |
| Reversals | | (43,555) | (8,841) | (3,404) | (959) | (56,759) | (49,026) | |
| Judicial deposits, net of write-off | | (16,389) | (1,239) | (653) | (74) | (18,355) | 9,876 | |
| Settlement with cash | | (630) | (4,707) | (1,300) | | (6,637) | (5,393) | |
| Settlement with compensation of judicial deposits | | | | (1,158) | | (1,158) | (53,246) | |
| Interest and indexation | | 25,414 | 4,028 | | 1,092 | 30,534 | 32,063 | |
| Balance at the end of the semester | 118,440 | 226,254 | 84,990 | | 10,692 | 440,376 | 387,783 | |

| | | | | | | | Consolidated | |
|---|----------|---------------|--------------|---------|----------|---------------|--------------|-------------|
| | | | | | | | 1/1/2016 to | 1/1/2015 to |
| | | | | | | | 6/30/2016 | 6/30/2015 |
| | ARO (i) | Restructuring | Legal claims | | | | Total | Total |
| | | | Tax | Civil | Labor | Environmental | | |
| Balance at the beginning of the semester | 321,343 | 20,425 | 399,186 | 126,804 | 5,089 | 12,502 | 885,349 | 776,102 |
| Present value adjustment | 4,982 | | | | | | 4,982 | 2,037 |
| Additions | 488 | | 26,654 | 11,601 | 8,209 | 90 | 47,042 | 73,030 |
| Reversals | | (19,226) | (46,514) | (9,941) | (10,676) | (964) | (87,321) | (74,206) |
| Judicial deposits, net of write-off | | | (19,800) | (1,394) | 574 | (74) | (20,694) | 7,558 |
| Write-off | | | | | | | | (2,530) |
| Settlement with cash | (2,692) | | (2,410) | (5,483) | (1,416) | | (12,001) | (6,109) |
| Settlement with compensation of judicial deposits | | | | (1,503) | (1,304) | | (2,807) | (83,948) |
| Interest and indexation | | | 42,644 | 6,444 | | 1,238 | 50,326 | 43,275 |
| Exchange variation | (31,407) | (1,199) | (7,013) | (710) | | | (40,329) | 12,322 |
| Transfers | | | (87) | (65) | | | (152) | (13,753) |
| Revision of estimated cash flow | 2,464 | | | | | | 2,464 | |
| Balance at the end of the semester | 295,178 | | 392,660 | 125,753 | 488 | 12,792 | 826,871 | 733,778 |

Votorantim Cimentos S.A.



Notes to the interim parent company and consolidated financial statements At June 30

All amounts in thousands of reais, unless otherwise stated

(i) Asset Retirement Obligation.

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

| | 6/30/2016 | | | | Parent company 12/31/2015 | | | |
|---------------|-------------------|----------------|----------------|-----------------------------------|------------------------------|----------------|----------------|-----------------------------------|
| | Judicial deposits | Provision | Total, net | Outstanding judicial deposits (i) | Judicial deposits | Provision | Total, net | Outstanding judicial deposits (i) |
| Tax | (375,440) | 601,694 | 226,254 | 97,613 | (359,051) | 607,141 | 248,090 | 97,848 |
| Civil | (11,068) | 96,058 | 84,990 | 18,476 | (9,829) | 97,923 | 88,094 | 10,819 |
| Labor | (26,158) | 26,158 | | 4,881 | (25,505) | 25,505 | | 3,878 |
| Environmental | (475) | 11,167 | 10,692 | | (401) | 10,949 | 10,548 | |
| | <u>(413,141)</u> | <u>735,077</u> | <u>321,936</u> | <u>120,970</u> | <u>(394,786)</u> | <u>741,518</u> | <u>346,732</u> | <u>112,545</u> |

| | 6/30/2016 | | | | Consolidated 12/31/2015 | | | |
|---------------|-------------------|------------------|----------------|-----------------------------------|----------------------------|------------------|----------------|-----------------------------------|
| | Judicial deposits | Provision | Total, net | Outstanding judicial deposits (i) | Judicial deposits | Provision | Total, net | Outstanding judicial deposits (i) |
| Tax | (509,830) | 902,490 | 392,660 | 153,701 | (490,030) | 889,216 | 399,186 | 149,301 |
| Civil | (14,026) | 139,779 | 125,753 | 28,514 | (12,632) | 139,436 | 126,804 | 14,714 |
| Labor | (34,976) | 35,464 | 488 | 5,749 | (35,550) | 40,639 | 5,089 | 4,640 |
| Environmental | (475) | 13,267 | 12,792 | | (401) | 12,903 | 12,502 | |
| | <u>(559,307)</u> | <u>1,091,000</u> | <u>531,693</u> | <u>187,964</u> | <u>(538,613)</u> | <u>1,082,194</u> | <u>543,581</u> | <u>168,655</u> |

(i) The Company has outstanding judicial deposits with the courts in relation to proceedings classified by its legal advisors as having a possible or remote possibility of loss, and which, therefore, are not subject to the respective provisions.

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(c) Litigation with likelihood of loss considered possible

The Company is party to litigation involving a risk of loss considered possible by management, based on the opinion of its legal advisors, for which no provisions are recorded.

| | Parent company | | Consolidated | |
|---------------|------------------|------------------|------------------|------------------|
| | 6/30/2016 | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Civil | 5,902,348 | 5,626,101 | 6,644,587 | 6,235,119 |
| Tax | 1,782,934 | 1,757,059 | 2,511,572 | 2,480,628 |
| Environmental | 37,836 | 34,078 | 42,293 | 37,272 |
| | <u>7,723,118</u> | <u>7,417,238</u> | <u>9,198,452</u> | <u>8,753,019</u> |

(c.1) Comments on contingent liabilities with likelihood of loss considered possible

| Nature of the lawsuits | Consolidated | |
|--|------------------|------------------|
| | 6/30/2016 | 12/31/2015 |
| Civil | | |
| Civil class action – Cartel | 3,466,080 | 3,308,880 |
| Administrative investigations by SDE (Secretariat of Economic Law) | 2,021,563 | 1,919,013 |
| Arbitration - Petrolina Aggregates Operation (i) | 333,426 | 316,512 |
| Litigation with a transportation company in São Paulo | 173,175 | 167,977 |
| Tax | | |
| Financial Compensation for the Exploration of Mineral Resources - "CFEM" | 378,396 | 370,749 |
| Tax assessment notice - "IRPJ / CSLL" | 160,715 | 153,514 |
| "IRPJ and CSLL" – Profit earned abroad | 140,114 | 133,127 |
| Other lawsuits | 2,524,983 | 2,383,247 |
| | <u>9,198,452</u> | <u>8,753,019</u> |

- (i) Refers to an arbitration proceeding filed with the CIESP/FIESP Conciliation, Mediation and Arbitration Chamber, initiated in January 2014, which discussed the sale of shares of the companies São Francisco Zeta and Petrolina Zeta to Pedreira Pedra Negra, and the sellers' obligation to engage in a new business in Palmas (TO), which would afterward be sold to Pedra Negra. The Claimants request: (i) the rescission of the agreement entered into by the parties, even if partially; and (ii) that Pedra Negra be sentenced to pay compensation for damages and pain and suffering. Pedra Negra, on the other hand, requests: (i) that the sellers be sentenced to buy back the shares held by the shareholders P-z and SF-z and pay the amounts agreed with the Defendant in the Agreement for the Acquisition of São Francisco Zeta and Petrolina Zeta Shares, or alternatively (ii) the termination of the agreements based on the exclusive fault of the sellers, and that the sellers be sentenced to return the amounts disbursed by Pedra Negra under these agreements, duly adjusted for inflation; and (iii) that the sellers be sentenced to pay compensation for damages related to the non-performance of the agreements entered into by the parties. On February 2016, the Arbitration Chamber delivered a judgment considering Mario Gonzaga's requests unfounded and upheld Pedra Negra's requests, declaring that Mario Gonzaga repurchased the operations, and requiring him to pay the amount set in the contract to Pedra Negra within 30 days. Mario Gonzaga presented a clarification request and Pedra Negra its response. In April 2016, the court rejected the request for clarification and maintained the verdict in all of its terms, beginning the period of 30 days for the voluntary settlement of the decision by Mario Gonzaga. Before the deadline Mario Gonzaga filed a lawsuit, with an injunction request to suspend the decision of the arbitration, alleging defects. The judge granted the lawsuit to suspend the decision of the arbitration. Pedreira Pedra Negra appealed the decision and the Pernambuco court decided to reestablish the verdict pronounced by the arbitration, allowing Pedra Negra to execute it. Currently, the execution of the arbitration decision is awaited. The likelihood of loss as a result of this matter is considered possible, and the Company has not established any provision for this claim. At June 30, 2016, the amount under litigation was R\$ 333,426.

For the other processes, there were no changes compared to Note 19 (e.1) to the last annual financial statements.

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20 Stockholders' equity

(a) Capital

As at June 30, 2016 the Company's fully subscribed and paid-up capital, amounting to R\$ 3,730,875 (December 31, 2015 - R\$ 2,730,875), comprised 5,826,367,578 common shares and 300,571,428 preferred shares (December 31, 2015 - 5,120,940,004 common shares and 300,571,428 preferred shares).

(b) Other comprehensive income

| | Cumulative currency translation adjustments | Cumulative remeasurements of employment benefit obligations | Hedge of a net investment | Interest in comprehensive income | Total |
|--|--|--|------------------------------|--|-------------|
| At January 1, 2015 | 1,703,261 | (111,296) | (913,527) | 56,897 | 735,335 |
| Currency translation of investees located abroad | 919,868 | | | | 919,868 |
| Hedge accounting of investments abroad | | | (940,727) | | (940,727) |
| Interest in other comprehensive income of investees | | | | 24,431 | 24,431 |
| Deferred taxes | | | 319,847 | | 319,847 |
| At June 30, 2015 | 2,623,129 | (111,296) | (1,534,407) | 81,328 | 1,058,754 |
| At January 1, 2016 | 4,592,062 | (97,389) | (2,884,473) | (3,396) | 1,606,804 |
| Currency translation of investees located abroad | (2,062,716) | | | | (2,062,716) |
| Hedge accounting of investments abroad | | | 1,704,647 | | 1,704,647 |
| Interest in other comprehensive income of investees | | | | (3,451) | (3,451) |
| Realization of other comprehensive income on disposal of investments | (25,007) | | | | (25,007) |
| Deferred taxes | | | (579,580) | | (579,580) |
| At June 30, 2016 | 2,504,339 | (97,389) | (1,759,406) | (6,847) | 640,697 |

21 Revenue

| | Parent company | | Consolidated | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Gross revenue | | | | |
| Local customers | 3,393,637 | 4,124,639 | 4,412,105 | 5,362,239 |
| Foreign customers | 13,984 | 13,457 | 3,090,155 | 2,604,207 |
| | 3,407,621 | 4,138,096 | 7,502,260 | 7,966,446 |
| Taxes on sales and services and other deductions | (952,760) | (1,119,844) | (1,249,660) | (1,475,134) |
| Net revenue | 2,454,861 | 3,018,252 | 6,252,600 | 6,491,312 |

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22 Expenses by nature

| | Parent company | | Consolidated | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Employee benefit expenses | 422,208 | 453,884 | 1,187,382 | 1,110,005 |
| Raw materials and consumables used | 385,313 | 416,222 | 1,013,709 | 1,034,413 |
| Freight cost | 382,819 | 405,951 | 758,028 | 759,465 |
| Electrical power - consumption | 250,085 | 194,163 | 565,285 | 496,176 |
| Depreciation, amortization and depletion | 188,009 | 185,501 | 526,430 | 475,999 |
| Fuel costs | 234,098 | 265,814 | 459,876 | 531,770 |
| Maintenance | 168,519 | 205,373 | 416,847 | 438,879 |
| Services, miscellaneous | 62,934 | 67,105 | 172,014 | 164,082 |
| Packaging materials | 62,071 | 68,290 | 113,684 | 119,261 |
| Rents and leases | 33,091 | 44,916 | 87,694 | 96,483 |
| Income tax, taxes and contributions | 18,732 | 28,248 | 71,175 | 80,768 |
| Insurance | 6,905 | 5,203 | 24,119 | 17,782 |
| Other expenses | 100,230 | 96,180 | 342,718 | 302,534 |
| | <u>2,315,014</u> | <u>2,436,850</u> | <u>5,738,961</u> | <u>5,627,617</u> |
| Reconciliation | | | | |
| Cost of sales and services | 1,723,884 | 1,847,573 | 4,752,234 | 4,666,422 |
| Selling expenses | 361,421 | 327,936 | 549,652 | 515,636 |
| General and administrative expenses | 229,709 | 261,341 | 437,075 | 445,559 |
| | <u>2,315,014</u> | <u>2,436,850</u> | <u>5,738,961</u> | <u>5,627,617</u> |

23 Employee benefit expenses

| | Parent company | | Consolidated | |
|---------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Direct remuneration | 230,148 | 248,834 | 771,959 | 717,431 |
| Social charges | 117,111 | 129,805 | 229,546 | 227,254 |
| Benefits | 74,949 | 75,245 | 185,877 | 165,320 |
| | <u>422,208</u> | <u>453,884</u> | <u>1,187,382</u> | <u>1,110,005</u> |

24 Other operating income, net

| | Parent company | | Consolidated | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Gains on sales of investments, net (i) | 296,915 | | 296,915 | 23,666 |
| Tax benefits | 11,330 | 12,760 | 42,170 | 74,571 |
| Gain (loss) on sale of property, plant & equipment and intangible assets | 6,458 | (1,013) | 9,459 | 50,261 |
| Revenue from co-processing | 4,517 | 3,593 | 5,685 | 4,104 |
| Gains on waste sales | 2,182 | 2,142 | 4,223 | 3,007 |
| Reversal for impairment (Note 14 and 15) | 2,972 | | 2,742 | 13,628 |
| Revenue from insurance premiums | | 6,550 | | 9,254 |
| Goodwill impairment (Note 15 (ii)) | (4,223) | | (18,031) | |
| Other operating income, net | 8,600 | 4,162 | 20,200 | 12,070 |
| | <u>328,751</u> | <u>28,194</u> | <u>363,363</u> | <u>190,561</u> |

- (i) Refers to the sale of the indirect investee Sirama Participações Administração e Transportes Ltda. ("Sirama") amounting to R\$ 292,604 as described in Note 1 (c) and the sale of the shares that the Company held in Mineração Candiota Ltda., amounting to R\$ 4,311.

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25 Financial results, net

| | Parent company | | Consolidated | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
| Financial income | | | | |
| Income from financial investments | 196,557 | 93,898 | 214,600 | 96,326 |
| Discount on repurchase of bond | 169,518 | | 169,518 | |
| Fair value of loans (Note 16 (c)) | 105,557 | | 105,557 | |
| Asset indexation | 23,496 | 25,419 | 35,373 | 47,615 |
| Interest from financial assets | 9,664 | 8,217 | 32,757 | 17,921 |
| Interest on related party transactions (Note 12) | 55 | 1,004 | 5,075 | 1,598 |
| Discounts obtained | 4,295 | 10,555 | 4,490 | 10,778 |
| Other financial income | | 34,644 | 4,135 | 45,895 |
| | <u>509,142</u> | <u>173,737</u> | <u>571,505</u> | <u>220,133</u> |
| Financial expenses | | | | |
| Interest payable on loans, financing and other | (571,420) | (541,179) | (618,608) | (582,713) |
| Capitalization of borrowing costs - CPC 20 (Note 14 (b)) | 1,589 | 19,157 | 11,805 | 29,519 |
| Fair value of loans (Note 16 (c)) | (48,536) | | (48,536) | |
| Income tax on remittance of interest abroad | (39,141) | (59,291) | (39,441) | (59,291) |
| Interest and indexation charges - UBP | | | (35,070) | (29,852) |
| Borrowing costs | (31,180) | (4,257) | (32,295) | (7,204) |
| Indexation charges on provisions net reversal | (10,995) | (49,224) | (28,842) | (69,530) |
| PIS and COFINS on financial results | (17,706) | | (19,396) | |
| Interest on related party transactions (Note 12) | (24,730) | (19,713) | | (972) |
| Interest on taxes payable | (2,023) | (2,526) | (2,189) | (3,068) |
| Premium paid on bond repurchase (Tender Offer) | | (97,993) | | (97,993) |
| Other financial expenses | (25,427) | (20,100) | (77,408) | (41,167) |
| | <u>(769,569)</u> | <u>(775,126)</u> | <u>(889,980)</u> | <u>(862,271)</u> |
| Derivative financial instruments | | | | |
| Income | 185,650 | 155,539 | 185,650 | 155,539 |
| Expenses | (908,474) | (37,944) | (908,474) | (37,944) |
| | <u>(722,824)</u> | <u>117,595</u> | <u>(722,824)</u> | <u>117,595</u> |
| Net foreign exchange result | 462,581 | (145,710) | 454,852 | (120,745) |
| | <u>(520,670)</u> | <u>(629,504)</u> | <u>(586,447)</u> | <u>(645,288)</u> |

26 Insurance coverage

| Type of coverage | Consolidated |
|------------------|---|
| | Facilities, equipment and inventory Coverage amount 6/30/2016 |
| Property damage | 25,399,671 |
| Loss of profits | 3,812,498 |

27 Non-current assets (or disposal groups) held for sale

The Company intends to sell certain assets which can be summarized as follows:

| | Assets | | |
|------------------------------------|----------------|---------------|----------------|
| | Parent company | Consolidated | |
| | 12/31/2015 | 6/30/2016 | 12/31/2015 |
| Sirama investments (Note 1 (c)) | 381,069 | | 381,069 |
| Minerações e Construções Ltda. (a) | | 33,478 | 32,370 |
| Equipment VCEAA | | | 266 |
| | <u>381,069</u> | <u>33,478</u> | <u>413,705</u> |

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(a) Minerações e Construções assets

In August 21, 2015, the subsidiary Minerações e Construções Ltda. signed an agreement for the proposed potential sale of assets to the company Pedreira Potiguar Ltda. The potential scope of the business includes the sale of assets related to aggregates operations, including fixed, mobile, mining rights and surface rights. As a result, these assets were classified as “Assets classified as held for sale” from September 30, 2015.

| | 6/30/2016 | 12/31/2015 |
|-------------------------------|------------------|-------------------|
| Inventory | 4,513 | 3,534 |
| Property, plant and equipment | 17,547 | 17,418 |
| Intangible assets | 11,418 | 11,418 |
| | <u>33,478</u> | <u>32,370</u> |

(b) Discontinued operations

The Company presented the following discontinued operations related to the subsidiary Minerações e Construções Ltda.

| | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
|--|----------------------------------|----------------------------------|
| Revenue | 2,798 | 3,880 |
| Cost of sales and services | (4,369) | (5,184) |
| Gross profit (loss) | <u>(1,571)</u> | <u>(1,304)</u> |
| Operating income (expenses) | | |
| Selling | (429) | 259 |
| General and administrative | (1) | (119) |
| Other operating income (expenses), net | 854 | (3,723) |
| | <u>424</u> | <u>(3,583)</u> |
| Loss before financial results | <u>(1,147)</u> | <u>(4,887)</u> |
| Financial results | 107 | (68) |
| Loss before taxation | <u>(1,040)</u> | <u>(4,955)</u> |
| Loss for the semester | <u>(1,040)</u> | <u>(4,955)</u> |

On June 30, 2016 and December 31, 2015, the Company has no “liabilities” related to “Assets of disposal groups classified as held for sale”.

28 Financial information by operating segment

The reportable operating segments used for the decision making process, and regularly reviewed by the Chief Operating Decision Maker (“CODM”) defined as the Chief Executive Officer, are organized by geographical area, with four operating segments which are based on the locations of the Company’s main assets, as follow: (1) Brazil; (2) South America; (3) North America; (4) Europe, Asia and Africa.

Each of these operating and reportable segments derives its revenue from the sale of the following lines of products:

1. Cement,
2. Concrete/ready-mix,
3. Aggregates, and
4. Other building materials.

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The key financial performance indicator for the management of the reportable segments is adjusted EBITDA, which is reported on a monthly basis to the CODM for each of the Company's operating segments (Brazil, North America, Europe, Africa and Asia and South America) and also separately for each product line. The adjusted EBITDA is calculated based on net income plus/less financial income (expenses), plus income tax and social contribution plus depreciation or amortization and depletion, less equity in the results of investees, plus dividends received from investees less exceptional non-cash items. Non-cash items considered by management as exceptional have been excluded from the measurement of adjusted EBITDA. As result of the use of adjusted EBITDA to measure the performance of the Company's operating segments, the Company does not include financial income and expenses, income tax expenses and equity in investees as part of the measurement, and as a result, such information is not disclosed in the following tables:

(a) Information by operating segments - consolidated

| | 1/1/2016 to 6/30/2016 | | | | | |
|--|-----------------------|---------------|-------------------------|---------------|---|--------------|
| | Brazil | North America | Europe, Asia and Africa | South America | Elimination of intercompany transaction | Consolidated |
| Revenue | 3,260,817 | 1,640,911 | 1,226,648 | 142,592 | (18,368) | 6,252,600 |
| Operating profit before results of investments and financial results | 580,855 | 132,109 | 154,963 | 9,075 | | 877,002 |
| Depreciation, amortization and depletion | (249,377) | (135,856) | (131,509) | (9,688) | | (526,430) |
| Adjusted EBITDA | 561,346 | 267,965 | 286,704 | 18,763 | | 1,134,778 |
| PP&E and intangible assets additions ("CAPEX") | 424,653 | 164,219 | 236,831 | 69,174 | | 894,877 |
| Total assets | 11,721,652 | 6,098,284 | 10,125,021 | 1,019,322 | | 28,964,279 |

| | 1/1/2015 to 6/30/2015 | | | | | |
|--|-----------------------|---------------|-------------------------|---------------|---|--------------|
| | Brazil | North America | Europe, Asia and Africa | South America | Elimination of intercompany transaction | Consolidated |
| Revenue | 4,050,685 | 1,251,812 | 1,029,707 | 181,591 | (22,483) | 6,491,312 |
| Operating profit before results of investments and financial results | 864,144 | 30,308 | 124,954 | 34,850 | | 1,054,256 |
| Depreciation, amortization and depletion | (239,838) | (110,172) | (117,039) | (8,950) | | (475,999) |
| Adjusted EBITDA | 1,117,183 | 140,480 | 230,036 | 43,800 | | 1,531,499 |
| PP&E and intangible assets additions ("CAPEX") | 522,673 | 74,782 | 132,927 | 18,012 | | 748,394 |
| Total assets | 16,138,766 | 6,130,685 | 5,223,881 | 781,985 | | 28,275,317 |

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The following table reconciles the adjusted EBITDA for operating segments with the net income:

| | 7/1/2015 to 6/30/2016 | 1/1/2015 to 31/12/2015 |
|--|--------------------------|---------------------------|
| Net income for the period | 710,923 | 800,843 |
| Additions (exclusions) | | |
| Equity in the results of associates | (215,801) | (201,884) |
| Financial income, net - continuing operations | 1,305,599 | 1,364,440 |
| Financial income, net - discontinued operations | (175) | |
| Income tax and social contribution - continuing operations | 160,561 | 171,222 |
| EBIT | 1,961,107 | 2,134,621 |
| Depreciation, amortization and depletion - continuing operations | 1,054,980 | 987,457 |
| EBITDA | 3,016,087 | 3,122,078 |
| Additions (exclusions) | | |
| Dividends received | 71,715 | 73,345 |
| Exceptional items | | |
| EBITDA - discontinued operations | 5,876 | 9,900 |
| Adjustment of non-recurring items | | |
| Impairment of property, plant and equipment | 9,580 | 15,221 |
| Impairment of goodwill | 255,394 | 237,363 |
| Impairment of other assets | 11,191 | 11,191 |
| Net gain on sale of Sirama e Candiota investment (Note 24) | (296,915) | |
| Net gain on sale of Silcar investment | (238,436) | (238,436) |
| Annualised adjusted EBITDA | 2,834,492 | 3,230,662 |

(b) Revenue by product line

| | 4/1/2016 to 6/30/2016 | 4/1/2015 to 6/30/2015 | 1/1/2016 to 6/30/2016 | 1/1/2015 to 6/30/2015 |
|--------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Cement | 2,366,213 | 2,526,291 | 4,297,294 | 4,701,586 |
| Ready-mix/concrete | 743,392 | 704,642 | 1,309,423 | 1,201,197 |
| Aggregates | 132,417 | 126,729 | 214,009 | 193,848 |
| Other | 239,676 | 208,983 | 431,874 | 394,681 |
| | 3,481,698 | 3,566,645 | 6,252,600 | 6,491,312 |

29 Events subsequent

(a) Share premium distribution from the investee Votorantim Cimentos EAA Inversões S.L. ("VCEAA")

On June, 2016, VCEAA approved a capital reduction in its subsidiary VCNA in the amount of US\$ 50 million, reducing VCNA's capital from US\$ 1,652 million to US\$ 1,602 million.

On the same date, the Company Management approved the partial distribution of VCEAA's share premium, at an amount in Euros is equivalent to US\$ 50 million, which were received on July, 26 2016, at the amount of R\$ 162,435.

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(b) Pentágono fund Split-off

In July, 2016, the fund “Fundo de Investimento Pentágono Multimercado – Crédito Privado – (“Pentágono”)” fund was split-off into two funds. This transaction seeks to split the assets between the shareholders Votorantim Cimentos S.A. (68.55%) and Companhia Brasileira de Alumínio (“CBA”) (31.45%), respecting the percentage of ownership of each company over the total of assets. From this date on, the fund’s name is “FI Pentágono VC Multimercado”, in which the Company owns 100% of the shares.

(c) VCEAA loans

In July 2016, VCEAA executed loan agreements in a total amount of EUR 100 million and with maturity in 2021 and 2013, respectively. The amount will be used for the early prepayment of debts with maturity in 2017.