

A black and white photograph of two industrial workers in a factory setting. They are wearing hard hats, safety glasses, and work clothes. One worker is holding a large, circular metal wheel or valve handle, while the other is using a tool to work on it. The background shows complex industrial machinery and pipes.

# Companhia Brasileira de Alumínio

Condensed consolidated interim  
financial statements at and for the  
three-month period ended March 31, 2018  
and independent auditor's review report



## **Report on review of condensed interim financial statements**

To the Board of Directors and Stockholders  
Companhia Brasileira de Alumínio

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Companhia Brasileira de Alumínio (the "Company") as at March 31, 2018, and the related condensed statements of income, comprehensive income and cash flows for the quarter then ended, and the condensed statements of changes in equity for the three-month period then ended, as well as the accompanying consolidated condensed interim balance sheet of Companhia Brasileira de Alumínio and its subsidiaries ("Consolidated") as at March 31, 2018, and the related consolidated condensed statements of operations and comprehensive income for the quarter period then ended, and the consolidated condensed statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

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" and with International Accounting Standard (IAS) 34 - "Interim Financial Reporting", of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and ISRE 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance 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.



Companhia Brasileira de Alumínio


**Conclusion**

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

Curitiba, April 30, 2018



PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5



Mauricio Colombari  
Contador CRC 1SP195838/O-3

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## Condensed consolidated interim balance sheet In thousands of Reais

Assets	Note	Parent company		Consolidated		Liabilities and equity	Note	Parent company		Consolidated	
		3/31/2018	12/31/2017	3/31/2018	12/31/2017			3/31/2018	12/31/2017		
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	7	46,409	18,191	46,538	18,854	Borrowing	16	202,032	185,825	238,938	228,616
Financial investments	8	854,119	922,348	913,656	968,767	Derivative financial instruments	5.3 (a)	13,459	165,240	13,459	165,240
Derivative financial instruments	5.3 (a)	35,110	20,748	35,110	20,748	Trade payables		467,121	451,818	454,841	422,663
Trade receivables	9	417,511	381,417	409,366	383,718	Confirming payable		44,372	38,433	44,372	38,433
Inventory	10	641,158	638,855	661,902	659,586	Salaries and social charges		80,796	135,413	82,475	137,538
Taxes recoverable	11	378,648	428,568	384,167	433,698	Taxes payable		10,863	18,650	24,885	44,478
Dividends receivable	12	5,793	5,377	5,728	5,311	Customer advances		239,130	240,759	239,203	240,868
Financial instruments - firm commitment	12	115,653	114,885	115,653	114,885	Dividends payable	12	12,796	12,796	12,797	12,796
Advance to suppliers		231,629	231,629	231,629	231,629	Use of public assets		36,442	36,337	39,155	38,972
Other assets		18,099	36,911	28,306	41,850	Related parties	12	223,839	249,378	223,368	249,161
						Other liabilities		40,642	67,993	54,380	80,925
		<u>2,744,129</u>	<u>2,798,929</u>	<u>2,832,055</u>	<u>2,879,046</u>			<u>1,371,492</u>	<u>1,602,642</u>	<u>1,427,873</u>	<u>1,659,690</u>
<b>Non-current assets</b>						<b>Non-current liabilities</b>					
Long-term receivables						Borrowing	16	2,450,108	2,467,367	2,571,638	2,588,869
Financial investments	8	64	64	64	5,952	Derivative financial instruments	5.3 (a)		10,749		10,749
Taxes recoverable	11	564,760	566,374	564,808	566,431	Related parties	12	259,809	313,874	259,809	313,874
Financial instruments - firm commitment	12	77,141	118,905	77,141	118,905	Provisions	18	477,656	459,537	479,680	460,535
Deferred income tax and social contribution	17 (b)	821,820	911,791	827,836	917,715	Use of public assets		492,210	488,207	538,636	533,968
Related parties	12	1,222,219	1,222,219	1,222,074	1,222,074	Financial instruments - firm commitment	12	49,950	53,385	49,950	53,385
Judicial deposits		119,509	16,471	119,617	15,467	Other liabilities		54,397	54,890	61,847	61,521
Other assets		18,915	18,882	36,222	26,901			<u>3,784,130</u>	<u>3,848,009</u>	<u>3,961,560</u>	<u>4,022,901</u>
		<u>2,824,428</u>	<u>2,854,706</u>	<u>2,847,762</u>	<u>2,873,445</u>	<b>Total liabilities</b>		<u>5,155,622</u>	<u>5,450,651</u>	<u>5,389,433</u>	<u>5,682,591</u>
<b>Investments</b>	13	643,198	638,100	219,582	218,695	<b>Equity</b>	19				
Property, plant and equipment	14	4,233,260	4,271,392	4,785,918	4,830,978	Share capital		5,637,299	5,637,299	5,637,299	5,637,299
Intangible assets	15	432,384	435,129	538,120	541,087	Retained earnings		4,774	4,774	4,774	4,774
		<u>8,133,270</u>	<u>8,199,327</u>	<u>8,391,382</u>	<u>8,464,205</u>	Accumulated profit (deficit)		63,836		63,836	
						Carrying value adjustments		15,868	(94,468)	15,868	(94,468)
						<b>Total equity attributable to owners of the</b>		<u>5,721,777</u>	<u>5,547,605</u>	<u>5,721,777</u>	<u>5,547,605</u>
						<b>Non-controlling interests</b>				<u>112,227</u>	<u>113,055</u>
						<b>Total equity</b>		<u>5,721,777</u>	<u>5,547,605</u>	<u>5,834,004</u>	<u>5,660,660</u>
<b>Total assets</b>		<u>10,877,399</u>	<u>10,998,256</u>	<u>11,223,437</u>	<u>11,343,251</u>	<b>Total liabilities and equity</b>		<u>10,877,399</u>	<u>10,998,256</u>	<u>11,223,437</u>	<u>11,343,251</u>

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

**Condensed consolidated interim statement of income**  
**Quarters ended March 31**  
**In thousands of Reais, unless otherwise stated**

	Note	Parent company		Consolidated	
		1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
Net revenue from products sold and services rendered	20	1,160,014	983,097	1,202,618	1,087,557
Cost of products sold and services rendered	21	(963,502)	(888,394)	(984,068)	(935,441)
<b>Gross profit</b>		<b>196,512</b>	<b>94,703</b>	<b>218,550</b>	<b>152,116</b>
<b>Operating income (expenses)</b>					
Selling	21	(9,705)	(6,144)	(10,080)	(6,200)
General and administrative	21	(42,740)	(38,433)	(44,282)	(40,062)
Other operating income, net	23	2,914	(131,153)	1,292	(131,141)
		(49,531)	(175,730)	(53,070)	(177,403)
<b>Operating profit before equity interest and finance result</b>		<b>146,981</b>	<b>(81,027)</b>	<b>165,480</b>	<b>(25,287)</b>
<b>Results from equity interest</b>					
Equity in the results	13	5,306	38,914	1,303	846
		5,306	38,914	1,303	846
<b>Finance income and costs</b>	24				
Finance income		58,465	39,504	59,724	46,759
Finance costs		(103,238)	(102,583)	(108,456)	(108,411)
Derivative financial instruments		120	(42)	120	(42)
Foreign exchange variations, net		(9,875)	119,777	(9,874)	120,402
		(54,528)	56,656	(58,486)	58,708
<b>Profit (loss) before income tax and social contribution</b>		<b>97,759</b>	<b>14,543</b>	<b>108,297</b>	<b>34,267</b>
<b>Income tax and social contribution</b>	17 (a)				
Current				(11,459)	(19,775)
Deferred		(33,131)	(187,746)	(33,038)	(187,695)
<b>Profit (loss) for the period</b>		<b>64,628</b>	<b>(173,203)</b>	<b>63,800</b>	<b>(173,203)</b>
Profit (loss) attributable to the owners of the Company		64,628	(173,203)	64,628	(173,203)
Loss attributable to non-controlling interest				(828)	
<b>Profit (loss) for the period</b>		<b>64,628</b>	<b>(173,203)</b>	<b>63,800</b>	<b>(173,203)</b>
Total number of shares - thousand		1,610,129	1,205,677	1,610,129	1,205,677
Basic and diluted earnings (loss) per share (in reais)		0.04	(0.14)	0.04	(0.14)

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

**Condensed consolidated interim statement of comprehensive income**  
**Quarters ended March 31**  
**In thousands of Reais, unless otherwise stated**

	Parent company		Consolidated	
	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
<b>Profit (loss) for the quarter</b>	64,628	(173,203)	63,800	(173,203)
<b>Other components of comprehensive income</b>				
<b>to be subsequently reclassified to the statement of income</b>				
Operating hedge accounting	110,336	(70,624)	110,336	(70,624)
Interest in other comprehensive income of investees		(807)		(807)
	110,336	(71,431)	110,336	(71,431)
<b>Total comprehensive income (loss) for the period</b>	<b>174,964</b>	<b>(244,634)</b>	<b>174,136</b>	<b>(244,634)</b>
<b>Comprehensive income (loss) attributable to the shareholders</b>				
Comprehensive income (loss) attributable to the owners of the parent			174,964	(244,634)
Comprehensive income (loss) attributable to non-controlling interests			(828)	
			<b>174,136</b>	<b>(244,634)</b>

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

**Condensed consolidated interim statement of changes in equity**  
**Quarters ended March 31**  
**In thousands of Reais, unless otherwise stated**

	Attributable to owners of the parent						Non-controlling interests	Total stockholders equity
	Share capital	Profit reserves		Accumulated profit (deficit)	Carrying value adjustments	Total		
		Legal	Retention					
<b>At January 1, 2017</b>	4,399,676			(513,509)	34,798	3,920,965		3,920,965
<b>Total comprehensive income for the period</b>								
Profit for the quarter				(173,203)		(173,203)		(173,203)
Other comprehensive income					(71,431)	(71,431)		(71,431)
				(173,203)	(71,431)	(244,634)		(244,634)
<b>At March 31, 2017</b>	4,399,676			(686,712)	(36,633)	3,676,331		3,676,331
<b>At January 1, 2018</b>	5,637,299	518	4,256		(94,468)	5,547,605	113,055	5,660,660
First-time adoption of IFRS 9				(792)		(792)		(792)
<b>At January 1, 2018, after impacts of IFRS 9 adoption</b>	5,637,299	518	4,256	(792)	(94,468)	5,546,813	113,055	5,659,868
<b>Total comprehensive income (loss) for the period</b>								
Profit for the period				64,628		64,628	(828)	63,800
Other comprehensive income					110,336	110,336		110,336
				64,628	110,336	174,964	(828)	174,136
<b>At March 31, 2018</b>	5,637,299	518	4,256	63,836	15,868	5,721,777	112,227	5,834,004

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



**Condensed consolidated interim statement of cash flows**  
**Quarters ended March 31**  
**In thousands of Reais, unless otherwise stated**

	Note	Parent company		Consolidated	
		1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
<b>Cash flow from operating activities</b>					
<b>Profit before income tax and social contribution</b>		97,759	14,543	108,297	34,267
Adjustments of items that do not represent changes in cash and cash equivalents					
Interest and monetary and foreign exchange variations		76,476	(11,829)	79,298	(20,963)
Equity in the results	13	(5,306)	(38,914)	(1,303)	(846)
Depreciation and amortization	14 and 15	66,870	76,666	74,692	86,023
Realization financial instruments – firm commitment	23	29,089	39,317	29,089	39,317
Recognition financial instruments – firm commitment	23	10,190	67,914	10,190	67,914
Recognition financial instruments – firm commitment	23	2,469	1,325	2,469	1,325
Realization financial instruments – firm commitment	23	(4,187)	19,087	(4,187)	19,087
Net gain (loss) on sale of property, plant and equipment	23	(427)	885	(427)	885
Reversal for asset impairment	23	(1,056)	(629)	(1,056)	(629)
Provisions	9, 10 and 18	(91,979)	(11,248)	(91,702)	(11,248)
		<u>179,898</u>	<u>157,117</u>	<u>205,360</u>	<u>215,132</u>
<b>Decrease (increase) in assets</b>					
Financial investments		81,929	48,338	75,691	10,764
Trade receivables		(35,039)	(39,640)	(23,801)	(38,668)
Inventory		(8,240)	7,948	(8,253)	18,752
Taxes recoverable		51,534	46,120	51,154	42,667
Other receivables		12,911	94,413	(2,757)	92,308
<b>Increase (decrease) in liabilities</b>					
Trade payables		15,303	29,473	32,178	33,495
Confirming payable		5,939	149	5,939	149
Salaries and social charges		(54,617)	(45,841)	(55,063)	(45,807)
Taxes payable		(7,787)	7,566	(7,839)	18,134
Use of public assets		(3,027)	(3,027)	(3,123)	(3,122)
Derivative financial instruments		(9,716)	4,290	(9,716)	4,290
Other liabilities		(38,622)	(139,435)	(37,076)	(150,308)
		<u>190,466</u>	<u>167,471</u>	<u>222,694</u>	<u>197,786</u>
<b>Cash provided by operating activities</b>		<u>190,466</u>	<u>167,471</u>	<u>222,694</u>	<u>197,786</u>
Interest paid		(15,380)	(19,348)	(20,913)	(22,601)
Income tax and social contribution				(23,213)	(13,983)
		<u>175,086</u>	<u>148,123</u>	<u>178,568</u>	<u>161,202</u>
<b>Net cash provided by operating activities</b>		<u>175,086</u>	<u>148,123</u>	<u>178,568</u>	<u>161,202</u>
<b>Cash flow from investment activities</b>					
Purchases of property, plant and equipment	14 and 15	(24,953)	(28,750)	(25,633)	(29,407)
Net cash provided by incorporated companies	13 (c)	(210)			
Proceeds from sale of property, plant and equipment and intangible assets		443	2,853	451	2,855
		<u>(24,720)</u>	<u>(25,897)</u>	<u>(25,182)</u>	<u>(26,552)</u>
<b>Net cash used in investment activities</b>		<u>(24,720)</u>	<u>(25,897)</u>	<u>(25,182)</u>	<u>(26,552)</u>
<b>Cash flow from financing activities</b>					
Repayment of borrowing	16 (c)	(42,544)	(34,181)	(45,844)	(46,845)
Related parties		(79,604)	(110,580)	(79,858)	(110,581)
		<u>(122,148)</u>	<u>(144,761)</u>	<u>(125,702)</u>	<u>(157,426)</u>
<b>Net cash used in financing activities</b>		<u>(122,148)</u>	<u>(144,761)</u>	<u>(125,702)</u>	<u>(157,426)</u>
Increase (decrease) in cash and cash equivalents		<u>28,218</u>	<u>(22,535)</u>	<u>27,684</u>	<u>(22,776)</u>
Cash and cash equivalents at the beginning of the period		<u>18,191</u>	<u>76,605</u>	<u>18,854</u>	<u>77,040</u>
Cash and cash equivalents at the end of the period		<u>46,409</u>	<u>54,070</u>	<u>46,538</u>	<u>54,264</u>

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

## Notes to the condensed consolidated interim financial statements at March 31, 2018 In thousands of Reais, unless otherwise stated

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### 1 General information

Companhia Brasileira de Alumínio (the “Company” or “CBA”) is a subsidiary of Votorantim S.A. (“VSA”), with its head office in São Paulo, State of São Paulo. It mainly extracts and processes bauxite ore in Brazil and produces and sells primary and semis aluminum products in the Brazilian and foreign markets, through a wide range of products, such as ingots, billets, rods, plates, coils, tiles, sheets and extruded products. The Company also, through Votorantim Energia, commercialize the surplus of electricity generation in the local market.

The bauxite that we process in our plant comes from two of our own mining units, located in Minas Gerais (Poços de Caldas Minas and Mirai), and is also acquired from a mine in Barro Alto (Goiás), which is managed and operated by an independent company.

The Company has its own hydroelectric power plants and participates in consortia, enabling it to reduce cost of the electrical power consumed during the aluminum production process.

### 2 Presentation of the parent company and consolidated financial statements

#### 2.1 Basis of presentation

##### (a) Interim parent company and consolidated condensed 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 is consistent with that used by Management.

The interim parent company and consolidated condensed financial statements as at March 31, 2018 do not contain all of the accompanying notes and disclosures required at the annual financial statements by the accounting standards, since their 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, 2017, approved on March 6, 2018 and publicly disclosed on April 6, 2018 on the Diário Oficial of the State of São Paulo.

The interim parent company and consolidated condensed financial statements were prepared in a manner consistent with the accounting policies disclosed in Note 2 to the financial statements as of December 31, 2017.

##### (a) Approval of the financial statements

The Board of Directors approved these consolidated interim financial statements for issue on April 29, 2018.

**Notes to the condensed consolidated interim financial statements  
at March 31, 2018  
In thousands of Reais, unless otherwise stated**

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**3 Change in accounting policies and disclosures****(a) Change of applicable standards beginning on January 1, 2018**

The changes in the accounting policies and disclosures for the three-month period ended March 31, 2018 are:

**CPC 48/IFRS 9 - "Financial instruments: Recognition and measurement"****Main aspects introduced by the standard**

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments, replacing IAS 39 - Financial Instruments: Recognition and Measurement. This new standard brings together the three aspects of accounting for financial instruments, as well as the classification and recognition of financial assets and liabilities.

IFRS 9 – “Financial Instruments” replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project, which are classification and measurement, impairment, and hedge accounting.

IFRS 9 became effective from January 1, 2018 and the Company has applied it accordingly, except for hedge relationships designated as hedge accounting, for which the Company elected to continue following the principles of IAS 39 and for which it expects to adopt IFRS 9 later in 2018.

The comparative periods have not been restated as the financial information for 2017 is not comparable to the information presented in 2018 under IFRS 9.

**Impacts of adoption**

The Company has assessed the changes introduced by IFRS 9 and the nature and effects of the key changes to the Company’s accounting policies resulting from the adoption are summarized below.

**Classification and measurement**

IFRS 9 has changed the categories for classification of financial assets, eliminating the categories held-to-maturity, loans and receivables and available-for-sale. The Company’s financial assets will be classified in one of the following categories: measured at amortized cost, measured at fair value through other comprehensive income or, measured at fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

**Impairment**

IFRS 9 replaced the incurred loss model in IAS 39 and requires impairment of financial assets to be determined using an expected credit loss model. The new impairment model applies to financial assets at amortized costs, including trade accounts receivable, contract assets and debt investments.

The most significant impact for the Company is related to impairment of trade accounts receivable, which is measured at amortized cost. The Company elected to apply the simplified approach set forth in IFRS 9 and recognized impairment losses for trade accounts receivable based on lifetime expected losses and using a loss provision matrix.

**Notes to the condensed consolidated interim financial statements  
at March 31, 2018  
In thousands of Reais, unless otherwise stated**

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At January 1, 2018 impairment losses recognized by the Company under IFRS 9 amounted to US\$ 2,540, which is US\$ 394 higher than the amount recognized under the IAS 39 model. The impact was reflected in the Company's shareholders' equity, as determined by CPC 23.

**CPC 47/IFRS 15 – “Revenue from contracts with customers”****Main impacts introduced by the standard**

In May 2014, the IASB issued IFRS 15, which replaces IAS 11 - (CPC 17) - Construction contracts, and IAS 18 - (CPC 30) - Revenues and the corresponding interpretations. IFRS 15 presents the five-step model for customer contract revenue recognition. The new standard is based on the principle that revenue is recognized when the company transfers the benefits, risks and control of the goods and or services to the customer

IFRS 15 – “Revenue from Contracts” with costumers establishes a comprehensive framework for determining the amount and timing when revenue is recognized. It replaced the guidance contained in IAS 18 – “Revenue” which the Company followed until December 31, 2017.

The five-step model states that an entity shall recognize revenue when the transfer of goods or services is promised to customers at a value that reflects the consideration that the entity expects to be entitled to in exchange for those goods or services.

IFRS 15 became effective from January 1, 2018 and the Company has applied it retrospectively.

Adoption of IFRS 15 by the Company has not resulted in any material changes in timing or amount of revenue recognition under IFRS 15 model as compared to revenue that would be reported under IAS 18 - “Revenue”. Therefore, impacts of the adoption of IFRS 15 on the Company’s Balance Sheet, Statement of Income and Statement of Cash Flows were not material.

**Impacts of adoption**

The Company has assessed the changes introduced by IFRS 15 and the nature and effects of the key changes to the Company’s accounting policies resulting from the adoption are summarized below.

**Identification of performance obligations and timing of satisfaction of performance obligations**

The Company has identified two distinct performance obligations included in certain sales contracts, being i) the promise to provide goods to its customers, and ii) the promise to provide freight services to its customers.

Promise to provide goods – this performance obligation is satisfied when the control of such goods is transferred to the final customer.

Promise to provide freight service – this performance obligation is satisfied when the freight service contracted to customers is completed.

To determine whether performance obligations are satisfied at any given time, the Company considered: if it has a present right to pay the asset; if the client has the legal title of the asset; if the Company transferred the physical ownership of the asset; and whether the client has the significant risks and rewards of asset ownership.

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The Company concluded that since the revenue associated with the promise to provide freight service is not material compared to the total value of the contract and that many of the contracts would be concluded within the financial reporting period, dealing with the transfer of goods and provision of freight services as separate performance obligations has no material impact on the Company's consolidated interim financial statements or in the future.

**Determining the transaction price and the amounts allocated to performance obligations**

The Company has considered the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to its customers. The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The impact on the recognition of revenue related to these sales was not material under IFRS 15.

**4 Critical accounting estimates and judgments**

In the first quarter of 2018, there have been no changes in estimates and assumptions that present a significant risk, with probability of causing a material adjustment to the carrying amounts of assets and liabilities for the current fiscal year, compared to those detailed in Note 4 to the latest annual financial statements.

**5 Financial risk management**

**5.1 Foreign Exchange risk**

	Parent company		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Assets in foreign currency				
Cash and cash equivalents	45,422	14,971	45,422	14,971
Derivative financial instruments	34,167	19,713	34,167	19,713
Trade receivables	57,892	49,585	57,892	49,585
	<u>137,481</u>	<u>84,269</u>	<u>137,481</u>	<u>84,269</u>
Liabilities in foreign currency				
Borrowing (i)	2,184,169	2,148,028	2,186,292	2,151,041
Derivative financial instruments	13,459	175,989	13,459	175,989
Trade payables	136,082	101,609	136,082	101,609
	<u>2,333,710</u>	<u>2,425,626</u>	<u>2,335,833</u>	<u>2,428,639</u>
Net exposure	<u>(2,196,229)</u>	<u>(2,341,357)</u>	<u>(2,198,352)</u>	<u>(2,344,370)</u>

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

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**5.2 Liquidity risk**

The table below presents the Company's non-derivative financial liabilities and the main derivative financial assets and liabilities to be settled by the Company by maturity (the remaining period from the balance sheet up to the contractual maturity date). Derivative financial liabilities are included if their contractual maturities are essential to understanding the timing of cash flows. The amounts disclosed in the table represent the undiscounted cash flows, which include interest to be incurred, and, accordingly, do not reconcile directly with the amounts in the balance sheet for borrowing and the Use of Public Assets.

						Consolidated	
	Up to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total	
At March 31, 2018							
Borrowing	349,445	507,765	1,123,565	1,502,488		3,483,263	
Derivative financial instruments	13,459					13,459	
Trade payables	454,841					454,841	
Confirming payable	44,372					44,372	
Related parties	223,368	259,809				483,177	
Use of public assets	42,692	93,288	105,148	322,944	844,045	1,408,117	
Dividends payable	12,797					12,797	
	<u>1,140,974</u>	<u>860,862</u>	<u>1,228,713</u>	<u>1,825,432</u>	<u>844,045</u>	<u>5,900,026</u>	
At December 31, 2017							
Borrowing	369,948	524,262	1,134,105	1,502,850		3,531,165	
Derivative financial instruments	175,989					175,989	
Trade payables	422,663					422,663	
Confirming payable	38,433					38,433	
Related parties	261,575	313,874				575,449	
Use of public assets	42,103	91,907	103,593	318,284	863,145	1,419,032	
Dividends payable	12,796					12,796	
	<u>1,323,507</u>	<u>930,043</u>	<u>1,237,698</u>	<u>1,821,134</u>	<u>863,145</u>	<u>6,175,527</u>	

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**5.3 Derivative financial instruments**

**(a) Effects of the derivative financial instruments in the balance sheet**

The table below summarizes the derivative financial instruments and the object protected by them:

Program	Principal amount		Unit	Purchase/ Sale	Average rate/FWD	Average period (days)	Average contracts period (days)	Parent company and consolidated			
	3/31/2018	12/31/2017						Current assets	Current liabilities	Total (net between assets and liabilities)	Total (net between assets and liabilities)
<b>Hedging for mismatches of quotation periods</b>											
Aluminum forward	1,000	6,850	Metric ton	P/S		1	61	300		300	(219)
								300		300	(219)
<b>Hedging for the operating margin of metals</b>											
Aluminum forward	14,865	18,970	Metric ton	S	1.971.38 US\$/ton	1	320	445	(5,639)	(5,194)	(21,860)
US dollar forward	29,305	32,674	USD	S	3,33 R\$/US\$	1	317	1,666	(107)	1,559	8,937
								2,111	(5,746)	(3,635)	(12,923)
<b>Hedging for debts</b>											
TJLP vs. CDI floating rate swaps	28,000	28,000	BRL mil		97%	107	700	943		943	1,035
								943		943	1,035
								3,354	(5,746)	(2,392)	(12,107)

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The table below summarizes the hedge accounting:

Program	Principal amount							Parent company and consolidated					
	3/31/2018		12/31/2017		Unit	Purchase/ Sale	Average rate/FWD	Average period (days)	Average contracts period (days)	Fair value		3/31/2018	12/31/2017
	Current assets	Current liabilities	Total (net between assets and liabilities)	Total (net between assets and liabilities)									
<i>Hedge accounting - cash flow hedge</i>													
<i>Protection of Metal's operational result</i>													
Aluminum forward	123,950	165,175	Metric ton	S	2.040 US\$/ton	153	405	18,299	(6,421)	11,878	(143,204)		
US dollar forward	252,850	333,501	USD	S	3,38 R\$/US\$	155	406	13,457	(1,292)	12,165	70		
								31,756	(7,713)	24,043	(143,134)		



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**(b) Maturity profile**

Programs	Parent company and consolidated		
	2018	Fair value per maturity	
		2019	Total
<b>Hedging for mismatches of quotation period</b>			
Aluminum forward	300		300
	300		300
<b>Hedging for the operating margin of metals</b>			
Aluminum forward	(5,194)		(5,194)
US dollar forward	1,559		1,559
	(3,635)		(3,635)
<b>Hedging for debts</b>			
TJLP vs. CDI floating rate swaps	943		943
	943		943
	(2,392)		(2,392)
<b>Hedge accounting - cash flow hedge</b>			
Aluminum forward	9,014	2,864	11,878
US dollar forward	11,352	813	12,165
	20,366	3,677	24,043
	17,974	3,677	21,651

**(c) Effect of derivative financial instruments on financial results and cash flow**

Program	Unit	1/1/2018 to 31/3/2018				Parent company and consolidated 1/1/2017 to 31/3/2017			
		Principal amount	Fair value adjustment	Realized gain (loss)	Total	Principal amount	Fair value adjustment	Realized gain (loss)	Total
<b>Hedging for mismatches of quotation period</b>									
Aluminum forward	Metric ton	1,000	519	(247)	272	6,400	(977)	(143)	(1,120)
			519	(247)	272		(977)	(143)	(1,120)
<b>Hedging for the operating margin of metals</b>									
Aluminum forward	Metric ton	14,865	16,666	(43,003)	(26,337)	18,750	(12,125)		(12,125)
US dollar forward	USD	29,305	(7,378)	15,735	8,357	31,216	6,761		6,761
			9,288	(27,268)	(17,980)		(5,364)		(5,364)
<b>Hedging for debts</b>									
Fixed rate in reais vs. CDI floating rate swaps	BRL			212	120	100,000	822	(872)	(50)
TJLP vs. CDI floating rate swaps	BRL	28,000	(92)	212	120	28,000	7		7
			(92)	212	120		829	(872)	(43)
			9,715	(27,303)	(17,588)		(5,512)	(1,015)	(6,527)

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**5.3.1 Sensitivity analysis**

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

The scenarios at March 31, 2018, are described below:

**Scenario I** - is based on the market forward curves and quotations at December 31, 2016, and represents a probable scenario in Management's opinion as at June 30, 2018.

**Scenario II** - considers a stress factor of + / - 25% applied to the market forward curves and quotations as at March 31, 2018.

**Scenario III** - considers a stress factor of + / - 50% applied to the market forward curves and quotations as at March 31, 2018.

Risk factors	Cash and cash equivalents	Borrowing	Derivative financial instruments	Unit	Impact on curves for 3/31/2018	Parent company and consolidated									
						Impacts on profit (loss)					Impacts on comprehensive income (loss)				
						Scenario I		Scenarios II & III			Scenario I		Scenarios II & III		
					Results of Scenario I	-25%	-50%	+25%	+50%	Results of Scenario I	-25%	-50%	+25%	+50%	
Foreign exchange rate															
USD	45,422	2,177,269	282,155	USD	-3.72%	79,586	534,186	1,068,371	(534,186)	(1,068,371)	30,166	202,473	404,947	(202,473)	(404,947)
Interest rate															
BRL - CDI	913,698	152,202	965,826	BRL	-25 bps	(1,882)	(12,169)	(24,337)	12,169	24,337	750	4,725	9,564	(4,617)	(9,130)
USD - LIBOR			279,211	USD	-21 bps						613	1,852	3,717	(1,840)	(3,669)
US dollar coupon			282,155	USD	57 bps						1,783	(4,068)	(8,183)	4,022	7,999
Price - commodities															
Aluminum			139,815	ton	5.41%						(44,359)	205,057	410,113	(205,057)	(410,113)
Firm commitment - Electric energy															
Purchase and sale contract			142,844	BRL			822	1,648	(818)	(1,632)					

The balances presented do not reconcile with the accompanying notes, since the analysis carried out contemplates only the most significant currencies.

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6 Credit quality of financial assets

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

	Parent company						Consolidated					
	3/31/2018			12/31/2017			3/31/2018			12/31/2017		
	Local rating	Global rating	Total	Local rating	Global rating	Total	Local rating	Global rating	Total	Local rating	Global rating	Total
Cash and cash equivalents												
AA+	910		910	3,098		3,098	1,034		1,034	3,701		3,701
AA-				45		45				100		100
A+	3		3	4		4	3		3	4		4
No rating (i)	74	45,422	45,496	73	14,971	15,044	79	45,422	45,501	78	14,971	15,049
	987	45,422	46,409	3,220	14,971	18,191	1,116	45,422	46,538	3,883	14,971	18,854
Financial investments												
AA+				7,198		7,198	38,248		38,248	45,955		45,955
AA-	808,157		808,157	860,006		860,006	829,446		829,446	873,556		873,556
No rating (ii)	46,026		46,026	55,208		55,208	46,026		46,026	55,208		55,208
	854,183		854,183	922,412		922,412	913,720		913,720	974,719		974,719
Derivative financial instruments												
AA+	7,663		7,663	6,900		6,900	7,663		7,663	6,900		6,900
AA-	8,403	5,121	13,524	13,729	19	13,748	8,403	5,121	13,524	13,729	19	13,748
A+		9,464	9,464		98	98		9,464	9,464		98	98
A		4,459	4,459		2	2		4,459	4,459		2	2
	16,066	19,044	35,110	20,629	119	20,748	16,066	19,044	35,110	20,629	119	20,748
	871,236	64,466	935,702	946,261	15,090	961,351	930,902	64,466	995,368	999,231	15,090	1,014,321

The local and global ratings were obtained from 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 amounts invested in an overseas bank that has no rating with rating agencies.
- (ii) Refers mainly to the Credit Right Investments Fund ("FIDC") exclusive of the Votorantim Group that has no rating with rating agencies.

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**7 Cash and cash equivalents**

	Parent company		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Local currency				
Cash and banks	987	3,220	1,116	3,883
	987	3,220	1,116	3,883
Foreign currency				
Cash and banks	45,422	14,971	45,422	14,971
	46,409	18,191	46,538	18,854

Cash and cash equivalents in local currency comprise current account deposits with banks and government securities (overnight operations) or financial institutions, indexed to the interbank deposit rate. Cash equivalents in foreign currency are composed mainly of fixed-income financial instruments in local currency (time deposits).

**8 Financial investments**

	Parent company		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Held for trading				
Investment fund quotas (i)	56,103	150,671	94,658	182,800
Repurchase agreements - Federal securities	102,529	54,374	102,529	54,374
Repurchase agreements - Private securities		93,246		93,246
Bank Deposit Certificate ("CDB")	109,520	634	130,502	14,924
Credit Rights Investment Fund ("FIDC")	45,962	55,144	45,962	55,144
Financial Treasury Bills ("LFT")	540,005	568,279	540,005	574,167
Others	64	64	64	64
	854,183	922,412	913,720	974,719
Current	854,119	922,348	913,656	968,767
Non-current	64	64	64	5,952
	854,183	922,412	913,720	974,719

(i) The Company has investment fund quotas in an exclusive fund of Votorantim Group:

	Parent company		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Financial investments				
Repurchase agreements - Federal securities	52,805	142,958	89,095	173,466
Financial Treasury Bills ("LFT")	3,298	1,150	5,531	1,393
Repurchase agreements		6,563	4	7,941
Bank Deposit Certificate ("CDB")			28	
	56,103	150,671	94,658	182,800

**9 Trade receivables**

	Parent company		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Domestic	282,026	241,531	262,718	224,104
Foreign	57,778	49,473	57,778	49,473
Related parties (Note 12)	111,236	125,789	122,399	145,517
	451,040	416,793	442,895	419,094
Impairment of trade receivables	(33,529)	(35,376)	(33,529)	(35,376)
	417,511	381,417	409,366	383,718

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**10 Inventory**

	Parent company		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Finished products	195,884	198,596	202,398	204,846
Semi-finished products	324,511	341,060	324,835	341,515
Raw materials	32,823	26,116	46,361	39,779
Auxiliary and consumption materials	77,321	88,752	77,645	89,074
Imports in transit (i)	73,131	38,769	73,131	38,769
Other	4,347	6,484	4,391	6,525
Provision for losses (ii)	(66,859)	(60,922)	(66,859)	(60,922)
	<u>641,158</u>	<u>638,855</u>	<u>661,902</u>	<u>659,586</u>

The Company had no inventory pledged as collateral for any of its liabilities

- (i) The variation of imports in progress is substantially due to the purchase of imported ingot for both ingot purchase and sale operations and for the Company's internal use.
- (ii) Provision for losses is mainly related to the obsolescence of inventory and to the slow-moving materials.

**11 Taxes recoverable**

**Breakdown**

	Parent company		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Income tax and social contribution	328,816	395,408	331,928	395,516
Value-added Tax on Sales and Services (ICMS)	390,497	380,317	392,280	381,528
Social Contribution on Revenue (COFINS)	149,429	144,080	149,660	144,952
Social Integration Program (PIS)	31,745	31,373	31,795	31,562
ICMS on property, plant and equipment	16,435	17,792	16,435	17,792
Others	26,486	25,972	26,877	28,779
	<u>943,408</u>	<u>994,942</u>	<u>948,975</u>	<u>1,000,129</u>
Current	378,648	428,568	384,167	433,698
Non-current	564,760	566,374	564,808	566,431
	<u>943,408</u>	<u>994,942</u>	<u>948,975</u>	<u>1,000,129</u>

## Notes to the condensed consolidated interim financial statements at March 31, 2018 In thousands of Reais, unless otherwise stated

### 12 Related parties

#### (a) Parent company

	Statement of operations																		
	Trade receivables		Dividends receivable		Current and non-current assets		Trade payables		Current and non-current liabilities		Dividends payable		Sales		Purchase		Finance income and costs		
	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	
<b>Parent company</b>																			
Votorantim S.A. (i)	3,678	4,331			357,859	357,859	1,533	1,371	75,090	75,090	12,717	12,717							
<b>Subsidiaries</b>																			
BAESA - Energética Barra Grande S.A.			66	66			7,603	11,378	152	152			1,794	1,469					
ENERCAN - Campos Novos Energia S.A.							23,677	25,197					8,540	30,751					
Metalex Ltda.	14,689	7,049																	
<b>Associates</b>																			
Alunorte - Alumina do Norte S.A.	8,010		416												7,922				
Mineração Rio do Norte S.A.			5,311	5,311															
Valepar - Votorantim Comercializadora de Energia Ltda. (ii)	83,172	111,874			192,794	233,790	77,832	76,334	403,881	484,563			248,074	242,609	265,797	279,200	(22,656)	(22,656)	
Votorantim Cimentos S.A.	327	813			122,813	122,813			3	3									
Votorantim Energia Ltda.					1,499	1,499								74					
Votorantim Fincos GmbH																			(4,542)
Votorantim Geração de Energia S.A. (iii)					738,500	738,500													
Votorantim GmbH	114	112																	(810)
Nexa Recursos S.A.																			
Nexa Recursos Minerais S.A.	500	684					493	576	5	5					10,649	51,072			
Others	746	926			1,548	1,548	121	1,501	4,517	3,439	79	79			364				
	<u>111,236</u>	<u>125,789</u>	<u>5,793</u>	<u>5,377</u>	<u>1,415,013</u>	<u>1,456,009</u>	<u>111,259</u>	<u>116,357</u>	<u>483,648</u>	<u>563,252</u>	<u>12,796</u>	<u>12,796</u>	<u>258,408</u>	<u>274,903</u>	<u>284,732</u>	<u>330,272</u>	<u>(22,656)</u>	<u>(28,008)</u>	
Current	111,236	125,789	5,793	5,377	115,653	114,885	111,259	116,357	223,839	249,378	12,796	12,796							
Non-current	111,236	125,789	5,793	5,377	1,299,360	1,341,124			259,809	313,874									

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**(b) Consolidated**

	Statement of operations																		
	Trade receivables		Dividends receivable		Current and non-current assets		Trade payables		Current and non-current liabilities		Dividends payable		Sales		Purchase		Finance income and costs		
	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	
<b>Parent company</b>																			
Votorantim S.A. (i)	3,678	4,331			357,859	357,859	1,533	1,371	75,090	75,090	12,718	12,717							
<b>Associates</b>																			
Alunorte - Alumina do Norte S.A.	8,010		416																
Minação Rio do Norte S.A.			5,311	5,311															
Votener - Votorantim Comercializadora de Energia Ltda. (ii)	83,172	111,874			192,794	233,790	77,832	76,334	403,881	484,563			248,074	242,609	265,797	279,200	(22,656)	(22,656)	
Votorantim Cimentos S.A.	327	813			122,813	122,813			3	3									
Votorantim Energia Ltda.					1,499	1,499								74					
Votorantim Fincos GmbH																			(4,542)
Votorantim Geração de Energia S.A. (iii)					738,500	738,500													(810)
Nexa Recursos S.A.																			
Votorantim GmbH	114	112																	
Nexa Recursos Minerais S.A.	25,768	26,877					493	576	5	5					10,649	51,072			
Others	1,330	1,510	1		1,403	1,403	121	1,502	4,198	3,374	79	79							
	<u>122,399</u>	<u>145,517</u>	<u>5,728</u>	<u>5,311</u>	<u>1,414,868</u>	<u>1,455,864</u>	<u>79,979</u>	<u>79,783</u>	<u>483,177</u>	<u>563,035</u>	<u>12,797</u>	<u>12,796</u>	<u>248,074</u>	<u>242,683</u>	<u>276,446</u>	<u>330,272</u>	<u>(22,656)</u>	<u>(28,008)</u>	
Current	122,399	145,517	5,728	5,311	1,414,868	1,455,864	79,979	79,783	483,177	563,035	12,797	12,796	248,074	242,683	276,446	330,272	(22,656)	(28,008)	
Non-current					1,299,215	1,340,979			259,809	313,874									
	<u>122,399</u>	<u>145,517</u>	<u>5,728</u>	<u>5,311</u>	<u>1,414,868</u>	<u>1,455,864</u>	<u>79,979</u>	<u>79,783</u>	<u>483,177</u>	<u>563,035</u>	<u>12,797</u>	<u>12,796</u>							

- (i) Refers to the balance arising from the merger of VMSA, substantially related to the accounts receivable originated from the sale of deferred tax on tax losses. It was used as payment to the Tax Recovery Program (“REFIS”) by related parties.
- (ii) Current and non-current assets refers to the financial instrument - firm commitment to the sale of surplus energy. Current and non-current liabilities refers to prepayments of receipts, in 2014 and 2015, of the rights to the electric power commercialization contract in the free market. Purchases and sales refers to the commercialization of third party energy in the free market environment, where Votener acts as the final marketer both in the free market environment and in the regulated market. Financial expenses refers to interest to be appropriated from the sales credit assignment operation of energy until December 2019, and interest is recognized pro rata to income during the term of the agreement.
- (iii) Refers to the sale of the preferred shares in relation to the investee Pollarix S.A., in the percentage of 66.67%, amounting to R\$ 420,000 and sale of the preferred shares of the investee CBA Energia Participações S.A., in the percentage of 43.33%, amounting to R\$ 318,500.

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**(c) Guarantees over Company's indebtedness, granted by related parties**

<b>Instrument</b>	<b>Guarantor</b>	<b>3/31/2018</b>	<b>12/31/2017</b>
BNDES	Hejoassu S.A./VSA	372,305	408,923
Development promotion agency BRL	VSA (100%)	40,761	42,350
Eurobonds - USD (Voto 21)	VSA (100%) e VCSA (50%)	824,100	806,781
Eurobonds - USD (Voto 24)	VSA (100%)	1,347,589	1,325,470
		<u>2,584,755</u>	<u>2,583,523</u>

**(d) Guarantees over related parties' indebtedness granted by the Company**

<b>Instrument</b>	<b>Debtor</b>	<b>Guarantor</b>	<b>Percentage guaranteed by the Company</b>	<b>3/31/2018</b>		<b>12/31/2017</b>	
				<b>Debt</b>	<b>Amount guaranteed</b>	<b>Debt</b>	<b>Amount guaranteed</b>
Eurobonds - USD (Voto 19)	VSA	VSA (100%), VCSA (50%) e CBA (50%)	50%	<u>687,221</u>	<u>343,611</u>	<u>695,272</u>	<u>347,636</u>





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**(b) Changes in investments**

	Parent company		Consolidated	
	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
At the beginning of the period	638,100	1,091,795	218,695	257,176
Equity in the results	5,306	38,914	1,303	846
Increase capital	210			
Dividends received and receivable	(418)	(5,537)	(416)	(5,537)
Others		(22)		(22)
At the end of the period	<u>643,198</u>	<u>1,125,150</u>	<u>219,582</u>	<u>252,463</u>

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**14 Property, plant and equipment**

**(a) Breakdown and changes**

									Parent company	
									1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
	Land and improvements	Buildings and constructions	Machinery, equipment and facilities	Vehicles	Furniture and fittings	Construction in progress	ARO (i)	Other	Total	Total
At the beginning of the period										
Cost	98,480	2,449,228	5,716,429	106,379	25,374	366,319	135,395	326,648	9,224,252	9,208,587
Accumulated depreciation	(1,781)	(871,309)	(3,608,064)	(100,182)	(16,006)		(74,425)	(281,093)	(4,952,860)	(4,788,233)
Net balance	96,699	1,577,919	2,108,365	6,197	9,368	366,319	60,970	45,555	4,271,392	4,420,354
Purchases		2	1,527			23,424			24,953	28,750
Disposals			(8)		(8)				(16)	(3,738)
Depreciation		(12,254)	(47,835)	(683)	(526)		(2,013)	(61)	(63,372)	(73,056)
Reversal for impairment of fixed assets		148	869	2	7	43		1	1,070	627
Transfers	6,279	(207)	1,018	51	442	(1,927)		(6,423)	(767)	(1,176)
At the end of the period	102,978	1,565,608	2,063,936	5,567	9,283	387,859	58,957	39,072	4,233,260	4,371,761
Cost	104,759	2,447,666	5,740,449	106,107	29,178	387,859	135,395	316,922	9,268,335	9,230,113
Accumulated depreciation	(1,781)	(882,058)	(3,676,513)	(100,540)	(19,895)		(76,438)	(277,850)	(5,035,075)	(4,858,352)
Net balance at the end of the period	102,978	1,565,608	2,063,936	5,567	9,283	387,859	58,957	39,072	4,233,260	4,371,761
Annual average depreciation rate - %		2	4	18	10		6	1		

									Consolidated	
									1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
	Land and improvements	Buildings and constructions	Machinery, equipment and facilities	Vehicles	Furniture and fittings	Construction in progress	ARO (i)	Other	Total	Total
At the beginning of the period										
Cost	112,737	2,934,356	6,026,737	106,430	25,707	368,120	135,395	326,648	10,036,130	10,135,575
Accumulated depreciation	(2,437)	(1,017,755)	(3,712,997)	(100,197)	(16,248)		(74,425)	(281,093)	(5,205,152)	(5,065,764)
Net balance	110,300	1,916,601	2,313,740	6,233	9,459	368,120	60,970	45,555	4,830,978	5,069,811
Purchases		2	1,557		1	24,073			25,633	29,403
Disposals			(8)		(8)	(8)			(24)	(3,740)
Depreciation	(72)	(16,759)	(50,852)	(684)	(530)		(2,013)	(61)	(70,971)	(82,107)
Reversal for impairment of fixed assets		148	869	2	7	43		1	1,070	627
Transfers	4,510	1,562	2,376	50	444	(3,287)		(6,423)	(768)	(1,177)
At the end of the period	114,738	1,901,554	2,267,682	5,601	9,373	388,941	58,957	39,072	4,785,918	5,012,817
Cost	119,016	2,932,187	6,032,881	106,158	29,513	388,941	135,395	316,922	10,061,013	10,157,704
Accumulated depreciation	(4,278)	(1,030,633)	(3,765,199)	(100,557)	(20,140)		(76,438)	(277,850)	(5,275,095)	(5,144,887)
Net balance at the end of the period	114,738	1,901,554	2,267,682	5,601	9,373	388,941	58,957	39,072	4,785,918	5,012,817
Annual average depreciation rate - %		2	4	18	10		6	1		

**(i) Asset Retirement Obligation**

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**15 Intangible assets**

**(a) Breakdown and changes**

						1/1/2018 to 3/31/2018	Parent company 1/1/2017 to 3/31/2017
	Goodwill	Rights over natural resources	Software	Use of public assets	Other	Total	Total
At the beginning of the period							
Cost	79,722	172,486	25,253	281,829	9,536	568,826	639,493
Accumulated amortization		(36,953)	(17,312)	(77,533)	(1,899)	(133,697)	(163,027)
Net balance	79,722	135,533	7,941	204,296	7,637	435,129	476,466
Amortization and depletion		(10)	(786)	(2,700)	(2)	(3,498)	(3,610)
Provision for impairment of fixed assets			(14)			(14)	2
Transfers			769		(2)	767	1,176
At the end of the period	79,722	135,523	7,910	201,596	7,633	432,384	474,034
Cost	79,722	172,486	26,007	281,829	9,534	569,578	640,518
Accumulated amortization		(36,963)	(18,097)	(80,233)	(1,901)	(137,194)	(166,484)
Net balance at the end of the period	79,722	135,523	7,910	201,596	7,633	432,384	474,034
Annual average amortization rate - %		1	20	3	1		

						1/1/2018 to 3/31/2018	Consolidated 1/1/2017 to 3/31/2017
	Goodwill	Rights over natural resources	Software	Use of public assets	Other	Total	Total
At the beginning of the period							
Cost	166,265	172,485	25,486	303,774	38,714	706,724	811,161
Accumulated amortization		(36,953)	(17,535)	(83,519)	(27,630)	(165,637)	(197,019)
Net balance	166,265	135,532	7,951	220,255	11,084	541,087	614,142
Addition							4
Amortization and depletion		(10)	(788)	(2,919)	(4)	(3,721)	(3,916)
Provision for impairment of fixed assets			(14)			(14)	2
Transfers		1	769		(2)	768	1,177
At the end of the period	166,265	135,523	7,918	217,336	11,078	538,120	611,409
Cost	166,265	172,486	26,240	303,774	38,691	707,456	812,345
Accumulated amortization		(36,963)	(18,322)	(86,438)	(27,613)	(169,336)	(200,936)
Net balance at the end of the period	166,265	135,523	7,918	217,336	11,078	538,120	611,409
Annual average amortization rate - %		1	20	3	1		

**Companhia Brasileira de Alumínio**  
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**16 Borrowings**

**(a) Breakdown and fair value**

Categories	Annual average charges (i)	Current		Non-current		Total		Parent company	
		3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	Fair value 12/31/2017
<b>Local currency</b>									
BNDES	TJLP + 2,42% / 5,65% Pré BRL / SELIC + 2,90%	135,294	145,763	266,674	289,172	401,968	434,935	398,398	417,221
FINAME	4,77% Pré BRL	1,019	1,312	4,248	5,155	5,267	6,467	4,860	5,828
Development promotion	10,0% Pré BRL / TJLP + 1,07%	14,092	14,098	55,069	58,450	69,161	72,548	70,767	71,359
Other				598	598	598	598	598	598
		<u>150,405</u>	<u>161,173</u>	<u>326,589</u>	<u>353,375</u>	<u>476,994</u>	<u>514,548</u>	<u>474,623</u>	<u>495,006</u>
<b>Foreign currency</b>									
BNDES	UMBNDDES + 2,45%	8,820	11,170	3,660	4,607	12,480	15,777	12,706	16,305
Eurobonds - USD	5,52% Pré USD	42,807	13,482	2,119,859	2,109,385	2,162,666	2,122,867	2,226,830	2,213,727
		<u>51,627</u>	<u>24,652</u>	<u>2,123,519</u>	<u>2,113,992</u>	<u>2,175,146</u>	<u>2,138,644</u>	<u>2,239,536</u>	<u>2,230,032</u>
		<u>202,032</u>	<u>185,825</u>	<u>2,450,108</u>	<u>2,467,367</u>	<u>2,652,140</u>	<u>2,653,192</u>	<u>2,714,159</u>	<u>2,725,038</u>
Interest on borrowing		46,505	17,318						
Current portion of long-term borrowing		155,527	168,507						
		<u>202,032</u>	<u>185,825</u>						

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Categories	Annual average charges (i)	Current		Non-current		Total		Consolidated	
		3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017
<b>Local currency</b>									
BNDES	5,65% Pré BRL / TJLP + 2,43% / SELIC + 2,90%	139,338	152,222	266,674	289,172	406,012	441,394	402,474	423,739
FINAME	4,77% Pré BRL	1,019	1,312	4,248	5,155	5,267	6,467	4,860	5,828
Debentures	107,75% CDI	30,738	33,318	121,531	121,502	152,269	154,820	154,638	155,224
Development promotion agency	10,0% Pré BRL / TJLP + 1,07%	14,092	14,098	55,069	58,450	69,161	72,548	70,767	71,359
Other				598	598	598	598	598	598
		<u>185,187</u>	<u>200,950</u>	<u>448,120</u>	<u>474,877</u>	<u>633,307</u>	<u>675,827</u>	<u>633,337</u>	<u>656,748</u>
<b>Foreign currency</b>									
BNDES	UMBNDDES + 2,55%	10,945	14,184	3,660	4,607	14,605	18,791	14,848	19,338
Eurobonds - USD	5,52% Pré USD	42,806	13,482	2,119,858	2,109,385	2,162,664	2,122,867	2,226,830	2,213,727
		<u>53,751</u>	<u>27,666</u>	<u>2,123,518</u>	<u>2,113,992</u>	<u>2,177,269</u>	<u>2,141,658</u>	<u>2,241,678</u>	<u>2,233,065</u>
		<u>238,938</u>	<u>228,616</u>	<u>2,571,638</u>	<u>2,588,869</u>	<u>2,810,576</u>	<u>2,817,485</u>	<u>2,875,015</u>	<u>2,889,813</u>
Interest on borrowing		46,939	20,345						
Current portion of long-term borrowing		<u>191,999</u>	<u>208,271</u>						
		<u>238,938</u>	<u>228,616</u>						

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

**BNDES** Brazilian Economic and Social Development Bank.

**BRL** Brazilian currency (Real).

**CDI** Interbank Deposit Certificate.

**FINAME** Financing of new machinery and equipment manufactured in Brazil through subsidized rates.

**SELIC** Special System for Clearance and Custody.

**TJLP** Long-term interest rate set by the National Monetary Council. The TJLP is the BNDES basic cost of financing.

**UMBNDDES** Monetary unit of the BNDES reflecting the weighted basket of currencies of foreign currency debt obligations. At March 31, 2018, 99 % of the basket comprised US Dollars.

**USD** US Dollar.



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**(c) Changes**

	Parent company		Consolidated	
	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
At the beginning of the period	2,653,192	2,820,301	2,817,485	2,950,525
Net amortization of borrowing fees,	451	428	480	431
Foreign exchange variation	10,862	(59,177)	10,859	(59,800)
Provision for interest	39,490	44,317	42,308	47,846
Interest paid	(9,311)	(13,235)	(14,712)	(16,463)
Repayment	(42,544)	(34,181)	(45,844)	(46,845)
At the end of the period	<u>2,652,140</u>	<u>2,758,453</u>	<u>2,810,576</u>	<u>2,875,694</u>

**(d) Breakdown by currency**

	Parent company					
	Current		Non-current		Total	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Real	150,405	161,173	326,589	353,375	476,994	514,548
US Dollar	51,560	24,385	2,123,519	2,113,992	2,175,079	2,138,377
Currency basket	67	267			67	267
	<u>202,032</u>	<u>185,825</u>	<u>2,450,108</u>	<u>2,467,367</u>	<u>2,652,140</u>	<u>2,653,192</u>

	Consolidated					
	Current		Non-current		Total	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Real	185,187	200,950	448,120	474,877	633,307	675,827
US Dollar	51,559	24,385	2,123,518	2,113,992	2,175,077	2,138,377
Currency basket	2,192	3,281			2,192	3,281
	<u>238,938</u>	<u>228,616</u>	<u>2,571,638</u>	<u>2,588,869</u>	<u>2,810,576</u>	<u>2,817,485</u>



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**(e) Breakdown by index**

	Current		Non-current		Parent company	
					Total	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017
<b>Local currency</b>						
TJLP	106,154	115,621	248,182	266,530	354,336	382,151
Fixed rate	13,173	13,490	44,441	48,300	57,614	61,790
BNDES	31,078	32,062	33,966	38,545	65,044	70,607
	150,405	161,173	326,589	353,375	476,994	514,548
<b>Foreign currency</b>						
UMBNDDES	8,820	11,170	3,660	4,607	12,480	15,777
Fixed rate	42,807	13,482	2,119,859	2,109,385	2,162,666	2,122,867
	51,627	24,652	2,123,519	2,113,992	2,175,146	2,138,644
	202,032	185,825	2,450,108	2,467,367	2,652,140	2,653,192
	Current		Non-current		Consolidated	
					Total	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017
<b>Local currency</b>						
CDI	30,738	33,318	121,531	121,501	152,269	154,819
TJLP	110,198	122,080	248,182	266,531	358,380	388,611
Fixed rate	13,173	13,490	44,441	48,300	57,614	61,790
BNDES	31,078	32,062	33,966	38,545	65,044	70,607
	185,187	200,950	448,120	474,877	633,307	675,827
<b>Foreign currency</b>						
UMBNDDES	10,945	14,184	3,660	4,607	14,605	18,791
Fixed rate	42,806	13,482	2,119,858	2,109,385	2,162,664	2,122,867
	53,751	27,666	2,123,518	2,113,992	2,177,269	2,141,658
	238,938	228,616	2,571,638	2,588,869	2,810,576	2,817,485

**(f) Collateral**

As of March 31, 2018, R\$ 2,584,755 (December 31, 2017 - R\$ 2,583,523) of the borrowings was guaranteed by sureties (Note 12 (c)), R\$ 5,268 (December 31, 2017 - R\$ 6,468) by liens on company's assets and R\$ 39,048 (December 31, 2017 - R\$ 48,290) by bank guarantee.

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**17 Current and deferred income tax and social contribution**

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

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

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

	Parent company		Consolidated	
	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
Profit before income tax and social contribution	97,759	14,543	108,297	34,267
Statutory rates	34%	34%	34%	34%
IRPJ and CSLL at the statutory rates	(33,238)	(4,945)	(36,821)	(11,651)
Adjustments for the calculation of the effective IRPJ and CSLL				
Equity in the results	1,804	13,231	443	288
Non-recognition of deferred tax on tax losses		(195,020)	(6,399)	(195,020)
Other permanent deductions, net	(1,697)	(1,012)	(1,720)	(1,087)
Calculated IRPJ and CSLL	(33,131)	(187,746)	(44,497)	(207,470)
Current			(11,459)	(19,775)
Deferred	(33,131)	(187,746)	(33,038)	(187,695)
IRPJ and CSLL in the statement of operations	(33,131)	(187,746)	(44,497)	(207,470)

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

	Parent company		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
<b>Assets (Liabilities)</b>				
Tax credits on income tax and social contribution losses	354,605	354,413	354,605	354,413
Temporary differences				
Foreign exchange variation	276,134	272,864	276,134	272,864
Provisions (impairment and others)	702,376	702,735	702,376	702,735
Use of public assets	72,868	73,333	72,868	73,333
Tax, civil, labor and environmental provisions	106,019	134,255	112,035	140,179
Asset retirement obligation	51,309	50,540	51,309	50,540
Provision for inventory losses	22,812	20,794	22,812	20,794
Environmental liabilities	18,647	20,249	18,647	20,249
Provision for profit sharing	13,363	32,278	13,363	32,278
Provision for impairment of trade receivables	15,649	10,716	15,649	10,716
Capitalized interest	(28,837)	(28,181)	(28,837)	(28,181)
Adjustment to present value	(16,521)	(16,665)	(16,521)	(16,665)
Deferred gains (loss) on derivative agreements	(7,361)	52,782	(7,361)	52,782
Financial instruments - firm commitment	(48,567)	(61,338)	(48,567)	(61,338)
Adjusted useful lives of PP&E (depreciation)	(688,296)	(685,232)	(688,296)	(685,232)
Other	(22,380)	(21,752)	(22,380)	(21,752)
Net (assets - liabilities)	821,820	911,791	827,836	917,715

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

	Parent company		Consolidated	
	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
At the beginning of the period	911,791	968,286	917,715	973,309
Effects on the results	(33,131)	(187,746)	(33,038)	(187,695)
Effects of other components of comprehensive income - <i>Hedge accounting</i>	(56,840)	36,381	(56,840)	36,381
Other			(1)	1
At the end of the period	<u>821,820</u>	<u>816,921</u>	<u>827,836</u>	<u>821,996</u>

**18 Provision**

**Breakdown and changes**

	Parent company						Total	Total
	ARO (i)	Tax	Labor	Civil	Legal process Environmental	Total		
At the beginning of the period	246,931	164,343	(2,431)	49,801	893	459,537	613,981	
Additions		1,086	17,539		334	18,959	30,279	
Reversals (ii)		(306)	(10,916)	(103,806)		(115,028)	(31,375)	
Judicial deposits, net of write-offs (ii)		1,353	(4,375)	100,528	(336)	97,170	(117,349)	
Settlement with cash	(1,283)		(7,516)	(350)		(9,149)	(13,897)	
Monetary adjustments		1,937	19,347	2,070	13	23,367	11,253	
Adjustment to present value	2,800					2,800	5,001	
Reclassification to related liability							(17,536)	
At the end of the period	<u>248,448</u>	<u>168,413</u>	<u>11,648</u>	<u>48,243</u>	<u>904</u>	<u>477,656</u>	<u>480,357</u>	

	Consolidated						Total	Total
	ARO (i)	Tax	Labor	Civil	Legal process Environmental	Total		
At the beginning of the period	246,931	164,343	(2,431)	50,799	893	460,535	614,069	
Additions		2,155	17,539		334	20,028	30,279	
Reversals (ii)		(306)	(10,916)	(103,806)		(115,028)	(31,375)	
Judicial deposits, net of write-offs (ii)		1,353	(4,375)	100,528	(336)	97,170	(117,348)	
Settlement with cash	(1,283)		(7,516)	(393)		(9,192)	(13,897)	
Monetary adjustments		1,937	19,347	2,070	13	23,367	11,253	
Adjustment to present value	2,800					2,800	5,001	
Reclassification to related liability							(17,536)	
At the end of the period	<u>248,448</u>	<u>169,482</u>	<u>11,648</u>	<u>49,198</u>	<u>904</u>	<u>479,680</u>	<u>480,446</u>	

**(i) Asset Retirement Obligation**

**(ii)** The civil court claims value variation refers substantially to a claim that Parties discussed their contractual conditions. This claim was deemed groundless, but the respective decision was reversed by the appeal court, due recent precedent that has supported CBA's petition. The loss classification was changed from "Probable" to "Remote", resulting in a civil judicial provision reversal of R\$ 103,545, of which R\$ 65,726 refers to the claim's principal amount and R\$ 37,819 refers to its monetary adjustment. The claim is in progress, and as of March 31, 2018, CBA has judicial deposits amounting to R\$ 101,441.

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**19 Equity**

**Share capital**

This is represented exclusively by common shares that are classified in shareholders' equity

On March 31, 2018 and December 31, 2017, the Company's fully subscribed and paid-up capital of R\$ 5,637,299, counted with 1,610,129,535 of registered common shares.

**20 Revenue**

**(a) Reconciliation of revenue**

	Parent company		Consolidated	
	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
Gross sales revenue				
Domestic sales	1,045,256	776,541	1,067,131	849,756
Foreign sales	74,607	67,451	74,607	67,451
Electricity sales	265,797	318,595	303,758	364,602
	<u>1,385,660</u>	<u>1,162,587</u>	<u>1,445,496</u>	<u>1,281,809</u>
Taxes on sales and other deductions	(225,646)	(179,490)	(242,878)	(194,252)
Net revenue from the products and services provided	<u>1,160,014</u>	<u>983,097</u>	<u>1,202,618</u>	<u>1,087,557</u>

**21 Expenses by nature**

				1/1/2018 to 3/31/2018	1/12017 to 3/31/2017
	Cost of products sold and services rendered		General and administrative	Total	Total
		Selling			
Raw materials, inputs and consumables	643,466	7	627	644,100	606,319
Employee benefit expenses	121,541	4,858	20,273	146,672	147,545
Depreciation, amortization and depletion	73,599	62	1,031	74,692	86,023
Outsourced services	32,123	184	14,095	46,402	34,321
Transportation expenses	24,375	11		24,386	16,666
Other expenses	88,964	4,958	8,256	102,178	90,829
	<u>984,068</u>	<u>10,080</u>	<u>44,282</u>	<u>1,038,430</u>	<u>981,703</u>

- (i) In the Company's accumulated balance as of March 31, 2018, the Company recorded the amount of R\$ 8,606 (March, 31, 2017 – R\$ 7,424) related to the idle production costs of Niquelândia and São Miguel Paulista plants located in Niquelândia State of Goiás and São Paulo State of São Paulo, respectively.

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**22 Employee profit sharing**

	Consolidated	
	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
Salaries and bonuses	78,085	81,375
Social charges	46,806	47,181
Social benefits	21,781	18,989
	<u>146,672</u>	<u>147,545</u>

**23 Other operating income, net**

	Parent company		Consolidated	
	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
Realization financial instrument - firm commitment (i)	(29,089)	(39,317)	(29,089)	(39,317)
Decrease of volume of financial instrument - firm commitment (ii)	(10,190)	(67,914)	(10,190)	(67,914)
Realization financial instrument - firm commitment (i)	(2,469)	(1,325)	(2,469)	(1,325)
Recognition financial instrument - firm commitment (iii)	4,187	(19,087)	4,187	(19,087)
Reversal for asset impairment	1,056	629	1,056	629
Net gain (loss) on sale of property, plant and equipment	427	(885)	427	(885)
Provision for obsolete and slow-moving inventories (note 10)	(5,937)	(6,900)	(5,937)	(6,900)
Reversal of judicial provisions (iv)	54,353	1,096	54,353	1,096
Expenditures with non-activatable projects	(11,357)	(1,683)	(11,357)	(1,683)
Other expenses, net	1,933	4,233	311	4,245
	<u>2,914</u>	<u>(131,153)</u>	<u>1,292</u>	<u>(131,141)</u>

- (i) The realization of the financial instrument is recognized against revenue from energy sales, according to the physical delivery of energy.
- (ii) The reduction in volume was caused by the exit of distributors from the regulated trade environment, which migrated to the free trade environment.
- (iii) The Company purchased energy according to its consumption through firm commitments. These agreements resulted in gains due to the surplus of energy, which were recognized at their fair value.
- (iv) Refers substantially to the favorable decision in a civil lawsuit that discussed contractual conditions, as described in Note 18 (ii).

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**24 Finance results, net**

	Parent company		Consolidated	
	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017	1/1/2018 to 3/31/2018	1/1/2017 to 3/31/2017
Finance income				
Gains on financial investments	13,764	23,820	14,692	30,506
Monetary adjustment to assets	3,568	11,337	3,568	11,351
Interest on taxes and financial assets	3,295	4,345	3,323	4,381
Reversal of monetary adjustment of provisions (i)	37,819		37,819	
Other finance income, net	19	2	322	521
	<u>58,465</u>	<u>39,504</u>	<u>59,724</u>	<u>46,759</u>
Finance cost				
Interest on borrowing	(36,043)	(43,100)	(38,862)	(46,631)
Interest on prepayment of receivables with related parties (Note 12)	(22,656)	(22,656)	(22,656)	(22,656)
Monetary adjustment of provisions	(21,736)	(11,253)	(21,736)	(11,253)
Adjustment to present value CPC 12	(6,521)	(8,830)	(6,521)	(8,830)
Interest and monetary adjustment - Use of public assets	(9,666)	(6,003)	(11,676)	(18,974)
Interest on transactions with related parties (Note 12)		(5,352)		(5,352)
Income tax on remittances of interest abroad	(380)	(339)	(380)	(339)
PIS and COFINS on financial results	(905)	(1,383)	(905)	(1,385)
Other finance costs, net	(5,331)	(3,667)	(5,720)	7,009
	<u>(103,238)</u>	<u>(102,583)</u>	<u>(108,456)</u>	<u>(108,411)</u>
Derivative financial instruments				
Income	120	7	120	7
Expenses		(49)		(49)
	<u>120</u>	<u>(42)</u>	<u>120</u>	<u>(42)</u>
Foreign exchange and monetary variations, net	(9,875)	119,777	(9,874)	120,402
	<u>(54,528)</u>	<u>56,656</u>	<u>(58,486)</u>	<u>58,708</u>

- (i) Refers substantially to the favorable decision in a civil lawsuit that discusses contractual conditions, as described in Note 18 (ii).

**25 Subsequent events**

**(a) Sale of Pollarix CBA Energia Participações S.A. preferred shares**

On April 1, 2018, the Company sold to Votorantim Geração de Energia S.A. 35% of preferred shares of the investee CBA Energia Participações S.A., which represented 23.34% of this investee, for the amount of R\$ 171,500.

**(b) Capital reduction**

On April 30, 2018, according to the minutes of the Extraordinary General Meeting, the share capital was reduced by the amount of R\$ 687,204. This reduction becomes effective 60 days after the publication date of the meeting's minutes.

The consideration for this reduction was paid to the parent company VSA as follows: (a) transfer of the assets balance of related parties in the amount of R\$ 1,392,652; (b) payment in local currency, in the amount of R\$ 205,983; (c) transfer of the liabilities balance of related parties in the amount of R\$ 75,090; (d) transfer of Eurobonds maturing in 2021 in the amount of R \$ 836,341 (USD 241,187).

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**26 Supplementary information**

**Capital management**

The Company's goals in managing its capital are to safeguard the ability to provide, consistently, shareholder returns and benefits to other stakeholders and maintain an optimal capital structure.

This supplementary information is not intended to be in agreement with and is not required by accounting practices adopted in Brazil or by IFRS.

	Twelve-month period ended At March 31, 2018	Consolidated Twelve-month period ended At December 31, 2017
Borrowings	2,810,576	2,817,485
Cash and cash equivalents	(46,538)	(18,854)
Derivative financial instruments	(21,651)	155,241
Financial investments	(913,720)	(974,719)
Net debt - (A)	<b>1,828,667</b>	<b>1,979,153</b>

	Three-month period ended At March 31, 2018	Three-month period ended At March 31, 2017	Twelve-month period ended At March 31, 2018	Consolidado Twelve-month period ended At December 31, 2017
Profit (loss) for the period	63,800	(173,203)	754,767	517,764
Income tax and social contribution	44,497	207,470	(177,349)	(14,376)
Income before taxes	108,297	34,267	577,418	503,388
Equity in the results	(1,303)	(846)	(12,837)	(12,380)
Depreciation and amortization	74,692	86,023	306,866	318,197
Finance income and costs	58,486	(58,708)	327,110	209,916
EBITDA	<b>240,172</b>	<b>60,736</b>	<b>1,198,557</b>	<b>1,019,121</b>
Exceptional items				
Net gain			(589,352)	(589,352)
Dividends received			51,000	51,000
Reversal for asset impairment	(1,056)	(629)	(32,199)	(31,772)
Adjusted EBITDA (B)	<b>239,116</b>	<b>60,107</b>	<b>628,006</b>	<b>448,997</b>
Financial leverage ratio - (A/B)			<b>2.91</b>	<b>4.41</b>