Ferroeste Group.

Financial statements-
in accordance with accounting-
practices adopted in Brazil-
at December 31, 2014.

[Letterhead of PricewaterhouseCoopers].

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS.

To the Shareholders and Directors of Ferroeste Group.

We have audited the combined financial statements of Empresa de Mecanização Rural S.A. and Gusa Nordeste S.A. (individually “Meca” and “Gusa”, respectively, and jointly “Ferroeste Group” or “Group”), which comprise the balance sheet as at December 31, 2014 and the respective statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Ferroeste Group.

Opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Ferroeste Group as at December 31, 2014, and its combined financial performance and combined cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Emphasis of matter.

Gusa has made investments amounting to R$669,705 thousand, for the construction of its integrated steel project, consisting of steel mill and long steel rolling, in Açailândia unit, which is at the completion stage. In this context, considering the term of the investment, Ferroeste Group presented negative working capital of R$210,330 thousand at the end of 2014. The construction of this asset is being partially funded by the Northeast Financing Constitutional Fund (FNE) of Banco do Nordeste do Brasil (BNB), which provided resources of R$ 375 million. The completion of this undertaking and the recovery of the investments made by this company are contingent upon new borrowings. This situation casts significant doubt as to the ability of the company to continue as a going concern. No adjustments arising from these uncertainties were included in the combined financial statements. Our opinion is not qualified in respect of this matter.

We draw attention to Note 1 to the combined financial statements, which discloses that the Companies included in these combined financial statements do not operate as a single entity. These combined financial statements, however, do not necessarily indicate what might have occurred if the companies had operated as a single entity during the current year, or the results of future combined operations. Our opinion is not qualified in respect of this matter.

Belo Horizonte, June 10, 2015.

PricewaterhouseCoopers.

PricewaterhouseCoopers.

Auditores Independentes.

Regional Accounting Council (CRC) 2SP000160/O-5 "F" MG.

Signed: [Illegible signature].

Name: Guilherme Campos e Silva.

Position: Accountant CRC 1SP218254/O-1 "S" MG.

[Pages numbered from 1 to 3].

FERROESTE GROUP – COMBINED FINANCIAL STATEMENTS

MANAGEMENT REPORT

2014

In compliance with legal and statutory provisions, we submit for your appreciation the (combined) financial statements of EMPRESA DE MECANIZAÇÃO RURAL S.A. and GUSA NORDESTE S.A., the "FERROESTE GROUP", as required by the provisions of the Brazilian Accounting Pronouncement Committee (CPC) applicable to them, for the year ended December 31, 2014, together with the independent auditor's report.

The projections of FERROESTE GROUP include improvements in the international scenario, with the recovery of American, European and Asian markets, completion of the investment in the integrated steel activities, the growth in its sugar and ethanol operations, and the continuity of its real estate projects, through the implementation of a corporate governance program, focused on increasing productivity and reducing costs in order to maximize results.

FERROESTE GROUP presents, in its results for 2014, the full use of all its resources and by-products, gases, coal fines, slag and electricity. It is important to emphasize that the equipment acquired for the plant in the last four years contributed this year to its excellence and, consequently, to reducing and streamlining the consumption of inputs and raw materials.

Considering its proven operational excellence, FERROESTE GROUP believes in the success of investments in the vertical integration of production, with the most modern equipment for steel mill and rolling processes, in the subsidiary GUSA NORDESTE, by converting pig iron into long steel, considering that 97% of steel is made up of pig iron, which is 100% produced with charcoal from renewable planted forests and iron ore from Carajás, being this the first type of long steel in the world produced without any consumption of fossil fuel, which justifies its brand AÇO VERDE DO BRASIL (GREEN STEEL OF BRAZIL)], the name of the vertical integration project.

The need for capital intensive, financing difficulties, implementation issues and other difficulties inherent to a project of this magnitude are being overcome by FERROESTE GROUP, which is convinced that it will manufacture the best long steel, completely free of contaminants, at costs that are among the most competitive in the market.

FERROESTE GROUP invests in and values the qualification and development of its employees, having about 150 employees in training courses through a partnership developed with the National Service for

Industrial Training (SENAI), aiming at the operation of the Steel mill as from March 2016, and its continuous improvement.

FERROESTE GROUP intends to increase its pig iron production to 180 thousand metric tons/year in its subsidiary CBF INDÚSTRIA DE GUSA S.A., maintaining its share in the domestic market to meet the needs of foundries and steel plants all over the Brazilian territory, as well as customers abroad, which demand special nodular pig iron, a full-fledged product.

FERROESTE GROUP intends to optimize the production of Anhydrous and Hydrated alcohol by 15% in 2015 and by 10% in the period from 2016 to 2019, aiming to achieve the volume and extending the harvest period, in line with its operating balance, considering investments in the genetic development of its plantations and in irrigation equipment, in order to have an increase in the production of sugar cane per hectare higher than that achieved to date in its associates DESTILARIA VEREDAS INDÚSTRIA DE AÇÚCAR E ÁLCOOL LTDA. and VEREDAS AGRO LTDA.

FERROESTE GROUP maintains partnerships in real estate projects, one of them in the city of Contagem, State of Minas Gerais, Cidade Industrial District, carried out together with the construction company Direcional Engenharia S.A., and others in the states of Minas Gerais and Bahia, with its associates FERROESTE INDUSTRIAL LTDA. and G5 AGROPECUÁRIA LTDA.

FERROESTE GROUP invests through its subsidiary GUSA NORDESTE, in partnership with the Masaveu Group, of Spanish origin, in the company Cimento Verde do Brasil S.A. (CVB) which, after only two years of operations, presented in 2014 satisfactory results, arising from an industrial scenario of greater maturity and operational development, with positive figures in revenues, costs and expenses. Focusing on product and market development, CVB foresees an annual growth of 8% to achieve an increasing financial stability.

FERROESTE GROUP thanks all its customers, suppliers, partners and particularly its employees, who contributed to the achievement of the results for 2014. We would also like to emphasize that, through dedication, hard work and perseverance, we will continue contributing to the Company's progress and the sustainable development of the region in which we operate.

The Management.

Ferroeste Group.

Combined balance sheet at December 31.

All amounts in thousands of reais.

Assets	**Note**	**2014**	**2013**	**Liabilities**	**Note**	**2014**	**2013**
Current assets				**Current liabilities**			
Cash and cash equivalents	5	2,386	3,493	Trade payables	14	164,199	143,874
Financial investments	6	19,570	19,291	Borrowings	15	32,876	78,197
Trade receivables	7	21,385	12,968	Advances on foreign exchange contracts	16	121,111	117,001
Inventories	8	75,635	53,664	Advances from customers	17	37,235	56,685
Taxes recoverable	9	35,637	35,374	Social security charges	-	8,354	7,809
Advances to suppliers	-	10,388	6,448	Tax liabilities	-	3,826	11,353
Other receivables	-	1,347	3,209	Dividends payable	-	8,272	4,115
				Taxes payable in installments	19	229	1,733
	-	166,348	134,447	Other payables	-	579	5,773
Non-current assets					-	376,681	426,540
Long-term receivables	-	-	-	**Non-current liabilities**			
Financial investments	6	100,283	-	Borrowings	15	546,350	217,936
Trade receivables	7	5,555	3,412	Taxes payable in installments	19	5,973	12,478
Taxes recoverable	9	19,178	21,799	Related parties	11	13,563	14,959
Deferred tax assets	23	12,965	9,856	Contingencies	20	8,769	5,876
Related parties	11	189	-	Commission to export agents	18	55,314	49,018
Court deposits	21	1,586	3,386	Deferred tax liabilities	23	117,469	97,490
Other receivables	-	246	246	Other payables	-	1,747	280
	-	140,002	38,699		-	749,185	398,037
				Equity	22		
Investments	10	20,445	14,582	Capital	-	250,000	200,000
Property, plant and equipment	12	1,127,133	999,680	Tax incentives reserve	-	50,456	-

Biological assets	13	339,029	297,439	Revenue reserve	-	165,749	220,232
Intangible assets	-	5,250	143	Carrying value adjustments	-	216,185	239,881
	-	-	-	Treasury shares	-	(10,263)	-
	-	1,631,859	1,350,543		-	-	-
	-	-	-		-	672,127	660,113
	-	-	-	Non-controlling interests	-	214	300
	-	-	-		-	-	-
	-	-	-		-	672,341	660,413
Total assets	-	1,798,207	1,484,990	**Total liabilities and equity**	-	1,798,207	1,484,990

Ferroeste Group.
Combined statements of income.
Years ended December 31.
All amounts in thousands of reais.

	Note	2014	2013
Net sales revenue	24	396,235	409,331
Cost of sales	25	(296,696)	(321,359)
Gross profit	-	99,539	87,972
Sales and distribution	26	(26,957)	(29,714)
General and administrative expenses	26	(34,500)	(38,082)
Other operating income/expenses, net	26	3,561	11,078
Equity in the results of subsidiaries	10	3,360	(881)
Gain on biological assets	14	29,900	28,285
Operating profit	-	74,903	58,658
Finance result, net	27	(10,403)	(18,801)
Foreign exchange variations, net	27	(23,465)	(30,018)
Profit before taxation	-	41,035	9,839
Income tax and social contribution	23	(3,986)	(1,320)
Profit for the year	-	37,049	8,519
Non-controlling interests	-	(4)	(6)
Profit for the year	-	37,045	8,513

Ferroeste Group.
Combined statement of comprehensive income.
Years ended December 31.
All amounts in thousands of reais.

	2014	2013
Profit for the year	37,045	8,513
Total comprehensive income for the year	37,045	8,513

Ferroeste Group.
Combined statement of changes in equity.
All amounts in thousands of reais.

	Capital	Tax incentives reserve	Revenue reserve	Carrying value adjustments	Retained earnings	Treasury shares	Total equity attributable to owners of the Group's companies	Non-controlling interests	Total combined equity
At December 31, 2012	50,000	-	-	251,631	349,969	-	651,600	310	651,910
Capital increase	150,000	-	-	-	(150,000)	-	-	-	-
Realization of reserve	-	-	-	(11,750)	11,750	-	-	-	-
Profit for the year	-	-	-	-	8,513	-	8,513	6	8,519
Transfer to reserves:	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	425	-	(425)	-	-	-	-
Unrealized revenue reserve	-	-	2,022	-	(2,022)	-	-	-	-
Operating reserve	-	-	217,785	-	(217,785)	-	-	-	-
Profit distribution - subsidiaries	-	-	-	-	-	-	-	(16)	(16)
At December 31, 2013	200,000	-	220,232	239,881	-	-	660,113	300	660,413
Reconstitution of balances	37,418	43,454	79,978	117,785	-	(10,263)	268,372	-	268,372
Capital decrease - split-off	(10,057)	-	-	(70,681)	-	-	(80,738)	-	(80,738)

Capital decrease	(142,000)	-	-	(46,166)	-	-	(188,166)	(82)	(188,248)
Dividends distributed	-	-	(3,600)	-	-	-	(3,600)	-	(3,600)
Provision for deferred taxes	-	-	-	(15,606)	-	-	(15,606)	(8)	(15,614)
Capital increase	164,639	-	(164,639)	-	-	-	-	-	-
Realization of reserve	-	-	-	(9,028)	9,028	-	-	-	-
Profit for the year	-	-	-	-	37,045	-	37,045	4	37,049
Allocation of profit:	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	830	-	(830)	-	-	-	-
Tax incentives reserve	-	7,002	-	-	(7,002)	-	-	-	-
Unrealized revenue reserve	-	-	4,234	-	(4,234)	-	-	-	-
Operating reserve	-	-	28,714	-	(28,714)	-	-	-	-
Dividends distributed	-	-	-	-	(5,293)	-	(5,293)	-	(5,293)
At December 31, 2014	250,000	50,456	165,749	216,185		(10,263)	672,127	214	672,341

Ferroeste Group.
Combined statement of cash flows.
Years ended December 31.
All amounts in thousands of reais.

	2014	2013
Cash flows from operating activities		
Profit for the year	37,045	8,513
Items not affecting cash and cash equivalents	-	
Depreciation, amortization and depletion	61,539	64,501
Adjustment to present value	(953)	(5,988)
Monetary and foreign exchange variations, net	52,738	42,561
Gain on biological assets	(29,900)	(28,285)
Gain (loss) on property, plant and equipment	617	(5,301)
Equity in the results of subsidiaries	(3,360)	881
Deferred taxes	(5,869)	(10,543)
Provisions for contingencies	2,893	(18)
Provision for impairment loss	726	3,694
Assets written-off	-	8,519
Non-controlling interests in the result for the year	(86)	6
	115,390	78,540
(Increase) decrease in operating assets		
Trade receivables	(11,286)	10,999
Inventories	(21,972)	27,875
Taxes recoverable	2,358	(1,805)
Advances to suppliers	(3,940)	2,755
Court deposits	1,800	(843)
Other receivables	1,863	(262)
	(31,177)	38,719
Increase (decrease) in operating liabilities		
Trade payables	21,278	82,620
Advances from customers	(19,450)	44,098
Social security charges	545	(125)
Tax liabilities	(7,527)	6,516
Taxes payable in installments	(876)	33
Export agents’ commission	-	6,270
Other payables	(3,727)	1,160
	(9,757)	140,572
Net cash (used in) provided by operating activities	74,456	257,831
Cash flows from investing activities		
Investments in property, plant and equipment	(162,002)	(163,413)
Investments	(2,513)	(4,831)
Investments in biological assets	(49,659)	(28,967)
Investments in intangible assets	(5,230)	-
Financial investments	(100,562)	(1,087)
Disposal of investments	-	39

Disposal of property, plant and equipment	13,949	150
Disposal of biological assets	-	10,990
Net cash (used in) provided by investing activities	(306,017)	(187,119)
Cash flows from financing activities		
Dividends distributed	(6,275)	(1,736)
Current account between related parties	(189)	(857)
Borrowings	422,387	199,533
Amortizations	(155,572)	(268,877)
Payment of interest	(29,365)	-
Capital decrease	(532)	-
Net cash (used in) provided by financing activities	230,454	(71,937)
Increase (decrease) in cash and cash equivalents	(1,107)	(1,225)
Statement of increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	3,493	4,718
Cash and cash equivalents at the end of the year	2,386	3,493
Increase (decrease) in cash and cash equivalents	(1,107)	(1,225)

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

Ferroeste Group.

Notes to the combined financial statements at December 31, 2014.

All amounts in thousands of reais unless otherwise stated.

1 General information.

The combined financial statements of FERROESTE GROUP are presented solely for the purpose of providing information relating to all of the Group's activities, regardless of its corporate structure.

The combined financial statements are presented only to provide additional analyses of the operations carried out by FERROESTE GROUP, and do not represent the parent company or consolidated financial statements of Empresa de Mecanização Rural S.A. and Gusa Nordeste S.A., and should not be taken as a basis for purposes of calculation of dividends, taxes or for any other corporate purposes, or as an analysis of profitability or performance.

Considering that since May 2014, GUSA NORDESTE S.A. has been directly controlled by the shareholders of EMPRESA DE MECANIZAÇÃO RURAL S.A. and, as a result, these companies are under common control, the management of the FERROESTE GROUP has decided to prepare these combined financial statements.

The combined financial statements of FERROESTE GROUP, which include the consolidated financial statements of EMPRESA DE MECANIZAÇÃO RURAL S.A. and the individual financial statements of GUSA NORDESTE S.A., have been prepared in accordance with the Technical Pronouncement CPC 36 - "Consolidated Financial Statements", in line with the accounting practices established in the Technical Pronouncement CPC 44 - "Combined Financial Statements". The combined financial statements include the sum of the statements, eliminating intercompany balances or transactions between the combined companies, as well as adjustments from unrealized results between these entities and the alignment with accounting practices.

The issue of the combined financial statements of FERROESTE GROUP for the year ended December 31, 2014 was approved and authorized by Management on June 10, 2015.

The Group's businesses include the production of pig iron, charcoal and cement, forestation and reforestation activities, power generation, sugar cane cultivation, ethanol production and real estate activities, developed through its subsidiaries.

Empresa de Mecanização Rural S.A. ("Meca" or the Company") is mainly engaged in ground-leveling, paving and related works, railway infrastructure and superstructure, development of agricultural mechanized services, forestation, reforestation, development of forestry and agricultural projects, management and sale of forests and related by-products, sale of properties and related subcontractor services, operation of hotels and leasing of assets and properties and investments in other companies.

Meca, the parent company of CBF, Ferroeste, G5 Agropecuária, Energia Viva, Destilaria, Veredas Agro, Fiesa and Carvalho Projetos, is a corporation located at Av. Afonso Pena, 4100, 10th. floor, Room 1, Cruzeiro District, City of Belo Horizonte, State of Minas Gerais, Brazil, which was formed on October 24, 1968. Its organization documents are registered with the Board of Trade of the State of Minas Gerais. On December 16, 2013, according to the 33rd amendment to the Articles of Incorporation of the Company, its business structure was changed from a limited liability company to a corporation, and its name was changed to EMPRESA DE MECANIZAÇÃO RURAL S.A.

Gusa Nordeste S.A. ("Gusa") is mainly engaged in the manufacture, sale, import and export of steel products, especially steel and pig iron in all their forms and by-products, as well as inputs and the equipment required for their production, transformation or processing, sale of own forests and their products, forest exploitation, timber extraction, charcoal production and eucalyptus cultivation focusing on obtaining emission reductions and greenhouse gas removals under the Clean Development Mechanism of the Kyoto Protocol or other carbon credit trading systems, cement production, extraction of metallic and non-metallic minerals and investments in other companies, with due regard to the legal provisions.

Gusa is a privately-held corporation headquartered at Rodovia BR 222, Km 14.5, Pequiá District, City of Açailândia, State of Maranhão, Brazil, which was established on October 3, 1984, with its organization documents registered with the Board of Trade of the State of Maranhão.

CBF Indústria de Gusa S.A. ("CBF") is engaged in the manufacture, sale, import and export of steel products, especially pig iron in all its forms, as well as inputs and the equipment required for their production, transformation or processing; sale of own forests and their products; and investments in other companies, with due regard to the legal provisions.

CBF is a privately-held corporation headquartered at Av. Afonso Pena, 4100, 10th. floor, Cruzeiro District, City of Belo Horizonte, State of Minas Gerais, Brazil, which was established on December 19, 1991, with its organization documents initially registered with the Board of Trade of the State of Espírito Santo and afterwards transferred to Minas Gerais.

Ferroeste Industrial Ltda. ("Ferroeste") is mainly engaged in the transformation or processing, and sale of own forests and their products, with due regard to the legal provisions, as well as the purchase, sale and lease of its own residential or non-residential properties, land and parking stalls; operation of parking lots; and other activities inherent to the real estate business.

Ferroeste is a limited liability company located at Av. Afonso Pena, 4100, 10th. floor, Room 05, Cruzeiro District, City of Belo Horizonte, State of Minas Gerais, Brazil. It was established on May 26, 1959, with its organization documents registered with the Board of Trade of the State of Minas Gerais.

G5 Agropecuária Ltda. ("G5") is engaged in activities related to agriculture, cattle raising, forest exploitation, timber extraction, charcoal production and eucalyptus cultivation, and may develop all activities related to agriculture and cattle raising, sale of agricultural products, focusing on obtaining emission reductions and greenhouse gas removals under the Clean Development Mechanism of the Kyoto Protocol or other carbon credit trading systems, as well as perform activities related to the sale of real estate and the provision of business management consultancy.

G5 is a limited liability company located at Av. Afonso Pena, 4100, 10th. floor, Room 02, Cruzeiro District, City of Belo Horizonte, State of Minas Gerais, Brazil, which was established on August 1, 1984, with its organization documents registered with the Board of Trade of the State of Minas Gerais.

Energia Viva Agroflorestal Ltda. ("Energia Viva") is mainly engaged in forestation, reforestation and other related activities.

Energia Viva is a limited liability company located at Fazenda Sibéria, Rodovia BR 226, km 41, s/n, Zona Rural, City of Grajaú, State of Maranhão, Brazil, which was established on October 10, 2007, with its organization documents registered with the Board of Trade of the State of Maranhão.

Destilaria Veredas Indústria de Açúcar e Álcool Ltda. ("Destilaria Veredas") is engaged in the manufacture and sale of sugar, ethanol and related by-products.

Destilaria Veredas is a limited liability company located at Fazenda Tapera, Rodovia BR-040, km 186, left entry, Zona Rural, City of João Pinheiro, State of Minas Gerais, Brazil, which was established on November 3, 2008, with its organization documents registered with the Board of Trade of the State of Minas Gerais.

Veredas Agro Ltda. ("Veredas Agro") is engaged in the cultivation and sale of sugar cane and its related products.

Veredas Agro is a limited liability company located at Fazenda Tapera, Rodovia BR-040, km 186, left entry, Zona Rural, City of João Pinheiro, State of Minas Gerais, Brazil, which was established on May 20, 2008, with its organization documents registered with the Board of Trade of the State of Minas Gerais.

Ferroeste Industrial do Espírito Santo S.A. ("FIESA") is mainly engaged in the purchase, sale and lease of its own residential or non-residential properties, land and parking stalls, operation of parking lots, and other activities inherent to the real estate business.

FIESA is a privately-held corporation headquartered at Av. Afonso Pena, 4100, 10th. floor, Room 03, Ed. Atlântico, Cruzeiro District, City of Belo Horizonte, State of Minas Gerais, Brazil, which was established on January 12, 1985. Its organization documents were initially registered with the Board of Trade of the State of Espírito Santo, and afterwards transferred to Minas Gerais.

Carvalho Projetos Empreendimentos e Consultoria Ltda. ("Carvalho"), which is mainly engaged in forestation activities on its own behalf or on behalf of third parties, and may invest in other companies and sell properties, had its operating activities suspended during the period under analysis.

Carvalho is a limited liability company located at Fazenda Godinho, BR 367, KM 06, s/n, Lado Norte Portaria, Posses District, City of Turmalina, State of Minas Gerais, Brazil, which was established on February 8, 1971 with its organization documents registered with the Board of Trade of the State of Minas Gerais.

2 Summary of significant accounting policies.

The main accounting policies applied in the preparation of these combined financial statements are set out below. These policies have been consistently applied to the years presented.

2.1 Preparation basis.

The combined financial statements have been prepared in accordance with accounting practices adopted in Brazil issued by the Brazilian Accounting Pronouncements Committee (CPC). These statements have been prepared under the cost convention, as modified by the "deemed cost" on the transition date to the new CPCs.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

There are no new CPC pronouncements or interpretations effective from 2014 that would be expected to have a material impact on the combined, parent company or consolidated financial statements.

2.2 Combination basis.

The combined financial statements have been prepared in accordance with the concepts and techniques applicable to the consolidation of financial statements. They include the sum of the statements, eliminating intercompany balances or transactions between the combined entities.

The combined financial statements include the consolidated financial statements of EMPRESA DE MECANIZAÇÃO RURAL S.A. and the individual financial statements of GUSA NORDESTE S.A.

The consolidated financial statements of MECA include the operations of the Company and the following subsidiaries, in which the Company's ownership interest at the balance sheet date was as follows:

Subsidiaries	**Ownership interest (%)**	
	2014	**2013**
Gusa Nordeste S.A.	-	99.95
CBF Indústria de Gusa S.A.	99.95	99.95
Fiesa - Ferroeste Industrial do Espírito Santo S.A.	99.95	99.95
Ferroeste Industrial Ltda.	99.95	99.95
G5 Agropecuária Ltda.	99.95	99.95
Veredas Agro Ltda.	99.95	99.95
Destilaria Veredas Indústria Açúcar e Álcool Ltda.	99.95	99.95
Energia Viva Agroflorestal Ltda.	99.95	99.95
Carvalho Projetos Empreendimentos e Consultoria Ltda.	99.95	99.95

2.3 Functional currency and foreign currency translation.

(a) Functional and presentation currency.

Items included in the Group's combined financial statements are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The combined financial statements are presented in Brazilian Reais (R$), which is the Group's functional currency, and also its presentation currency.

(b) Transactions and balances.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured.

Foreign exchange gains and losses that relate to “Borrowings”, “Advances on foreign exchange contracts”, and “Commissions to agents” are presented in the combined statement of income as “Foreign exchange variations, net”.

2.4 Cash and cash equivalents.

Cash and cash equivalents are held with the purpose of meeting the needs for short-term cash, not for investment or any other purposes. The Group considers as cash and cash equivalents financial investments which are readily convertible, bank deposits and other short-term highly liquid investments with original maturities of three months or less, and with immaterial risk of change in value.

2.5 Financial assets.

2.5.1 Classification.

The Group classifies its financial assets, upon initial recognition, in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

At December 31, 2014 and 2013, the Group did not have financial assets classified as available-for-sale assets.

(a) Financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. All financial assets in this category correspond to financial investments and are classified as current assets.

(b) Loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "Trade receivables" and "Cash and cash equivalents".

2.5.2 Recognition and measurement.

Normal purchases and sales of financial assets are typically recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are recorded in the statement of income in the period in which they arise.

2.5.3 Offsetting of financial instruments.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.5.4 Impairment of financial assets.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recorded loss is recognized in the statement of income.

2.6 Trade receivables.

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of the Group's business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment of trade receivables. In practice, the fair value of trade receivables does not differ from the sales amounts, considering the average collection term.

2.7 Inventories.

Inventories are stated at average cost, net of taxes to be offset, when applicable, and the fair value of biological assets at the cut-off date, which are both lower than net realizable values. The costs of finished products comprise processed raw materials, direct labor, other direct costs and related production overheads.

When necessary, inventories are reduced by a provision for inventory losses, established for cases of depreciation in the value of inventories, obsolescence of products and losses identified in physical inventory counts.

2.8 Investments (parent company).

These refer to investments in subsidiaries and associates, which are accounted for under the equity method in the parent company's financial statements, based on the Company's ownership interests in these companies. The financial statements of subsidiaries are prepared for the same reporting period as those of the parent company. When necessary, adjustments are made to bring their accounting policies in line with those adopted by the Company.

2.9 Property, plant and equipment.

Property, plant and equipment are stated at acquisition or construction cost, less taxes to be offset, when applicable, and accumulated depreciation.

The Group adopted the deemed cost, adjusting the opening balances on the transition date (January 1, 2009) at their estimated fair values based on a study carried out by a specialized company. The goods acquired after the transition date were recorded at the cost of acquisition.

Depreciation is calculated using the straight-line method taking into consideration the estimated useful lives of the assets based on the expectation of the generation of future economic benefits. The estimated useful lives of the assets are reviewed annually and, adjusted, if necessary.

Useful life review	
Buildings	30 to 48 years
Facilities	3 to 10 years
Machinery and equipment	4 to 15 years
Vehicles	3 to 10 years
Furniture and fittings	3 to 5 years
Data center	3 to 8 years

The residual values and the useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is immediately written down to its recoverable amount when the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of income.

2.10 Leases.

Lease payments are allocated between finance charges and a reduction of the lease liability, so as to obtain a constant interest rate on the remaining balance of liabilities. Finance charges are recognized in the statement of income.

2.11 Biological assets.

The Group assesses its biological assets annually and any gain or loss is recognized in the statement of income in the period in which it occurs. The increase or decrease in the fair value is determined as the difference between the fair value of biological assets at the beginning and at the end of the period, net of planting costs incurred in the development of the biological assets and the biological assets depleted during the period.

Depletion is calculated based on the volume cut in relation to the existing potential volume.

2.12 Intangible assets.

Computer software.

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

. It is technically feasible to complete the software product so that it will be available for use.

. Management intends to complete the software product and use or sell it.

. There is an ability to use or sell the software product.

. It can be demonstrated how the software product will generate probable future economic benefits.

. Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.

. The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product and include the software development employee costs and an appropriate portion of applicable overheads. Costs also include finance costs related to the development of the software product.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recorded as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which do not exceed five years.

2.13 Impairment of non-financial assets.

Assets that are subject to depreciation, amortization and depletion are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGUs)). Non-financial assets that were adjusted due to impairment are subsequently reviewed for possible reversal of the impairment at the balance sheet date.

2.14 Trade payables.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.15 Borrowings.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly related to the acquisition, construction or production of a qualifying asset that requires a substantial period of time to get ready for its intended use are capitalized as part of the cost of that asset when it is probable that future economic benefits associated with the item will flow to the entity and such costs can be measured reliably. Other borrowing costs are recognized as finance costs in the period in which they are incurred.

2.16 Provisions.

Provisions are recognized when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated. Provisions do not include future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapsed is recognized as interest expense.

2.17 Current and deferred income tax and social contribution.

The income tax and social contribution expense for the period comprises current and deferred taxes. Taxes on profit are recognized in the statement of income, except to the extent that they relate to items recognized in comprehensive income or directly in equity.

The current and deferred income tax and social contribution are calculated on the basis of the tax laws enacted. Management periodically evaluates positions taken by the Group in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized.

Deferred income tax assets and liabilities are presented net in the balance sheet when there is a legally enforceable right and the intention to offset them on the calculation of current taxes.

2.18 Tax incentives.

Tax incentives are recognized when there is reasonable assurance that the benefit will be received and that all related conditions will be satisfied. When the benefit refers to an expense, it is recognized as income over the period of the benefit, in a systematic manner, in relation to the costs intended to be offset by the benefit. When the benefit relates to an asset, it is recognized in the statement of income as deferred income at equal amounts during the expected economic life of the corresponding asset.

2.19 Revenue recognition.

(a) Sales of goods.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will result from the transaction and when specific criteria have been met for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(b) Finance income.

Finance income is recognized on an accruals basis, using the effective interest rate method. Subsequently, as time elapses, interest is incorporated, against finance income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of the instrument.

3 Significant accounting estimates and assumptions.

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates, judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Impairment of non-financial assets.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The calculation of fair value less costs to sell is based on available information on sales of similar assets or market prices, reduced of costs to dispose of the asset. The value-in-use calculation is based on the discounted cash flow model. The recoverable amount is influenced by the discount rate used under the discounted cash flow method, as well as by the expected future cash receipts and the growth rate used for extrapolation purposes.

(b) Taxes.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the broad aspect of international business relations, as well as the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could require future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective jurisdictions in which it operates. The amount of such provisions is based on various factors, such as experience of past tax audits and different interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognized for all unused tax losses to the extent it is probable that future taxable profit will be available against which the tax losses can be utilized. The exercise of significant judgment by management is required to determine the amount of deferred tax assets that can be recognized, based on the probable term and level of future taxable income, together with future tax planning strategies.

The offset of accumulated tax losses is restricted to 30% of the taxable income generated in a certain fiscal year.

(c) Biological assets.

The determination of a fair value for biological assets is a complex exercise of judgment and estimate that requires understanding of the Group's business, the use of this asset in the productive process, the opportunities and restrictions of use and formation, and growth cycle.

(e) Provisions for tax, civil and labor risks.

The Group records provisions for tax, civil and labor claims. The assessment of the likelihood of a loss includes the evaluation of existing evidence, the hierarchy of laws, available case law, recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted to take into consideration changes in circumstances, such as applicable statute of limitation periods, conclusions arising from tax audits or additional exposures identified based on new issues or court decisions.

4 Risk management and financial instruments.

4.1 Financial risk factors.

The Group's management is responsible for the risk management, ensuring that all financial risks are properly identified, assessed and managed. The Group's policy is not to take part in any derivative trades for speculative purposes.

The Group is exposed to risks related to market, credit and liquidity.

(a) Market risk.

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market prices. It can be segregated into interest rate risk, foreign exchange risk and commodity price risk.

(i) Interest rate risk.

The Group's exposure to the risk of changes in market interest rates refers mainly to long-term obligations subject to floating interest rates. The Group is subject to fixed indices, namely, the Special System for Settlement and Custody (SELIC), Long-term Interest Rate (TJLP) and the General Market Price Index (IGP-M).

(ii) Foreign exchange risk.

The Group's exposure to the risk of changes in foreign exchange rates refers mainly to operating activities and borrowings in foreign currency.

(iii) Commodity price risk.

The main products sold by the Group, pig iron and ethanol, are commodities whose selling price is determined by the international market, taking into account various economic factors.

(b) Credit risk.

Credit risk is the risk that a counterparty does not fulfill an obligation established in a financial instrument or contract, which would lead to a financial loss. The Group is exposed to credit risk in its operating activities (mainly in connection with trade receivables) and to the risk relating to borrowings, including deposits in banks and other financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables.

The credit risk arising from trade receivables is managed on an individual basis, in accordance with policy previously established. Furthermore, sales operations are often supported by letters of credit issued by top tier financial institutions, or through advances from customers.

The need for a provision for impairment losses is reviewed at each reporting date on an individual basis for the main customers.

(ii) Financial instruments and cash deposits.

The credit risk of balances with banks and other financial institutions is managed by the Group's Treasury Department. According to its investment policy, the Group has invested in low-risk investments with financial institutions considered by management as prime institutions in Brazil, based on the ratings disclosed by risk rating agencies. Management considers these financial assets as cash and cash equivalents due to their immediate liquidity with financial institutions.

(c) Liquidity risk.

The Group maintains the continuity and flexibility of its financial resources through overdraft accounts, advances on foreign exchange contracts (ACC), bank loans and financing for investments.

4.2 Other risk factors.

(a) Regulatory and environmental risks.

The Group is subject to laws and regulations pertinent to its activities. The Group has established environmental policies and procedures aimed at mitigating this risk. Management performs periodical analyses in order to identify environmental risks and to ensure that the systems in place are sufficient to manage such risks.

(b) Climatic risks.

The Group's operating activities are exposed to risks of damage caused by climatic changes, plagues, disease, forest fires and other forces of Nature. The Group has processes in place to mitigate these risks, including regular inspections of the plantation area.

4.3 Fair value estimation.

The carrying values of trade receivables and payables, less impairment provision in the case of trade receivables, are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4.4 Capital management.

	2014	2013
Total borrowings (Note 15)	579,226	296,133
Less: cash and cash equivalents (Note 5)	(2,386)	(3,493)
Financial investments (Note 6)	(119,853)	(19,291)
Net debt	456,987	273,349
Total equity (Note 22)	672,127	660,113
Total capital	1,129,114	933,462
Gearing ratio - %	40	29

5 Cash and cash equivalents.

	2014	2013
Fixed fund	13	7
Bank accounts	628	805
Financial investments	1,745	2,681
	2,386	3,493

6 Financial investments.

As contractually established, the company Gusa maintains an account related to investments in Bank Deposit Certificates (CDB) with Banco do Nordeste do Brasil (BNB), at market rates, to guarantee the borrowings.

7 Trade receivables.

	2014	2013
Domestic market	22,071	10,855
Foreign market	4,869	5,525
	26,940	16,380
Current	21,385	12,968
Non-current (a)	5,555	3,412

Correspond to customers of domestic and foreign market. Management understands that there is no risk on the realization of the balance of trade receivables in the periods under analysis, since its portfolio is mostly comprised of major customers, with long-term contracts and no history of losses. Accordingly, the Group has not recorded any provision for the realization of this amount.

8 Inventories.

	2014	2013
Finished product - Pig iron	33,732	12,530
Finished product - Ethanol	7,466	5,435
Properties for sale	10,741	12,313
Temporary crops and livestock	3,177	4,208

Raw materials	17,943	16,173
Store room	2,273	2,321
Other inventories	303	684
	75,635	53,664

9 Taxes recoverable.

	2014	2013
State Value-Added Tax (ICMS) (a)	27,852	25,665
Social Integration Program (PIS)/ Social Contribution on Revenues (COFINS) (b)	21,009	22,025
Corporate Income Tax (IRPJ)/Social Contribution on Net Income (CSLL)	2,147	4,292
Excise Tax (IPI)	303	273
Special System for Refund of Tax Amounts to Exporting Companies (Reintegra) (b)	1,291	2,553
Other	2,213	2,365
	54,815	57,173
Current	35,637	35,374
Non-current	19,178	21,799

(a) Mainly refers to credit on exports.

(b) Refers to credits on purchases of goods and services in compliance with the non-cumulative tax system (Laws 10,637/2002 and 10,833/2003) and the Special Tax Refund Regime for Exporters of Manufactured Goods (REINTEGRA), the objective of which is to refund amounts related to existing residual tax costs in the production chains of the exporting companies, by returning to the exporter of manufactured goods up to 3% (three per cent) of the amount exported in the period from October 2012 to December 2013 and in the third quarter of 2014.

10 Investments.

	2014	2013
In subsidiaries and associates	18,066	14,147
Other investments	2,379	435
	20,445	14,582

(a) Changes.

	2014	2013
Opening balance	14,582	14,584
(+) Equity in the results of subsidiaries	3,360	(881)
(+) Increase in ownership interest	2,513	4,810
(-) Decrease in ownership interest	-	(237)
(-) Provision for losses	-	(3,694)
(-) Other changes	(10)	-
	20,445	14,582

(b) Information on investees.

								Combined
			Information on investees					Investment
	Capital	No. of shares/quotas held	Equity	Profit (loss) for the year	Ownership interest (%)	Equity in the results of subsidiaries	Cost	Total
At December 31, 2014								
Cimento Verde do Brasil S.A (a)	25,869	12,934,396	31,788	6,706	50.00%	15,894	-	15,894
Escarpas do Corumbá Empreendimentos Ltda. (b)	4,429	2,214,313	4,219	(51)	50.00%	2,110	62	2,172
Other	-	-	-	-	-	-	2,379	2,379
						18,004	2,441	20,445
At December 31, 2013								

Cimento Verde do Brasil S.A (a)	25,869	12,934,396	25,082	(1,762)	50.00%	12,541	-	12,541
Escarpas do Corumbá Empreendimentos Ltda. (b)	3,502	3,502	4,194	(26)	48.37%	1,606	382	1,988
Other	-	-	-	-	-	-	53	53
						14,147	435	14,582

(a) Cimento Verde do Brasil S.A.

Gusa Nordeste, which started its cement manufacturing activities in 2011, established the subsidiary Cimento Verde do Brasil S.A. ("CVB") on April 27, 2012, by paying its capital with all equipment required for the manufacturing of cement. On October 1, 2012, the Company sold 50% of its holding to Masaveu.

(b) Escarpas do Corumbá Empreendimentos Ltda.

Investment in the associated company Escarpas do Corumbá Empreendimentos Ltda. ("Escarpas do Corumbá"), a real estate enterprise located in the City of Abadiânia, State of Goiás.

11 Transactions with related parties.

The amounts refer to receivables and payables between the Group companies and shareholders, which are interest-free and with established maturity dates.

The transactions with related parties are carried out at normal market prices. The balances outstanding at the end of the year have no guarantees, are not interest-bearing and are settled in cash. No guarantees have been given or received in relation to any accounts receivable or payable between related parties. The Company has not recorded any impairment loss on the receivables from related parties. This assessment is carried at each year and comprises the analysis of the financial position of the related party and the market in which it operates.

								Combined 2014
	Transactions					Assets		Liabilities
	Sales revenue	Purchases	Trade receivables	Dividends receivable	Related parties	Trade payables	Related parties	Dividends payable
Parent company	-	-	-	-	-	-	-	-
Empresa de Mecanização Rural S.A.	-	-	-	8,527	58,283	-	68,471	-
Subsidiaries	-	-	-	-	-	-	-	-
Ferroeste Industrial Ltda.	19,703	-	1,580	-	10,121	-	-	-
Gusa Nordeste S.A.	-	8,538	-	-	215	14,242	61,694	6,113
CBF Indústria de Gusa S.A.	-	19,899	-	-	59,804	1,580	-	2,193
Fiesa- Ferroeste Industrial do Espírito Santo S.A.	-	-	-	-	2,087	-	-	221
G5 Agropecuária Ltda.	8,734	-	14,242	-	-	-	5,401	-
Veredas Agro Ltda.	16,757	-	-	-	-	-	7,794	-
Destilaria Veredas Ind. de Açúcar e Álcool Ltda.	-	16,757	-	-	12,364	-	-	-
Energia Viva Agroflorestal Ltda.	-	-	-	-	21,471	-	20,985	-
Other related parties	-	-	-	-	189	-	13,563	-
Total at December 31, 2014	45,194	45,194	15,822	8,527	164,534	15,822	177,908	8,527

								Combined 2013
	Transactions					Assets		Liabilities
	Sales revenue	Purchases	Trade receivables	Dividends receivable	Related parties	Trade payables	Related parties	Dividends payable
Parent company	-	-	-	-	-	-	-	-
Empresa de Mecanização Rural S.A.	-	-	-	6,265	113,913	-	82,469	-
Subsidiaries	-	-	-	-	-	-	-	-
Ferroeste Industrial Ltda.	17,748	-	769	-	17,975	-	-	-
Gusa Nordeste S.A.	126,674	44,659	2	-	126,674	13,399	110,227	6,113
CBF Indústria de Gusa S.A.	-	17,748	-	-	87,349	769	-	-
Fiesa- Ferroeste Industrial do Espírito Santo S.A.	-	-	-	-	429	-	-	152
G5 Agropecuária Ltda.	44,659	-	13,399	-	292	2	217	-
Veredas Agro Ltda.	12,585	-	-	-	-	-	31,331	-
Destilaria Veredas Ind. de Açúcar e Álcool Ltda.	-	12,585	-	-	31,331	-	10,570	-
Energia Viva Agroflorestal Ltda.	-	126,674	-	-	-	-	143,149	-
Other related parties	-	-	-	-	-	-	14,959	-
Total at December 31, 2013	201,666	201,666	14,170	6,265	377,963	14,170	392,922	6,265

12 Property, plant and equipment.

Combined

	Land	Buildings and facilities	Machinery and equipment	Furniture and fittings	Vehicles and agricultural equipment	Data center	Aircraft	Construction in progress	Total
Cost:									
At December 31, 2013	261,043	98,100	217,151	2,499	24,958	1,431	6,075	544,533	1,155,790
Additions	-	247	12,259	106	5,729	68	-	143,593	162,002
Disposals /Write-offs	-	(2,846)	(4,890)	(164)	(1,107)	(28)	-	(8,529)	(17,564)
Transfers	4,568	143	181	-	(49)	-	-	(4,843)	-
At December 31, 2014	265,611	95,644	224,701	2,441	29,531	1,471	6,075	674,754	1,300,228
Depreciation:	-							-	
At December 31, 2013	-	(32,809)	(104,644)	(1,330)	(11,865)	(999)	(4,463)	-	(156,110)
Additions	-	(4,198)	(12,604)	(161)	(2,236)	(159)	(625)	-	(19,983)
Disposals /Write-offs	-	664	1,363	161	785	25	-	-	2,998
At December 31, 2014	-	(36,343)	(115,885)	(1,330)	(13,316)	(1,133)	(5,088)	-	(173,095)
Net book value:									
At December 31, 2013	261,043	65,291	112,507	1,169	13,093	432	1,612	544,533	999,680
At December 31, 2014	265,611	59,301	108,816	1,111	16,215	338	987	674,754	1,127,133

13 Biological assets.

The Group's biological assets comprise the plantation and cultivation of eucalyptus forests and sugar cane for processing and utilization in the production of pig iron and ethanol.

The balance of the Group's biological assets is made up of the cost of formation and the difference between the fair value and the formation cost, so that the balance of biological assets as a whole is recorded at fair value, less the costs necessary to prepare the assets for use or sale.

(a) Assumptions for recognition of the fair value.

In accordance with CPC 29 (IAS 41) - Biological Assets and Agricultural Products, the Group recognizes its biological assets at fair value, based on the following assumptions:

Eucalyptus forests.

(i) Eucalyptus forests are recorded at historical cost up to the sixth year from planting, as management understands that, during this period, the historical cost of biological assets approximates their fair value;

(ii) After the sixth year of planting, eucalyptus forests are measured at fair value, which reflects the sales price of the asset less the costs necessary to prepare the assets for the intended use or sale;

(iii) Estimated forest productivity volumes are based on stratification by species, genetic material, forest management system, production potential, rotation and age of forests. These characteristics form an index named Average Annual Growth, expressed in cubic meters/hectare/year, which is used as the basis of productivity projection. The Group's harvesting plan varies between six and seven years for eucalyptus trees;

(iv) The prices of biological assets, denominated in R$/cubic meter, are obtained through market research, based on information disclosed by specialized companies, and also on prices practiced by the Group in sales to third parties. The prices obtained are adjusted by deducting the capital costs relating to land, since they refer to assets that contribute to the planting of forests, and other costs necessary to prepare the assets for sale or consumption;

(v) Planting expenses refer to costs of formation of biological assets;

(vi) The depletion of biological assets is calculated based on the fair value of biological assets harvested in the period;

(vii) The Group reviews the fair value of its biological assets annually, understanding that this interval is sufficient to prevent distortions in the fair values reported in its financial statements.

Sugar cane.

(i) Sugar cane plantations are recorded at historical, as management understands that, during this period the historical cost of biological assets approximates their fair value;
(ii) Planting expenses refer to costs of formation of biological assets;
(iii) Depletion of biological assets is calculated based on the cost of biological assets harvested in the period;

(b) Basis for changes in fair value.

The depletion of biological assets for the period was charged to production cost, after an initial allocation to inventories when forests are harvested, and the subsequent utilization in the production process or for sale to third parties.

Changes.

	Total
At December 31, 2012	282,018
Acquisition	36,357
Depletion	(43,506)
Valuation	28,285
Disposals	(5,715)
At December 31, 2013	297,439
Acquisition	53,345
Depletion	(41,655)
Valuation	29,900
At December 31, 2014	339,029

14 Trade payables.

	Combined	
	2014	**2013**
Domestic market	153,990	132,232
Foreign market	10,209	11,642
	164,199	143,874

Borrowings.

The combined balances of borrowings are presented below:

Description	**Currency**	**2014**	**2013**
BNB – Industry (1)	R$	369,594	181,841
BNB – Rural (2)	R$	49,544	45,655
Working capital	R$	134,546	33,313
BB – Industry (3)	R$	8,283	26,023
ROF (4)	US$	9,163	3,919
Government Agency for Machinery and Equipment Financing (FINAME)	R$	7,391	4,359
Consortium	R$	64	132
Lease	R$	641	891
		579,226	296,133
Current		32,876	78,197
Non-current		546,350	217,936

Borrowing rates range from 7% and 15% p.a. Borrowings are guaranteed by machinery and equipment, urban plots of land and farms.

The Group is subject to covenants as determined by agreements, based on certain indicators of guarantee coverage. For the year ended December 31, 2014, the Group presents indications that the covenants have been complied with.

Maturity

Year	Amount
2016	131,930
2017	125,783
2018 to 2023	288,637
	546,350

The nature of the borrowings is described below:

(1) Banco do Nordeste – Industrial - Funds for the construction of a thermoelectric power plant to produce its own electricity and the construction of a steel plant focused on transforming pig iron into steel. The grace period is between January 2014 and June 2015, with the initial maturity on July 26, 2015 and the final maturity on December 26, 2022.

(2) Banco do Nordeste – Rural - Funds for eucalyptus plantations in 2013; according to Resolution 4,211 of April 18, 2013 of the National Monetary Council (CMN) installments due between January 1, 2012 and December 31, 2014 were postponed and the final maturity will be in 2017.

(3) Banco do Brasil - Funds for operational maintenance, including the acquisition of inputs, machinery and equipment for the manufacture of products.

(4) Funds obtained from Banco Safra N. Bank of New York, equivalent to US$ 5,000 (US$ 5,585 in 2012), with an interest rate of 3.75% per annum.

16 Advances on foreign exchange contracts.

Advances on foreign exchange contracts (ACCs) are borrowings aiming at financing the production to be exported. Interest rates range from 8.31% to 8.50% p.a. and maturities are up to 360 days.

17 Advances from customers.

	2014	**2013**
Cimento Verde do Brasil	-	400
Domestic market	919	10,042
Foreign market (a)	36,316	46,243
	37,235	**56,685**

(a) The balance refers to advances received from customers to be settled with future deliveries of pig iron.

18 Export agents' commission.

The balance refers to the commission to be paid to external export agents. The agents' average remuneration is 3% of the balance they have traded.

There is no maturity negotiated for the liability and its settlement is not expected in the next 12 months. The amounts do not bear interest.

19 Taxes payable in installments.

	2014	**2013**
REFIS - State (a)	243	288
Brazilian Federal Revenue Service (RFB) – Refis - 2000 (b)	3,606	3,725
RFB – Refis - Law 11,941 (c) and (d)	2,353	10,198
	6,202	14,211
Current	229	1,733
Non-current	5,973	12,478

Based on studies and preliminary assessments, the Group's management has opted to enroll in the State and Federal programs for taxes payable in installments.

a) Refers to the installment payment of debts related to tax rate difference determined in tax audits of the subsidiary G5 Agropecuária, with final payment scheduled for March 2017.

b) Tax Recovery Program (REFIS), including all federal taxes, basically, income tax, social contribution, PIS, COFINS, and INSS. Payments are settled on a monthly basis and are equivalent to 0.6% of the sales of the subsidiary Ferroeste.

c) Amounts related to tax assessment notices issued by the Brazilian Environmental Institute (IBAMA) against the subsidiary CBF. The Company used the benefits of Laws 12,249/2009 and 12,296/2014 for the settlement, which consisted of 180 installments and used the amnesty granted. The debit balance is restated based on the SELIC rate, and final maturity is scheduled for September 2028.

d) On December 1, 2014, the subsidiaries CBF and G5 Agropecuária filed with the RFB the Application for Early Settlement of Installments based on Article 33 of Provisional Measure 651, of July 9, 2014, requesting the early settlement of all its taxes payable in installments, according to the rules defined in the Joint Ordinance 15, issued by the Federal Revenue Service (RFB) and Attorney-General of the National Treasury (PGFN) on August 22, 2014.

20 Provision for contingencies.

The provisions for civil, labor, tax and environmental proceedings were estimated by Management, significantly based on the assessment of its legal advisors, being recorded only provisions for proceedings with probable risk of loss. The following provisions were recorded:

	Combined	
	2014	**2013**
Labor	64	773
Civil	4,068	635
Tax	730	561
	4,862	1,969
Tax liabilities		
Tax assessment notice (a)	3,907	3,907
Total	8,769	5,876

(a) Refers to the amount of the tax assessment notice received in 2005, amounting to R$ 3,402, relating to federal taxes and contributions. Gusa, at the administrative level, used offset statements for the settlement of the tax assessment notices issued. However, no administrative decisions involving offset claims have been handed down so far.

The Group also identifies, in the subsidiaries G5, CBF and Veredas, the existence of administrative and judicial proceedings, the risk of loss of which was classified as possible by the legal advisors, with contingency of R$ 1,246 at December 31, 2014 (R$ 7,527 in 2013). The amount was not provided for according to management's judgment and accounting practices adopted in Brazil.

21 Court deposits.

	Combined	
	2014	**2013**
Court deposits	1,150	2,255
Judicially frozen amounts	436	1,131
	1,586	3,386

22 Equity.

(a) Capital.

Empresa de Mecanização Rural S.A.

The subscribed and paid-up capital of Empresa de Mecanização Rural S.A. was R$ 210,000, comprising 210,000,000 shares.

Gusa Nordeste S.A.

The subscribed and paid-up capital of Gusa Nordeste S.A. was R$ 40,000, comprising 970,049 shares, of which 606,590 registered common shares and 363,459 registered preferred shares. Each common share entitles the holder to one vote in General Shareholders' Meetings.

(b) Revenue reserves.

	2014	**2013**
Legal reserve (i)	8,819	425

Unrealized revenue reserve (ii)	6,256	2,022
Profit retention reserve (iii)	150,674	217,785
	165,749	220,232

(i) Legal reserve.

The reserve is recorded at the rate of 5% of the profit of each year in compliance with article 193 of Law 6,404/76, up to the limit of 20% of the capital.

(ii) Unrealized revenue reserve.

Refers to the unrealized portion of profit for the year.

(iii) Profit retention reserve.

Comprises the remaining balance of retained earnings after transfers, which is awaiting definition of the General Meeting for its allocation.

(c) Carrying value adjustments.

Recorded, net of tax charges, as a result of the adoption of the deemed cost for property, plant and equipment items, being realized through depreciation or write-off.

(d) Profit distribution.

The shareholders are entitled to a mandatory minimum dividend corresponding to 25% of the profit for the year, adjusted as established in the bylaws.

Empresa de Mecanização Rural S.A.

	2014	2013
Profit for the year	7,866	8,513
Realization of reserve	5,165	-
Legal reserve	(393)	(425)
Minimum dividend calculation basis	12,638	8,088
Dividends computed (25%)	3,160	2,022
Realized profit share to be distributed	806	-
Unrealized profit share (unrealized revenue reserve)	2,354	2,022

Gusa Nordeste S.A.

	2014	2013
Profit (loss) for the year	29,042	(16,714)
Realization of reserve	3,863	-
Legal reserve	(437)	-
Tax incentives	(7,002)	-
Minimum dividend calculation basis	25,466	-
Calculated dividends (25%)	6,367	-
Realized profit portion to be distributed	4,487	-
Unrealized profit portion (unrealized revenue reserve)	1,880	-

23 Income tax and social contribution.

The current and deferred income tax and social contribution were calculated based on the current tax rates. Deferred income tax and social contribution are calculated on temporary differences and tax losses.

(a) Income tax and social contribution.

	2014	2013
Current	(9,888)	(13,244)
Deferred	5,902	11,924
	(3,986)	(1,320)

(b) Reconciliation of income tax.

	2014	2013
Profit (loss) before income tax and social contribution	41,035	9,839
Combined standard rate of income tax and social contribution - %	34%	34%
Income tax and social contribution at standard rates	(13,952)	3,345
Adjustments for calculation of the effective rate	-	-

Permanent additions (exclusions)	(438)	1,975
Realization of tax losses	-	(4,998)
Tax losses not recognized in 2013	403	-
Adjustments related to depreciation	(1,953)	-
-Income tax and social contribution losses (i)	7,133	-
Superintendency for the Development of the Northeast (SUDENE) benefit	4,821	(1,642)
Income tax and social contribution in the statement of income for the year	(3,986)	(1,320)

(i) In 2014, Veredas Agro sold R$20,980 related to income tax losses and R$ 20,980 related to social contribution losses to its parent company Empresa de Mecanização Rural S.A. to be used for early settlement of installment payments, pursuant to article 33 of Provisional Measure (MP) 651 of July 9, 2014 (Joint Ordinance of the General Counsel to the National Treasury (PGFN)/ Brazilian Federal Revenue Service (RFB) No. 15 of August 22, 2014). Consequently, it recorded income from deferred income tax and social contribution on these credits in the amount of R$ 7,133. The deferred asset was written off upon its receipt in kind.

(c) Deferred taxes.

	2014	**2013**
Assets		
Income tax and social contribution losses	4,721	4,882
Contingencies	587	141
Exchange variation	7,541	4,717
Depreciation difference	116	116
	12,965	9,856
Liabilities		
Carrying value adjustments	97,096	84,148
Valuation of biological assets	11,522	8,225
Depreciation difference	7,086	3,782
Adjustment to present value	1,717	1,331
Deferred income	48	4
	117,469	97,490

24 Net sales revenue.

The reconciliation between gross and net revenue, presented in the statement of income for the year is as follows:

	Combined	
	2014	**2013**
Pig iron - foreign market	278,225	282,704
Pig iron - domestic market	48,062	71,275
Electrical energy	51,367	5,949
Ethanol	28,959	23,935
Real estate	2,746	50,962
Rent	2,444	3,002
Other products	5,077	4,786
(-) ICMS	(10,102)	(15,022)
(-) PIS/COFINS	(8,127)	(13,028)
(-) IPI	(407)	(2,821)
(-) National Institute of Social Security (INSS)	(978)	(1,227)
(-) Cancellations and returns	(1,031)	(1,184)
	396,235	409,331

25 Cost by nature.

Combined

	2014	2013
Raw material	(149,164)	(183,464)
Intermediary materials	(1,763)	(1,175)
Depletion	(23,253)	(18,360)
Personnel	(34,011)	(32,501)
Services	(17,955)	(16,137)
Depreciation	(17,969)	(19,062)
Maintenance	(12,941)	(9,230)
Electric power	(9,522)	(4,637)
Lease of equipment	(9,379)	(1,134)
Fuels and lubricants	(3,272)	(3,557)
Distribution and logistics	(4,513)	(1,160)
Properties	(1,571)	(20,592)
Inventory adjustment	(1,259)	(4,727)
General	(10,124)	(5,623)
	(296,696)	(321,359)

26 Expenses by nature.

	Combined	
	2014	2013
Distribution and logistics	(16,244)	(26,726)
Commercial support	(10,409)	(3,600)
Personnel	(10,838)	(10,129)
Outsourced services	(6,495)	(4,014)
Depreciation/amortization/depletion	(2,951)	(712)
Taxes	(3,602)	(1,538)
Repairs and maintenance	(704)	(3,786)
Interest on installment payments of federal taxes	(2,690)	-
Losses	(741)	(5,969)
General	(885)	(525)
Other income (expenses)	(2,337)	281
	(57,896)	(56,718)
Sales and distribution	(26,957)	(29,714)
General and administrative expenses	(34,500)	(38,082)
Other operating income (expenses), net	3,561	11,078
	(57,896)	(56,718)

27 Finance result.

	Combined	
	2014	2013
Discounts obtained	1,680	532
Interest	623	739
Income from financial investments	7,208	1,819
Finance income	9,511	3,090
Interest	(17,263)	(21,078)
Electric Energy Trade Chamber (CCEE)	(1,543)	
Other	(1,108)	(813)
Finance costs	(19,914)	(21,891)
Finance result	(10,403)	(18,801)

Foreign exchange gains	8,522	2,440
Foreign exchange losses	(31,700)	(32,458)
Provision for foreign exchange losses	(287)	-
Foreign exchange variations, net	(23,465)	(30,018)

* * *

Signed: [Illegible signature].
Name: **Silvia Carvalho Nascimento e Silva**.
Position: Director.
Individual Taxpayers' Registry (CPF): 004.855.976-83.
Signed: [Illegible signature].
Name: **Ricardo Carvalho Nascimento**.
Position: Director.
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Name: **Valéria de Campos Oliveira**.
Position: Accountant.
CRC-MG No. 062.894/O.
[Pages numbered from 1 to 38].