Rumo S.A.

Interim financial statements
March 31, 2018
(A free translation of the original in Portuguese)

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Report on Review of Interim Financial Information - ITR

To the
Management, Board of Directors and Shareholders of
Rumo S.A.
Curitiba - PR

Introduction
We have reviewed the accompanying individual and consolidated interim financial information of Rumo S.A. ("Company"), included in the Quarterly Information Form - ITR for the quarter ended March 31, 2018, which comprise the balance sheet as of March 31, 2018 and the related statements of profit and loss and comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, including the notes.

Company´s management is responsible for the preparation of these interim financial information in accordance with the Technical Pronouncement CPC 21 (R1) - *Demonstração Intermediária* and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of the information in accordance with the standards issued by *Comissão de Valores Mobiliários*, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

Conclusion on the interim financial information
Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 issued by IASB, applicable to the preparation of the Quarterly Information - ITR and presented in accordance with the standards issued by *Comissão de Valores Mobiliários*.

Other matters - Statements of added value

The individual and consolidated interim financial information related to the Statements of added value (DVA) for the three-month period ended March 31, 2018, prepared under the responsibility of the Company´s management, presented herein as supplementary information for IAS 34 purposes, have been subject to review procedures jointly performed with the review of the Company´s interim financial information – ITR. In order to form our conclusion, we assessed whether those statements are reconciled with the interim financial information and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement *CPC 09 - Demonstração do Valor Adicionado*. Based on our review, nothing has come to our attention that causes us to believe that the statements of added value referred to above were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Curitiba, 08 May 2018

KPMG Auditores Independentes

CRC 2SP014428/O-6

Original in Portuguese signed by

Rogério Hernandez Garcia

Contador CRC 1SP213431/O-5

Balance sheets
(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	Note	Parent Company		Consolidated	
		March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Assets					
Cash and cash equivalents	5	**708**	930	**1,687,133**	178,004
Marketable securities	6	**337,358**	421,810	**2,616,048**	3,152,441
Accounts receivable	7	**24,444**	24,839	**360,035**	359,342
Derivative financial instruments	26	**-**	660	**-**	660
Inventories	8	**540**	504	**294,608**	282,291
Related parties	10	**76,017**	79,899	**41,794**	13,174
Current income taxes		**17,883**	2,374	**63,330**	50,855
Other recoverable taxes	9	**6,771**	5,979	**228,136**	209,121
Dividends and interest on own capital receivable		**35,652**	35,652	**2,608**	352
Other assets		**16,571**	8,649	**184,926**	160,381
Current		**515,944**	581,296	**5,478,618**	4,406,621
Accounts receivable	7	**11,308**	12,376	**11,308**	12,376
Restricted cash	6	**3,365**	3,321	**196,728**	225,634
Deferred income tax	16	**-**	-	**1,125,887**	1,156,560
Related parties	10	**101,362**	64,524	**20,259**	18,086
Current income taxes		**-**	21,582	**242,144**	247,996
Other recoverable taxes	9	**-**	1,982	**691,495**	698,057
Judicial deposits	18	**17,420**	17,282	**337,172**	330,972
Derivative financial instruments	26	**-**	-	**87,546**	109,447
Other non-current assets		**8,230**	8,780	**88,827**	92,590
Equity method investments	11	**9,562,698**	9,546,428	**40,709**	41,930
Property and equipment	12	**134,542**	136,093	**11,450,162**	11,266,278
Intangible assets	13	**417,600**	427,106	**7,590,534**	7,622,969
Non-current		**10,256,525**	10,239,474	**21,882,771**	21,822,895
Total assets		**10,772,469**	10,820,770	**27,361,389**	26,229,516

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

Balance sheets
(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	Note	Parent Company		Consolidated	
		March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Liabilities					
Current portion of long-term debt	14	**336,341**	336,526	**1,550,218**	1,594,008
Finance leases	19	**301**	327	**179,702**	261,344
Real estate credit certificates		**-**	4,806	**59,514**	86,745
Accounts payable - suppliers	17	**33,428**	33,694	**512,365**	628,596
Salaries payable		**3,303**	19,196	**128,521**	166,864
Current income tax		**295**	138	**2,034**	2,003
Other taxes payable	15	**5,137**	6,804	**34,312**	42,767
Dividends payable		**5,250**	5,250	**8,037**	8,506
Leases and concessions	20	**-**	-	**27,676**	27,413
Related parties	10	**118,389**	125,450	**152,480**	147,099
Deferred income		**2,802**	2,802	**11,168**	11,529
Other financial liabilities	26.b	**-**	-	**245,939**	291,977
Other current liabilities		**19,393**	50,233	**204,859**	243,130
Current		**524,639**	585,226	**3,116,825**	3,511,981
Long-term debt	14	**1,226,389**	1,258,999	**9,732,869**	8,076,938
Finance leases	19	**402**	451	**536,579**	682,794
Derivative financial instruments	26	**-**	-	**6,944**	-
Other taxes payable	15	**-**	-	**9,240**	11,010
Provision for judicial demands	18	**36,111**	36,674	**519,275**	502,034
Leases and concessions	20	**-**	-	**2,972,064**	2,905,921
Provision for capital deficiency	11	**1,215,304**	1,110,682	**-**	-
Related parties	10	**25,582**	25,483	**-**	-
Deferred income tax	16	**-**	-	**2,339,797**	2,342,076
Deferred income		**23,815**	24,515	**54,419**	56,495
Other current liabilities		**25,031**	27,280	**110,077**	120,886
Non-current		**2,552,634**	2,484,084	**16,281,264**	14,698,154
Total liabilities		**3,077,273**	3,069,310	**19,398,089**	18,210,135
Equity	21				
Common stock		**9,654,897**	9,654,897	**9,654,897**	9,654,897
Capital reserve		**2,461,580**	2,459,859	**2,461,580**	2,459,859
Other equity		**9,767**	7,812	**9,767**	7,812
Profit reserve		**253,599**	253,599	**253,599**	253,599
Accumulated losses		**(4,684,647)**	(4,624,707)	**(4,684,647)**	(4,624,707)
Equity attributable to:					
Owners of the Company		**7,695,196**	7,751,460	**7,695,196**	7,751,460
Non-controlling interests	11.c	**-**	-	**268,104**	267,921
Total equity		**7,695,196**	7,751,460	**7,963,300**	8,019,381
Total liabilities and equity		**10,772,469**	10,820,770	**27,361,389**	26,229,516

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

Statements of income
(In thousands of Brazilian Reais – R$, except earnings per share)

	Note	Parent Company		Consolidated	
		March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Net revenue from services		**161,493**	141,337	**1,396,683**	1,199,174
Cost of services		**(106,921)**	(111,148)	**(1,000,714)**	(930,852)
Gross profit		**54,572**	30,189	**395,969**	268,322
Selling		**289**	-	**(3,828)**	(2,355)
General and administrative		**(7,268)**	(7,749)	**(70,092)**	(62,815)
Other, net	25	**4,999**	(1,830)	**(4,396)**	(2,194)
Operating expenses		**(1,980)**	(9,579)	**(78,316)**	(67,364)
Result before financial results and equity income on investments		**52,592**	20,610	**317,653**	200,958
Equity income on investments	11	**(78,390)**	(196,538)	**1,380**	1,746
Equity income on investments		**(78,390)**	(196,538)	**1,380**	1,746
Financial expenses		**(37,928)**	(74,184)	**(342,899)**	(488,364)
Financial income		**8,168**	2,401	**75,511**	43,431
Foreign exchange, net		**(205)**	(2,402)	**(12,973)**	494
Derivatives		**-**	-	**(68,546)**	(6,965)
Financial result, net	24	**(29,965)**	(74,185)	**(348,907)**	(451,404)
Result before income taxes		**(55,763)**	(250,113)	**(29,874)**	(248,700)
Income tax and social contribution benefit	16				
Current		**(3,192)**	-	**(3,857)**	(10,979)
Deferred		**-**	920	**(24,528)**	11,082
		(3,192)	920	**(28,385)**	103
Result for the period		**(58,955)**	(249,193)	**(58,259)**	(248,597)
Result attributable to:					
Controlling interest		**(58,955)**	(249,193)	**(58,955)**	(249,193)
Non-controlling interest		**-**	-	**696**	596
Basic and diluted earnings per share:					
Basic	22			**(R$0.03782)**	(R$0.1861)
Diluted				**(R$0.03782)**	(R$0.1861)

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

Statements of comprehensive income
(In thousands of Brazilian Reais – R$, except earnings per share)

	Parent Company		Consolidated	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Result for the period	**(58,955)**	(249,193)	**(58,259)**	(248,597)
Items that can be subsequently reclassified to the result				
Actuarial losses with pension plan	**(54)**	-	**(54)**	-
Currency translation adjustment	**2,009**	490	**2,009**	490
Other comprehensive income, net of income tax and social contribution	**1,955**	490	**1,955**	490
			-	-
Total comprehensive result	**(57,000)**	(248,703)	**(56,304)**	(248,107)
Comprehensive income attributable to:				
Owners of the Company	**(57,000)**	(248,703)	**(57,000)**	(248,703)
Non-controlling interest	**-**	-	**696**	596

Statements of changes in equity
(In thousands of Brazilian Reais - R$)

	Attributable to shareholders of the Company							
	Common capital	**Capital reserve**	**Profit reserve**	**Other equity**	**Accumulated losses**	**Total**	**Non-controlling interest**	**Total Equity**
At December 31, 2017	**9,654,897**	**2,459,859**	**253,599**	**7,812**	**(4,624,707)**	**7,751,460**	**267,921**	**8,019,381**
Initial adoption of standard CPC 48 / IFRS 9	-	-	-	-	(985)	(985)	(3)	(988)
At January 1, 2018	**9,654,897**	**2,459,859**	**253,599**	**7,812**	**(4,625,692)**	**7,750,475**	**267,918**	**8,018,393**
Result for the period	-	-	-	-	(58,955)	(58,955)	696	(58,259)
Other comprehensive income:								
Currency translation adjustment	-	-	-	2,009	-	2,009	-	2,009
Actuarial losses with pension plan	-	-	-	(54)	-	(54)	-	(54)
Total comprehensive income, net of taxes	-	-	-	1,955	(58,955)	(57,000)	696	(56,304)
Contributions and distributions for shareholders								
Stock option plan	-	1,721	-	-	-	1,721	-	1,721
Dividends	-	-	-	-	-	-	(510)	(510)
Total transactions with owners of the Company	-	1,721	-	-	-	1,721	(510)	1,211
At March 31, 2018	**9,654,897**	**2,461,580**	**253,599**	**9,767**	**(4,684,647)**	**7,695,196**	**268,104**	**7,963,300**

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

Rumo S.A.

Statements of changes in equity
(In thousands of Brazilian Reais - R$)

	Attributable to shareholders of the Company							
	Common capital	Capital reserve	Profit reserve	Other equity	Accumulated losses	Total	Non-controlling interest	Total equity
At January 1, 2017	7,014,897	2,493,670	253,599	6,489	(4,363,960)	5,404,695	270,592	5,675,287
Result for the period	-	-	-	-	(249,193)	(249,193)	596	(248,597)
Other comprehensive income:								
Attributable cost reflection adjustment of associates	-	-	-	(60)	60	-	-	-
Currency translation adjustment	-	-	-	490	-	490	-	490
Total comprehensive income, net of taxes	-	-	-	430	(249,133)	(248,703)	596	(248,107)
Contributions and distributions for shareholders								
Stock option plan	-	1,268	-	-	-	1,268	-	1,268
Dividends	-	-	-	-	-	-	(3,247)	(3,247)
Total transactions with owners of the Company	-	1,268	-	-	-	1,268	(3,247)	(1,979)
At March 31, 2017	7,014,897	2,494,938	253,599	6,919	(4,613,093)	5,157,260	267,941	5,425,201

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

Rumo S.A.

Statements of cash flows

(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Cash flows from operating activities				
Result before income taxes and social contribution	**(55,763)**	(250,113)	**(29,874)**	(248,700)
Adjustments to:				
Depreciation and amortization	**24,868**	24,683	**331,120**	289,903
Equity pick-up from controlled and associated companies	**78,390**	196,538	**(1,380)**	(1,746)
Provision for profit sharing	**258**	2,633	**23,260**	10,850
Result on disposal of fixed and intangible assets	**-**	-	**1,523**	(4,106)
Provision for judicial demands	**2,231**	2,266	**20,460**	13,921
Provision for losses on doubtful accounts	**(215)**	232	**562**	(1,371)
Stock option plan	**1,721**	1,268	**1,721**	1,268
Lease and concessions	**-**	-	**49,643**	49,474
Interest, indexation charges and exchange variations, net	**22,439**	63,622	**337,389**	413,905
Other	**(762)**	(886)	**(4,286)**	(4,231)
	73,167	40,243	**730,138**	519,167
Changes in:				
Accounts receivable	**2,509**	26,853	**3,645**	94,645
Judicial deposits	**(591)**	372	**(7,893)**	(7,878)
Net, related parties	**(39,801)**	4,637	**(35,370)**	48,922
Other taxes, net	**2,222**	(4,709)	**(5,479)**	(13,838)
Inventories	**(36)**	26	**(12,317)**	36,181
Salaries payable	**(16,151)**	(15,683)	**(62,122)**	(28,406)
Accounts payable	**(9,220)**	(11,179)	**(144,444)**	(60,028)
Lease and concessions payable	**-**	-	**(26,548)**	(28,096)
Provision for judicial demands	**(1,827)**	(2,487)	**(15,908)**	(16,052)
Other financial liabilities	**-**	-	**(52,917)**	(15,498)
Other asset and liabilities, net	**(33,694)**	(8,575)	**(68,189)**	17,307
	(96,589)	(10,745)	**(427,542)**	27,259
Net cash generated from (used in) operating activities	**(23,422)**	29,498	**302,596**	546,426
Cash flow from investing activities				
Capital increase in subsidiary	**(1,131)**	-	**-**	-
Marketable securities	**90,530**	59,952	**579,184**	396,276
Restricted cash	**(44)**	(57)	**28,796**	(24,145)
Dividends received from controlled and associated companies	**-**	76,000	**347**	2,464
Related parties - mutual	**-**	(40,000)	**-**	-
Purchase of property, plant and equipment and intangible	**(1,645)**	(32,137)	**(483,743)**	(471,883)
Cash received on disposal of other fixed assets	**-**	-	**-**	7,000
Net cash generated from (used in) investing activities	**87,710**	**63,758**	**124,584**	**(90,288)**
Cash flow from financing activities				
Proceeds from debts	**-**	-	**2,075,440**	2,388,495
Repayments of principal from debts	**(44,906)**	(41,973)	**(465,134)**	(202,548)
Payments of interest from debts	**(15,174)**	(44,114)	**(207,921)**	(139,458)
Repayments of leases	**(74)**	(554)	**(262,602)**	(111,071)
Payments of leases	**(27)**	(138)	**(43,494)**	(80,505)
Repayments of advance of real estate credits	**(4,898)**	(6,574)	**(29,342)**	(30,833)
Payments of advance of real estate credits	**(97)**	(873)	**(97)**	(871)
Derivative financial instruments	**666**	775	**(39,035)**	775
Dividends paid	**-**	-	**(979)**	-
Net cash generated from (used in) financing activities	**(64,510)**	(93,451)	**1,026,836**	1,823,984
Impact of exchange variation on cash and cash equivalents	**-**	-	**55,116**	47,484
Increase (decrease) in cash and cash equivalents	**(222)**	(195)	**1,509,132**	2,327,606
Cash and cash equivalents at beginning of the period	**930**	3,039	**178,001**	260,527
Cash and cash equivalents at end of the period	**708**	2,844	**1,687,133**	2,588,133
Supplemental disclosure of cash flow information:				
Income taxes paid	**-**	-	**74**	685

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

Statements of value added

(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Revenue				
Sale of services	**173,429**	150,413	**1,482,597**	1,288,222
Other operating revenue	**7,396**	275	**16,935**	13,507
Allowance for doubtful accounts	**215**	(232)	**(562)**	1,371
	181,040	150,456	**1,498,970**	1,303,100
Raw materials acquired from third parties				
Cost of services rendered	**(103,603)**	(81,051)	**(284,100)**	(252,583)
Materials, energy, third party services, other	**15,277**	(9,622)	**(225,143)**	(227,254)
	(88,326)	(90,673)	**(509,243)**	(479,837)
Gross value added	**92,714**	59,783	**989,727**	823,263
Retention				
Depreciation and amortization	**(24,868)**	(24,683)	**(331,120)**	(289,903)
	(24,868)	(24,683)	**(331,120)**	(289,903)
Net value added	**67,846**	35,100	**658,607**	533,360
Value added transferred in				
Equity pick-up in investees	**(78,390)**	(196,538)	**1,380**	1,746
Financial income	**8,168**	2,401	**75,511**	43,431
	(70,222)	(194,137)	**76,891**	45,177
Value added to be distributed	**(2,376)**	(159,037)	**735,498**	578,537
Distribution of value added				
Personnel	**2,411**	4,508	**180,620**	165,846
Direct remuneration	**1,867**	3,892	**139,742**	132,658
Benefits	**433**	550	**33,354**	25,793
FGTS	**111**	66	**7,524**	7,395
Taxes and contributions	**15,809**	8,078	**91,865**	76,355
Federal	**15,447**	8,118	**68,287**	60,694
State	**150**	254	**18,904**	12,312
City	**212**	(294)	**4,674**	3,349
Third party capital remuneration	**38,359**	77,570	**521,272**	584,933
Interest	**38,133**	76,586	**424,418**	494,835
Leasing	**226**	984	**96,854**	90,098
Equity capital remuneration	**(58,955)**	(249,193)	**(58,259)**	(248,597)
Non-controlling interests	**-**	-	**696**	596
Losses for the period	**(58,955)**	(249,193)	**(58,955)**	(249,193)
	(2,376)	(159,037)	**735,498**	578,537

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

1 Operations

Rumo S.A. ("The Company" or "Rumo"), is a publicly traded company with its shares traded on B3 S.A. – Brasil, Bolsa, Balcão ("B3") under the code RAIL3, and has its headquarters in the city of Curitiba, State of Paraná, Brazil. The Company is a direct subsidiary of Cosan Logística S.A. ("Cosan Logística"), which owns 28.47% of its capital.

The Company is a service provider in the logistics sector (transport and elevation), principally for export commodities, providing an integrated transport solution, handling, storage and shipment from the production centers to the main southern and southeast ports, and also holds interests in other companies and ventures related to logistic.

The Company operates in the rail transportation segment in Southern Brazil through its subsidiary Rumo Malha Sul S.A. ("Rumo Malha Sul"), and the Midwest region and State of São Paulo through the Company and subsidiaries Rumo Malha Paulista S.A. ("Rumo Malha Paulista"), Rumo Malha Norte S.A. ("Rumo Malha Norte") and Rumo Malha Oeste S.A. ("Rumo Malha Oeste"). In addition, the subsidiary Brado Logística e Participações S.A. ("Brado") operates in the container segment while Elevações Portuárias S.A. ("Elevações Portuárias") has terminals for transshipment and terminals for export of sugar and grains in the Port of Santos.

On January 10, 2018, the pricing and placement of debt securities in the international market was approved, Senior Notes due 2025 ("Notes 2025"), issued by the subsidiary Rumo Luxembourg S.à.rl ("Rumo Lux"), in amounting R$1,581,200 (US$500,000), maturing on January 2025, a coupon of 5.875%, payable semiannually, and a yield of 6.00% per annum. Notes 2025 were rated BB- by the agency Fitch Ratings and B+ by the rating agency Standard & Poor's. The Company will use the net proceeds from this funding in debt restructuring and for general use. This issue is part of the Company's capital structure management process and has as one of its objectives the diversification of the sources of financing of the Company's investment plan.

On January 24, 2018, the authorization to issue the Export Credit Note by its subsidiary Rumo Malha Norte was approved, in favor of Banco Bradesco S.A., in the amount of up to R$500,000, maturing in December of 2023.

a) The concession of railway operation and port terminal

The Company holds, through subsidiaries or affiliates, concession of railway services and port terminals, whose scope and concession terms are as follows:

Companies	Concession end	Coverage areas
Subsidiaries		
Elevações Portuárias	March 2036	Port of Santos-SP
Rumo Malha Paulista	December 2028	São Paulo State
Rumo Malha Sul	February 2027	South and São Paulo State
Rumo Malha Oeste	June 2026	Midwest and São Paulo State
Rumo Malha Norte	May 2079	Midwest and São Paulo State
Portofer	June 2025	Port of Santos-SP
Associates		
Terminal XXXIX	October 2025	Port of Santos-SP
TGG - Terminal de Granéis do Guarujá	August 2027	Port of Santos-SP
Termag - Terminal Marítimo de Guarujá	August 2027	Port of Santos-SP

The subsidiaries and associates above are subject to compliance with certain conditions set out in the privatization bids and the concession contracts of railway networks and port terminals. To the extent that there is no substantive control to which the service should be provided and as there is no substantive pricing control, IFRIC 12 / ICPC 01 is not applicable to the Company and therefore the assets acquired by it are treated under IAS 17 / CPC 27 – Property and Equipment.

The concession agreements of these subsidiaries and associates shall be terminated by: expiration of the contractual term; expropriation; forfeiture; termination; annulment and bankruptcy; or termination of the concessionaire.

In the event of termination of any of the concessions, the main effects would be as follows:

- Return to the government all the rights and privileges transferred to the subsidiaries, together with leased assets and those resulting from investments that are considered reversible by the Federal Government as being necessary to the continuous provision of the granted service.

- The reversible assets would be indemnified by the Federal Government based on the residual cost, calculated based on the accounting records of the subsidiaries, considering depreciation; such costs would be subject to technical and financial analysis by the Federal Government. Any and all improvements made to the permanent track superstructure would not be considered as investments for indemnification purposes.

2 Basis of preparation

2.1 Statement of compliance

The individual and consolidated interim financial statements have been prepared in accordance with CPC 21 (R1) - Interim Financial Reporting and the International Accounting Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and are presented in accordance with the rules of the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly information (ITR).

Interim accounting information was prepared based on the preparation basis and accounting policies consistent with those adopted in the preparation of the financial statements as of December 31, 2017 and should be read together.

The information notes that no significant changes were not repeated in full in these financial statements. All relevant information from financial statements is being evidenced, and these correspond to those used by the Board in its management.

Certain amounts of the comparative balances in the statements of cash flows and in notes 18 and 24 were reclassified to improve the level of detail of disclosures in these consolidated interim financial statements. These reclassifications had insignificant impacts on the Company's consolidated interim financial statements.

On May 8, 2018, the Board of Directors authorized the issuance of the financial statements.

2.2 Presentation of Information by segment

The Management are structured on two vice presidents, the first focused on South operations (comprised of railway and transshipment in the concession area of Rumo Malha Sul and Rumo Malha Oeste) and the second focused on the North operations (composed by railway operations, road operations, transshipment and port elevation in the concession of the Company, Elevações Portuárias, Rumo Malha Norte and Rumo Malha Paulista). A third segment includes Brado, the Company's indirect subsidiary, focused on container operations and the container operations of other group companies. Therefore, the Company now discloses three segments: (i) Northern Operations, (ii) South Operations, and (iii) Container Operations.

3 Significant accounting policies

This interim financial information were prepared based on the preparation basis and accounting policies consistent with those adopted in the preparation of the financial statements as of December 31, 2017, except for the adoption of the new standards effective as of January 1, 2018. The Company did not adopt in advance any other standard or interpretation issued that is not yet in force. The Company applied for the first time the IFRS 15 (CPC 47) Revenue from Contract with Customer and IFRS 9 (CPC 48) Financial Instruments, whose effects and changes are disclosed below (Note 3.2).

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

	Directly and indirectly controlled	
Subsidiaries	**March 31, 2018**	December 31, 2017
Logispot Armazéns Gerais S.A.	**51.00%**	51.00%
Elevações Portuárias S.A.	**100.00%**	100.00%
Rumo Luxembourg Sarl	**100.00%**	100.00%
Rumo Intermodal S.A.	**100.00%**	100.00%
Rumo Malha Oeste S.A.	**100.00%**	100.00%
Rumo Malha Paulista S.A.	**100.00%**	100.00%
Rumo Malha Sul S.A.	**100.00%**	100.00%
Rumo Malha Norte S.A.	**99.52%**	99.52%
Boswells S.A.	**100.00%**	100.00%
Brado Holding S.A.	**100.00%**	100.00%
ALL Serviços Ltda.	**99.99%**	99.99%
ALL Argentina S.A.	**100.00%**	100.00%
Paranaguá S.A.	**100.00%**	100.00%
ALL Armazéns Gerais Ltda.	**100.00%**	100.00%
Portofer Ltda.	**100.00%**	100.00%
Brado Logística e Participações S.A.	**62.22%**	62.22%
Brado Logística S.A.	**62.22%**	62.22%
ALL Mesopotâmica S.A.	**70.56%**	70.56%
ALL Central S.A.	**73.55%**	73.55%
Servicios de Inversión Logística Integrales S.A	**100.00%**	100.00%
PGT S.A.	**100.00%**	100.00%

Investment in associates (equity of investees)

The following associates are accounted for under the equity method:

	Directly and indirectly controlled	
Associates (Equity)	**March 31, 2018**	December 31, 2017
Rhall Terminais Ltda.	**30.00%**	30.00%
Termag S.A. (i)	**19.85%**	19.85%
TGG S.A. (i)	**9.92%**	9.92%
Terminal XXXIX S.A.	**49.62%**	49.62%

(i) For these associates a conclusion about the existence of significant influence arises from the Company's representative to participate in the affiliate's board.

3.2 New regulations and interpretations adopted by the Company

CPC 47 / IFRS 15 - Customer Contract Revenue

CPC 47 / IFRS 15 has as a fundamental principle the recognition of revenue when services are transferred to the customer at the transaction price. Revenue is recognized according to this principle by applying a 5-step model:

- Step 1: Identify the contract(s) with the client;
- Step 2: Identify the performance obligations defined in the contract;
- Step 3: Determine the price of the transaction;
- Step 4: Allocate the price of the transaction to the performance obligations provided in the agreement; and
- Step 5: Recognize revenue when (or as) the entity meets each performance obligation.

When evaluating contracts with customers, the Company uses judgment to identify whether contracts can be combined, whether there are contract modifications, determines different services, and whether performance obligations are met over time or at a given time, if there are discounts implicit in the contact and determine significant funding components. In addition, the Company uses estimates when determining the variable consideration and its individual services prices when using the allocation methodology.

In the evaluation of the Company, no effects of the adoption of CPC 47 / IFRS 15 affecting these interim financial statements were identified.

We record all sales of services only when a contract is in force or the services have been rendered and the collection of the fixed or determinable service price is reasonably assured. Agreements for the sale of services sometimes include multiple components.

We recognize revenue from logistics solutions contracts. We estimate total contract revenue net of price concessions as well as total contract costs. We recognize the revenue from logistics services in the issuance of the invoice, which is at the time of delivery of the products for the Company and its subsidiaries to perform the service. Significant components of our revenue and cost estimates include performance-related prices and guarantees, as well as material, labor, and overhead costs. We recognize any loss that we expect to incur in these agreements when such loss is probable.

The Company does not expect to have any agreement in which the period between the transfer of the services promised to the client and the payment by the client exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the amount of money in time.

CPC 48 / IFRS 9 - Financial instruments

CPC 48 / IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of accounting for financial instruments: (i) classification and measurement; (ii) impairment; and (iii) hedge accounting.

Except for the classification and measurement of financial assets, the Company applied CPC 48 / IFRS 9 prospectively with the initial application date of January 1, 2018.

The effect of adopting CPC 48 / IFRS 9 is as follows:

- Impact on the consolidated balance sheets (increase/(decrease)) on January 1, 2018:

Assets	
Accounts receivable	(1,295)
Deferred income tax and social contribution	307
Equity	
Accumulated losses	988

a) Classification and measurement

In accordance with CPC 48/ IFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at the fair value through profit or loss, of transaction costs.

In accordance with CPC 48 / IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss, amortized cost or fair value through other comprehensive income.

The classification is based on two criteria: (i) the Company's business model to manage the assets; and (ii) whether the contractual cash flows of the instruments represent "principal and interest payments only" on the amount of outstanding capital.

The Company recognizes its financial assets at amortized cost for financial assets that are kept within a business model with the objective of obtaining contractual cash flows that meet the "Principal and Interest" criteria. This category includes trade accounts receivable, cash and cash equivalents, restricted cash, receivables from related parties, other financial assets and dividends and interest on shareholders' equity receivable. No remeasurement of financial assets was carried out.

The evaluation of the Company's business models was carried out from the date of initial application on January 1, 2018 and retrospectively applied to financial assets that were not derecognized before January 1, 2018. The assessment of whether cash flows contractual debt instruments are solely composed of principal and interest was made based on the facts and circumstances as in the initial recognition of the assets.

The accounting of the Company's financial liabilities remains basically the same as in IAS 39. Similar to the requirements of IAS 39, CPC 48 / IFRS 9 requires that contingent consideration be treated as financial instruments measured at fair value, with changes in fair value recognized in profit or loss.

The embedded derivatives are not separated from the related financial asset. Instead, financial assets are classified based on their contractual terms and the Company's business model.

The accounting for derivatives embedded in financial liabilities and in non-financial related contracts did not change from that required by IAS 39.

b) Impairment

The adoption of CPC 48 / IFRS 9 fundamentally changed the Company's accounting for impairment losses on financial assets, replacing the IAS 39 impairment approach with an expected credit loss approach.

The Company recognizes a provision for expected credit loss for its accounts receivable. The simplified standard approach is applied and the expected credit losses for the entire life of the asset are calculated. The Company has established a provisioning matrix that is based on the historical experience of credit loss, adjusted for specific prospective factors for the debtors and for the economic environment.

The adoption of the expected credit loss requirements of CPC 48 / IFRS 9 resulted in a raise in the Company's provisions for losses in the amount of R$1,295. The raise in the provision resulted in an adjustment to the accumulated losses in the amount of R$988.

The reduction in recoverable value falls within the exemptions from the general principle of application of this standard for comparative periods. The Company used the transition model without restatement of the comparative balance, recognizing the impacts of the adoption of the standard on profit reserves.

c) Hedge accounting

The Company applied hedge accounting prospectively. At the date of initial application, all of the Company's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with previous periods, the Company continued to designate the change in the fair value of the entire forward contract in the Company's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of CPC 48 / IFRS 9 had no impact the Company's interim financial statements.

In accordance with IAS 39, all gains and losses arising from the Company's cash flow hedge relationships were eligible to be subsequently reclassified to income. However, in accordance with CPC 48 / IFRS 9, the gains and losses resulting from cash flow hedging of the expected purchases of non-financial assets need to be incorporated into the initial book values of the non-financial assets. Therefore, after the adoption of CPC 48 / IFRS 9, the net cash flow hedge gain or loss was presented under "Other comprehensive income not being reclassified to income". This amendment applies only prospectively from the date of initial application of CPC 48 / IFRS 9 and has no impact on the presentation of comparative values.

3.3 Statement of value added

The Company prepared statements of value added (DVA) in accordance with CPC 09 - Statement of Added Value, which are presented as an integral part of these financial statements in accordance with accounting practices adopted in Brazil applicable to public companies, while for IFRS they represent supplementary financial information.

3.4 Cash Flow

- **Non cash transactions**

The Company presents its statement of cash flows using the indirect method.

During the period ended March 31, 2018, the Company made the following transaction not involving cash and therefore is not reflected in the consolidated statement of cash flows:

i) Purchase of fixed assets at term amounting R$590 (R$1,732 on March 31, 2017).

- **Classification of interest and dividends**

i) The Company classifies the dividends and interest on shareholders' equity received as cash flow from investing activities, with the purpose of avoiding distortions in its cash flows as a function of cash flow from these operations through the increase in dividends received from subsidiaries.

ii) Interest received or paid is classified as cash flow from financing activities, as it is considered to refer to the costs of obtaining financial resources.

4 New standards and interpretations not yet effective

CPC 06 / IFRS 16 Leases

The Company began an initial assessment of the potential impact on its financial statements. The most significant impact identified will result from the recording of new assets and liabilities for their operating leases of assets linked to the concessions.

The Company has not yet quantified the impact of the adoption of CPC 06 / IFRS 16 on its assets and liabilities. The quantitative effect of the adoption of CPC 06 / IFRS 16 will depend specifically on the transition method chosen, the use of practical records and exemptions from collection, and any additional leases that the Company will enter into. The Company expects to disclose its transition approach and quantitative information prior to adoption.

5 Cash and cash equivalent

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Cash and bank accounts	**686**	916	**6,626**	9,555
Financial investments	**22**	14	**1,680,507**	168,449
	708	930	**1,687,133**	178,004

The financial investments were as below:

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Bank investments				
Bank deposit certificates - CDB	**-**	-	**802,706**	156,922
Repurchase transactions	**-**	-	**32,348**	6,663
Other investments	**22**	14	**845,453**	4,864
	22	14	**1,680,507**	168,449
	22	14	**1,680,507**	168,449

6 Marketable securities and restricted cash

Marketable securities	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Government bonds [(i)]	**337,358**	421,810	**2,427,740**	2,939,823
CDB investments linked to BNDES loans [(ii)]	**-**	-	**188,308**	212,618
	337,358	421,810	**2,616,048**	3,152,441

(i) Investments in government bonds are carried out through investment funds. These securities have Selic-linked remuneration and maturity between one and seven years, when asked to redeem the quotas for conversion into cash by the Company, the fund manager may negotiate them in an active secondary market with high liquidity.
(ii) CDB investments linked to BNDES loans classified as fair value through profit or loss have an interest rate pegged to CDI and maturing between two and five years.

Restricted cash	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Investments linked to loans	**-**	-	**69,666**	93,251
Securities pledged as collateral	**3,365**	3,321	**127,062**	132,383
	3,365	3,321	**196,728**	225,634

7 Accounts receivable

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Domestic – Brazilian Reais	**37,523**	38,874	**372,506**	362,762
Export – Foreign currency	**-**	241	**32,228**	39,740
Allowance for doubtful accounts	**(1,771)**	(1,900)	**(33,391)**	(30,784)
	35,752	37,215	**371,343**	371,718
Current	**24,444**	24,839	**360,035**	359,342
Non-current	**11,308**	12,376	**11,308**	12,376
	35,752	37,215	**371,343**	371,718

8 Inventories

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Parts and accessories	**379**	361	**234,437**	244,256
Fuels and lubricants	**6**	6	**7,172**	4,207
Warehouse and other	**155**	137	**52,999**	33,828
	540	504	**294,608**	282,291

9 Other recoverable taxes

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Contribution to social security financing ("COFINS")	**5,705**	6,555	**281,976**	247,058
Social Integration program ("PIS")	**1,044**	1,311	**80,290**	67,327
Tax on circulation of goods, transport services and communication ("ICMS") [(i)]	**-**	46	**393,003**	378,204
ICMS - CIAP [(ii)]	**-**	-	**155,585**	204,576
Other	**22**	49	**8,777**	10,013
	6,771	7,961	**919,631**	907,178
Current	**6,771**	5,979	**228,136**	209,121
Non-current	**-**	1,982	**691,495**	698,057
	6,771	7,961	**919,631**	907,178

(i) ICMS credit on the acquisition of inputs and diesel used in transport.

(ii) ICMS credit arising from acquisition of fixed assets.

10 Related parties

a) Summary of the main balance and transactions with related parties:

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Current asset				
Commercial operations				
Cosan S.A.	**282**	282	**2,267**	656
Rumo Malha Norte S.A.	**2,250**	19,984	**-**	-
Rumo Malha Paulista S.A.	**53,607**	30,049	**-**	-
Rumo Malha Sul S.A.	**-**	3,294	**-**	-
Raízen Combustíveis S.A.	**149**	149	**13,873**	5,031
Raízen Energia S.A.	**13,270**	2,946	**22,333**	6,556
Brado Logística S.A	**3,692**	4,896	**-**	-
Elevações Portuárias S.A.	**2,150**	17,483	**-**	-
Other	**617**	816	**3,321**	931
	76,017	79,899	**41,794**	13,174
Non-current assets				
Commercial operations				
Raízen Combustíveis S.A.	**-**	-	**20,259**	18,086
	-	-	**20,259**	18,086
Financial operations				
Rumo Luxembourg Sarl	**61,490**	61,198	**-**	-
Elevações Portuárias S.A.	**36,546**	-	**-**	-
ALL - Argentina	**3,326**	3,326	**-**	-
	101,362	64,524	**-**	-
	101,362	64,524	**20,259**	18,086
Total	**177,379**	144,423	**62,053**	31,260

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Current liabilities				
Commercial operations				
Rumo Malha Norte S.A.	**3,164**	1,164	**-**	-
Rumo Malha Sul S.A.	**18,719**	5,620	**-**	-
Rumo Malha Paulista S.A.	**73,295**	93,847	**-**	-
Rumo Malha Oeste S.A.	**857**	857	**-**	-
Raízen Combustíveis S.A.	**-**	17	**126,441**	118,375
Raízen Energia S.A.	**5,602**	6,082	**18,016**	21,095
Cosan S.A.	**1,239**	429	**2,719**	2,865
Cosan Lubrificantes e Especialidades S.A.	**359**	353	**4,146**	3,225
Logispot Armazéns Gerais S.A.	**214**	172	**-**	-
ALL - Argentina	**1,010**	1,010	**-**	-
Elevações Portuárias S.A.	**13,930**	15,899	**-**	-
Other	**-**	-	**1,158**	1,539
	118,389	125,450	**152,480**	147,099
Current liabilities				
Commercial operations				
ALL Argentina	**4,733**	4,733	**-**	-
Boswells	**20,774**	20,675	**-**	-
Other	**75**	75	**-**	-
	25,582	25,483	**-**	-
Total	**143,971**	150,933	**152,480**	147,099

b) Summary of transactions with related parties:

	Parent Company		Consolidated	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Operating income				
Raízen Energia S.A. and subsidiaries	**50,366**	55,475	**74,201**	73,982
Raízen Combustíveis S.A.	**-**	-	**35,101**	32,862
Rumo Malha Norte S.A.	**3,000**	3,000	**-**	-
Rumo Malha Paulista S.A.	**68,722**	63,382	**-**	-
Elevações Portuárias S.A.	**3,360**	-	**-**	-
Other	**-**	-	**7,439**	-
	125,448	121,857	**116,741**	106,844
Purchases of products / inputs				
Raízen Combustíveis S.A.	**-**	-	**(252,444)**	(203,716)
Rumo Malha Paulista S.A.	**(32,407)**	(17,283)	**-**	-
Cosan Lubrificantes e Especialidades S.A.	**(7)**	-	**(9,096)**	(6,584)
Logispot Armazéns Gerais S.A.	**(644)**	(269)	**-**	-
	(33,058)	(17,552)	**(261,540)**	(210,300)
Shared expenses				
Cosan S.A.	**(1,073)**	(131)	**(3,404)**	(2,416)
Rumo Malha Oeste S.A.	**178**	-	**-**	-
Rumo Malha Paulista S.A.	**671**	-	**-**	-
Rumo Malha Norte S.A.	**1,513**	-	**-**	-
Raízen Energia S.A.	**(354)**	(274)	**(7,230)**	(6,869)
	935	(405)	**(10,634)**	(9,285)
Financial result				
Elevações Portuárias S.A.	**(75)**	1,474	**-**	607
Rumo Malha Paulista S.A.	**-**	(13,366)	**-**	-
Rumo Malha Norte S.A.	**(12,652)**	(20,050)	**-**	-
Other	**194**	-	**-**	-
	(12,533)	(32,809)	**-**	-

c) Officers and directors remuneration

Fixed and variable remuneration of key personnel, including directors and board members, are recognized in the consolidated results for the period, as follows:

	March 31, 2018	March 31, 2017
Short-term benefits to employees and managers	**6,958**	3,991
Stock option recognized (Note 23)	**1,721**	1,268
	8,679	5,259

11 Equity method investments and provision for net capital deficiency in subsidiary

a) Parent Company

	Total shares of the investee	Shares held by the Company	Percentage of interest (%)	At January 1, 2018	Equity pick-up	Comprehensive income	Other	Amortization of the concession right	At March 31, 2018	Equity pick-up on March 31, 2017
Subsidiaries										
Elevações Portuárias	672,397,254	672,397,254	100.00%	667,966	(2,275)	-	(56)	-	**665,635**	8,142
Rumo Intermodal	91,064,313	91,064,313	100.00%	62,078	(3,681)	237	-	-	**58,634**	2,249
ALL Serviços	100,000	99,999	99.99%	6,479	(250)	-	-	-	**6,229**	(464)
Rumo Malha Norte	1,189,412,363	1,183,698,555	99.52%	7,835,147	134,531	-	(510)	(7,411)	**7,961,757**	73,882
Boswells	3,265,000	3,265,000	100.00%	20,989	-	101	-	-	**21,090**	-
Rail Management	20,000	-	-	-	-	-	-	-	-	(113)
Brado Holding	500	500	100.00%	357,903	(234)	-	-	-	**357,669**	863
Paranaguá S.A.	6,119,802	6,113,851	99.90%	15,540	1,118	(727)	1,131	-	**17,062**	(112)
Logispot	2,040,816	1,040,816	51.00%	73,530	169	-	-	-	**73,699**	(225)
Rumo Malha Sul	6,677,710,494,907	6,677,710,494,907	100.00%	506,796	(105,626)	-	(247)	-	**400,923**	(155,725)
				9,546,428	**23,752**	**(389)**	**318**	**(7,411)**	**9,562,698**	(71,503)
Provision for net capital deficiency in subsidiary										
ALL Argentina	9,703,000	8,826,110	90.96%	(28,697)	(2,344)	2,398	-	-	**(28,643)**	(1,724)
Rumo Luxembourg Sarl	500,000	500,000	100.00%	(35,238)	(16,969)	-	-	-	**(52,207)**	(23,975)
Rumo Malha Paulista	90,826,624,247	90,826,624,247	100.00%	(184,148)	(45,128)	-	(68)	(4,753)	**(234,097)**	(41,625)
Rumo Malha Oeste	478,460,074	478,460,074	100.00%	(862,599)	(37,701)	-	(57)	-	**(900,357)**	(57,711)
				(1,110,682)	**(102,142)**	**2,398**	**(125)**	**(4,753)**	**(1,215,304)**	(125,035)
				8,435,746	**(78,390)**	**2,009**	**193**	**(12,164)**	**8,347,394**	(196,538)

b) Consolidated

	Total shares of investee	Shares held by the Company	Percentage of interest (%)	At January 1, 2018	Equity pick-up	Dividends	At March 31, 2018	Equity pick-up on March 31, 2017
Affiliates								
Rhall Terminais Ltda.	28,580	8,574	30.00%	4,279	(5)	(1,201)	3,073	(89)
Termag S.A.	500,000	99,246	19.85%	4,463	(1,238)	-	3,225	987
TGG S.A.	79,747,000	7,914,609	9.92%	17,549	801	(191)	18,159	279
Terminal XXXIX S.A.	200,000	99,246	49.62%	15,639	1,822	(1,209)	16,252	569
Total				**41,930**	**1,380**	**(2,601)**	**40,709**	1,746

c) Non-controlling interests

	Total shares of investee	Shares held by the Company	Percentage of interest (%)	At January 1, 2018	Equity pick-up	Dividends	Other	At March 31, 2018	Equity pick-up on March 31, 2017
Logispot	2,040,816	1,000,000	49.00%	34,589	162	-	-	34,751	(216)
Brado Participações	12,962,963	5,027,037	38.78%	218,383	(91)	(510)	-	217,782	569
Rumo Malha Norte	1,189,412,363	5,709,179	0.48%	14,949	625	-	(3)	15,571	356
Rail Management	20,000	-	100.00%	-	-	-	-	-	(113)
Total				**267,921**	**696**	**(510)**	**(3)**	**268,104**	596

12 Property and equipment

	Consolidated							Parent Company
	Land, buildings and improvements	**Machinery, equipment and facilities**	**Freight cars and locomotives [(i)] / [(ii)]**	**Track structure [(i)]**	**Construction in progress**	**Other**	**Total**	**Total**
Cost:								
At January 1, 2018	**888,339**	**698,069**	**8,303,149**	**7,014,864**	**927,846**	**776,107**	**18,608,374**	**176,681**
Additions	-	-	104	-	482,245	480	482,829	1,647
Disposals	-	(2,412)	(2,501)	-	(164)	(165)	(5,242)	-
Transfers	16,145	27,639	57,306	147,779	(256,738)	2,531	(5,338)	(386)
At March 31, 2018	**904,484**	**723,296**	**8,358,058**	**7,162,643**	**1,153,189**	**778,953**	**19,080,623**	**177,942**
Depreciation:								
At January 1, 2018	**(311,986)**	**(277,748)**	**(3,479,330)**	**(2,804,132)**	**-**	**(468,900)**	**(7,342,096)**	**(40,588)**
Additions	(8,143)	(24,634)	(146,777)	(109,189)	-	(5,303)	(294,046)	(2,812)
Disposals	-	2,412	2,496	-	-	150	5,058	-
Transfers	103	-	-	-	-	520	623	-
At March 31, 2018	**(320,026)**	**(299,970)**	**(3,623,611)**	**(2,913,321)**	**-**	**(473,533)**	**(7,630,461)**	**(43,400)**
At January 1, 2018	**576,353**	**420,321**	**4,823,819**	**4,210,732**	**927,846**	**307,207**	**11,266,278**	**136,093**
At March 31, 2018	**584,458**	**423,326**	**4,734,447**	**4,249,322**	**1,153,189**	**305,420**	**11,450,162**	**134,542**

(i) Leasehold improvements and finance leases included;
(ii) On March 31, 2018, freight cars and locomotives in the amount of R$745,203 (R$743,203 on December 31, 2017) were given on bail to guarantee bank loans (Note 14).

13 Intangible assets

	Consolidated					Parent Company
	Goodwill [(i)]	**Concession Rights [(ii)]**	**Operating license**	**Other**	**Total**	**Total**
Cost:						
At January 1, 2018	**100,451**	**8,000,700**	**343,177**	**178,069**	**8,622,397**	**612,985**
Additions	-	-	-	324	**324**	-
Transfers	-	-	-	4,310	**4,310**	386
At March 31, 2018	**100,451**	**8,000,700**	**343,177**	**182,703**	**8,627,031**	**613,371**
Amortization						
At January 1, 2018	**-**	**(769,603)**	**(120,169)**	**(109,656)**	**(999,428)**	**(185,879)**
Additions	-	(30,226)	(2,935)	(3,913)	**(37,074)**	(9,892)
Transfers	-	-	-	5	**5**	-
At March 31, 2018	**-**	**(799,829)**	**(123,104)**	**(113,564)**	**(1,036,497)**	**(195,771)**
At January 1, 2018	**100,451**	**7,231,097**	**223,008**	**68,413**	**7,622,969**	**427,106**
At March 31, 2018	**100,451**	**7,200,871**	**220,073**	**69,139**	**7,590,534**	**417,600**

(i) Goodwill arising from business combination, of which R$62,922 of previously direct subsidiary Teaçú Armazéns Gerais S.A., merged by the Company, and R$37,529 of direct subsidiary Logispot presented only in consolidated balances.

(ii) The amortization is recognized in the income statement in cost of services, as depreciation and amortization.

Intangible (other than goodwill)	**Annual rate of amortization - %**	**March 31, 2018**	December 31, 2017
Software	**20%**	**32,395**	31,669
Operating license	**3.70%**	**220,073**	223,008
Concession rights	**1.59%**	**7,200,871**	7,231,097
Other		**36,744**	36,744
Total		**7,490,083**	7,522,518

The Company annually tests the recoverable value of goodwill for the expectation of future results arising from a business combination. Assets subject to depreciation and amortization are only tested if there are indications that the carrying amount is not recoverable. In the period ended March 31, 2018, no indicators for asset impairment testing were identified.

14 Loans, borrowings and debentures

Description	Financial charges		Parent Company		Consolidated		Maturity date
	Index	Average interest rate	**March 31, 2018**	December 31, 2017	**March 31, 2018**	December 31, 2017	
Loans and borrowings							
Finame (BNDES)	Pre-fixed	5.27%	**574,578**	603,658	**1,228,116**	1,281,371	December/2024
Finem (BNDES)	Pre-fixed	3.78%	**-**	-	**2,407**	2,695	January/2024
	URTJLP	8.58%	**160,063**	176,230	**2,124,060**	2,270,055	June/2029
	IPCA	11.55%	**-**	-	**2,922**	2,840	November/2021
	Selic	13.65%	**-**	-	**3,879**	4,075	September/2020
NCE	112% of CDI	7.18%	**-**	-	**60,987**	59,858	December/2018
	125% of CDI	8.05%	**-**	-	**645,377**	644,766	December/2023
	126% do CDI	8.12%	**-**	-	**504,296**	-	December/2023
	CDI + 3.50% p.a.	10.11%	**-**	-	**295,295**	294,968	December/2018
Senior Notes 2024	Pre-fixed (US$)	7.38%	**-**	-	**2,448,631**	2,570,622	February/2024
Senior Notes 2025	Pre-fixed (US$)	5.88%	**-**	-	**1,654,187**	-	January/2025
Commercial banks	CDI + 4.91% p.a.	12.14%	**-**	-	**36**	98,117	June/2019
	Pre-fixed (US$)	5.38%	**-**	-	**88,753**	95,040	December/2021
			734,641	779,888	**9,058,946**	7,324,407	
Debentures							
Non-convertible debentures	CDI + 2.05% p.a	8.57%	**152,370**	152,573	**152,370**	152,573	April/2018
	CDI + 3.50% p.a.	10.11%	**-**	-	**1,394,183**	1,359,125	June/2023
	108% of CDI	6.92%	**-**	-	**167,906**	171,515	July/2018
	128% of CDI	8.25%	**-**	-	**509,682**	499,576	December/2025
	Pre-fixed	13.13%	**-**	-	**-**	163,750	March/2018
Private debentures	CDI + 1.30% p.a	8.28%	**675,719**	663,064	**-**	-	January/2020
			828,089	815,637	**2,224,141**	2,346,539	
Total			**1,562,730**	1,595,525	**11,283,087**	9,670,946	
Current			**336,341**	336,526	**1,550,218**	1,594,008	
Non-current			**1,226,389**	1,258,999	**9,732,869**	8,076,938	

The carrying amounts of loans and financing of the Company are denominated in these currencies:

	Consolidated	
	March 31, 2018	December 31, 2017
Brazilian Real	**7,091,516**	7,005,284
US Dollar	**4,191,571**	2,665,662
Total	**11,283,087**	9,670,946

NCE Bradesco 2023

On January 26, 2018, through its subsidiary Rumo Malha Norte, the Company raised funds from Banco Bradesco S.A., through an Export Credit Note, amounting R$500,000, with maturity in December 2023 and on the debit balance shall bear interest of 126% of the daily rate of CDI-Interbank Deposit Certificate, payable semiannually.

Senior Notes 2025

On January 18, 2018, through its subsidiary Rumo Luxembourg, the Company issued debt securities in the international market, Senior Notes due 2025 amounting US$500,000 thousands, with maturity in January 2025 and interest of 5.875% per annum, paid semi-annually. This debt is protected by exchange and interest rate swaps.

Unused credit lines

At March 31, 2018, the Company and its subsidiaries had lines of credit for financing from BNDES, which were not used, totaling of R$94,218 (R$94,220 on December 31, 2017).

Covenants

The Company and its subsidiaries are subject to certain restrictive clauses in most of the loan and financing agreements, based on certain financial and non-financial indicators. The Company evaluates the conditions of the restrictive clauses annually.

Changes occurred for the period ended March 31, 2018 is as follow:

	Consolidated
Balance at January 1, 2018	9,670,946
Proceeds from debts	**2,075,440**
Interest, monetary and exchange correction	**209,756**
Repayments of principal from debts	**(465,134)**
Payments of interest from debts	**(207,921)**
Balance at March 31, 2018	**11,283,087**

15 Other taxes payable

	Parent Company		**Consolidated**	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Tax on circulation of goods, transport services and communication ("ICMS")	**-**	-	**4,620**	3,040
National social security institute ("INSS")	**175**	156	**5,598**	6,557
Social integration program ("PIS")	**675**	976	**1,113**	1,587
Contribution to social security financing ("COFINS")	**3,143**	4,550	**5,516**	7,526
Tax amnesty and refinancing program	**902**	902	**15,674**	21,955
Tax on services	**72**	85	**3,610**	4,494
Financial transaction tax	**59**	14	**1,600**	2,244
Other	**111**	121	**5,820**	6,374
	5,137	6,804	**43,552**	53,777
Current	**5,137**	6,804	**34,312**	42,767
Non-current	**-**	-	**9,240**	11,010

16 Income tax and social contribution

a) Reconciliation of income tax and social contribution expenses.

	Parent Company		Consolidated	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Result before income taxes	**(55,763)**	(250,113)	**(29,874)**	(248,700)
Income tax (expense) and social contribution at nominal rate (34%)	**18,959**	85,038	**10,157**	84,558
Adjustments to determine the effective rate				
Equity pick-up	**(26,653)**	(66,823)	**469**	594
Result of overseas companies	**-**	-	**(6,330)**	(8,986)
Exploration profit - tax incentive	**-**	-	**4,830**	3,965
Stock option plan	**(585)**	(431)	**(585)**	(431)
Unrecognized NOLs and temporary differences [(i)]	**9,199**	(16,864)	**(36,385)**	(84,500)
Fiscal goodwill amortization effects	**(4,136)**	-	**463**	4,599
Other	**24**	-	**(1,004)**	304
Tax and social contribution (current and deferred)	**(3,192)**	920	**(28,385)**	103
Effective rate - %	**-5.72%**	0.37%	**-95.02%**	0.04%

(i) Refers mainly to tax losses and temporary differences of the Company and its subsidiaries Rumo Malha Sul and Rumo Malha Oeste which do not meet the requirements for accounting of deferred income tax and social contribution assets due to the lack of predictability of generation of taxable income.

b) Deferred corporate income tax (IRPJ) and social contribution (CSLL) assets and liabilities

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Assets credits from:				
Tax losses carry forwards - income tax	**258,003**	259,009	**1,767,500**	1,706,353
Tax losses of social contribution	**103,711**	104,076	**647,811**	624,339
Temporary differences:				
Provision for judicial demands	**13,895**	14,063	**210,907**	205,611
Impairment provision	**30,327**	30,327	**242,320**	250,236
Allowance for doubtful accounts	**602**	646	**23,442**	22,483
Provision for non-performing tax	**-**	-	**32,466**	30,515
Provision for profit sharing	**823**	6,282	**11,284**	28,987
Review of useful life - Fixed assets	**(1,081)**	(1,085)	**476,775**	472,602
Temporary differences from other provisions	**8,685**	11,680	**115,232**	118,755
Business combination - Fixed assets	**1,149**	1,029	**127,178**	136,174
Unrealized result from derivatives	**-**	-	**114,561**	168,134
Deferred taxes - Assets	**416,114**	426,027	**3,769,476**	3,764,189
(-) Unrecognized deferred assets credits	**(343,147)**	(352,062)	**(1,977,415)**	(1,940,650)
Liabilities credits from:				
Temporary differences:				
Tax goodwill amortized	**-**	-	**(22,561)**	(21,991)
Lease	**(787)**	(787)	**(280,599)**	(277,077)
Business combination - Intangible assets	**(72,180)**	(73,178)	**(2,577,995)**	(2,579,894)
Other	**-**	-	**(124,816)**	(130,093)
Deferred taxes - Liabilities	**(72,967)**	(73,965)	**(3,005,971)**	(3,009,055)
Total deferred taxes	**-**	-	**(1,213,910)**	(1,185,516)
Deferred assets	**-**	-	**1,125,887**	1,156,560
Deferred liabilities	**-**	-	**(2,339,797)**	(2,342,076)

c) Changes in deferred taxes (net)

	Consolidated
At January 1, 2018	**(1,185,516)**
Income statement	(24,528)
Compensation of tax loss carryforwards - PERT	(4,107)
Other	241
At March 31, 2018	**(1,213,910)**

17 Accounts payable - suppliers

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Material and services suppliers	**31,910**	20,388	**494,711**	620,778
Fuels and lubricants suppliers	**-**	-	**1,223**	1,814
Other	**1,518**	13,306	**16,431**	6,004
Total	**33,428**	33,694	**512,365**	628,596

18 Provision for judicial demands and judicial deposits

	Provision for judicial demands			
	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Taxes	**1,839**	1,822	**67,948**	68,897
Civil, regulatory and environmental	**3,560**	3,092	**161,338**	148,736
Labor	**30,712**	31,760	**289,989**	284,401
	36,111	36,674	**519,275**	502,034

	Judicial deposits			
	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Tax	**5,593**	5,540	**19,779**	18,368
Civil, regulatory and environmental	**1,568**	1,460	**163,768**	162,260
Labor	**10,259**	10,282	**153,625**	150,344
	17,420	17,282	**337,172**	330,972

Changes in the provision were:

	Parent Company			
	Taxes	**Civil, regulatory and environmental**	**Labor**	**Total**
At January 1, 2018	1,822	3,092	31,760	36,674
Provision	**9**	**410**	**1,525**	**1,944**
Settlement or write-offs	**(3)**	**(163)**	**(3,122)**	**(3,288)**
Monetary restatement [(i)]	**11**	**221**	**549**	**781**
At March 31, 2018	**1,839**	**3,560**	**30,712**	**36,111**

	Consolidated			
	Taxes	**Civil, regulatory and environmental**	**Labor**	**Total**
At January 1, 2018	68,897	148,736	284,401	502,034
Provision	**164**	**8,768**	**12,310**	**21,242**
Settlement or write-offs	**(1,478)**	**(6,222)**	**(14,694)**	**(22,394)**
Monetary restatement (i)	**365**	**10,056**	**7,972**	**18,393**
At March 31, 2018	**67,948**	**161,338**	**289,989**	**519,275**

(i) Write-off interest expense included.

(a) Tax

Judicial claims deemed as probable losses:

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
ICMS credit	**-**	-	**55,848**	55,575
PIS and COFINS	**-**	-	**1,926**	1,911
Other	**1,839**	1,822	**10,174**	11,411
	1,839	1,822	**67,948**	68,897

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Capital gain	**516,586**	512,120	**516,586**	512,120
Isolated fine federal tax	**434,252**	429,249	**434,252**	429,249
IRPJ and CSLL	**139,135**	137,738	**354,832**	370,319
ICMS Rumo Malha Paulista	**-**	-	**313,516**	310,334
Foreign financial operations	**-**	-	**282,893**	280,414
ICMS - Export	**-**	-	**259,199**	256,278
MP 470 installment debts	**-**	-	**110,747**	110,098
Withholding income tax ("IRRF") Swap	**-**	-	**73,108**	72,466
ICMS TAD	**74**	74	**66,492**	62,850
Stock option plan	**56,850**	56,385	**66,336**	65,776
IOF on loan	**51,647**	51,330	**51,647**	51,330
Social security contributions	**-**	-	**46,334**	45,985
Compensation with credit award	**-**	-	**41,798**	41,350
PIS/COFINS mutual traffic	**-**	-	**33,179**	32,967
ICMS - Passenger transport	**-**	-	**8,547**	10,100
PIS/COFINS	**3,627**	3,585	**7,391**	7,310
ICMS Armazéns Gerais	**-**	-	**6,312**	6,249
Other	**50,810**	50,704	**122,286**	100,270
	1,252,981	1,241,185	**2,795,455**	2,765,465

(b) Civil, regulatory and environmental

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Civil	**204,758**	199,225	**1,615,506**	1,522,750
Regulatory	**1,754**	1,730	**578,115**	543,028
Environmental	**683**	935	**396,272**	378,462
	207,195	201,890	**2,589,893**	2,444,240

(c) Labor

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Labor	**131,945**	132,966	**838,169**	806,131
	131,945	132,966	**838,169**	806,131

19 Leases

Finance leases

The Company and its subsidiaries have lease agreements, mainly for railcars and locomotives classified as finance leases.

	March 31, 2018				December 31, 2017
	Less than a year	**Between one and five years**	**More than five years**	**Total**	Total
Future minimum lease payments	**248,934**	**504,076**	**227,913**	**980,923**	1,250,860
Rolling stock	222,978	424,172	150,141	797,291	1,060,759
Terminal	23,400	77,479	77,772	178,651	184,484
Other	2,556	2,425	-	4,981	5,617
Interest on installment	**(69,232)**	**(153,826)**	**(41,584)**	**(264,642)**	(306,722)
Rolling stock	(55,868)	(119,789)	(27,329)	(202,986)	(241,509)
Terminal	(12,993)	(33,863)	(14,255)	(61,111)	(64,528)
Other	(371)	(174)	-	(545)	(685)
Present value of minimum payments	**179,702**	**350,250**	**186,329**	**716,281**	944,138
Current				**179,702**	261,344
Non-current				**536,579**	682,794

Lease agreements have varying expirations, the last due to expire in June 2043. The amounts are adjusted annually for inflation rates (as IGPM and IPCA) or may incur interest based on the TJLP or CDI and some contracts have renewal or purchase options that were considered in determining the classification as financial lease.

Changes occurred for the period ended March 31, 2018 is as follow:

	Consolidated
Balance at January 1, 2018	944,138
Interest, monetary and exchange correction	**78,239**
Repayments of principal from debts	**(262,602)**
Payments of interest from debts	**(43,494)**
Balance at March 31, 2018	**716,281**

Operating leases

	March 31, 2018				December 31, 2017
	Total future minimum lease payments				
Assets	**Up to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**	Total
Locomotives	565	976	-	1,541	1,695
Rail cars	7,457	25,433	4,474	37,364	38,449
Total	**8,022**	**26,409**	**4,474**	**38,905**	40,144

Operating lease payments (rentals) are recognized as expenses on a straight line basis over the term of the contracts.

20 Lease and concessions

	March 31, 2018			December 31, 2017
	Leases	**Concessions**	**Total**	Total
Amounts payables:				
Rumo Malha Sul	34,946	29,308	**64,254**	65,550
Rumo Malha Paulista	28,075	3,324	**31,399**	48,139
	63,021	**32,632**	**95,653**	113,689
Amounts under judicial discussions:				
Rumo Malha Paulista	1,574,245	16,087	**1,590,332**	1,535,470
Rumo Malha Oeste	1,237,934	75,821	**1,313,755**	1,284,175
	2,812,179	**91,908**	**2,904,087**	2,819,645
Total	**2,875,200**	**124,540**	**2,999,740**	2,933,334
Current			**27,676**	27,413
Non-current			**2,972,064**	2,905,921
			2,999,740	2,933,334

Judicial deposits on March 31, 2018 concerning the above claims totaled:

	March 31, 2018	December 31, 2017
Rumo Malha Paulista	**119,806**	119,806
Rumo Malha Oeste	**20,690**	20,690
	140,496	140,496

Judicial deposits are recorded in the line "regulatory" under Note 18.

21 Equity

a. Common capital

The subscribed and fully paid-in capital on March 31, 2018 and December 31, 2017 is R$9,654,897 and is represented by 1,559,015,898 common shares nominative, without nominal value.

b. Capital reserve

Changes of the period are comprised of the transactions with shareholders highlighted below:

- Increase of R$1,721 related to stock option transactions.

The Company has a capital reserve on March 31, 2018 amounting R$2,461,580 (R$2,459,859 on December 31, 2017).

c. Other equity

		Comprehensive income		
	December 31, 2017	**Base**	**Net**	**March 31, 2018**
Foreign currency translation differences - equity - accounted investee	5,499	2,009	2,009	**7,508**
Defined benefit plan actuarial loss	(1,154)	(54)	(54)	**(1,208)**
Attributed cost	3,467	-	-	**3,467**
Total	7,812	**1,955**	**1,955**	**9,767**

d. Tax incentives – SUDAM

Rumo Malha Norte obtained through the Superintendence of the Development of the Amazon - SUDAM the right to the reduction of income tax on corporate entities - IRPJ and additional non-refundable income, as it is located in the area covered by the Legal Amazon and since it is the transport sector considered a priority project for regional development.

The tax benefit includes a reduction of 75% on IRPJ and additional non-refundable income on operating profit up to 2024. The effect of the reduction of 75% on IRPJ and additional non-refundable calculated up to March 31, 2018 on the operating profit was R$4,830 (R$3,695 on March 31, 2017), recorded as a reduction of the Income Tax and Social Contribution expense of the subsidiary Rumo Malha Norte.

22 Earnings per share

Basic earnings per share are calculated by dividing the loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by adjusting the income and number of shares for the impacts of potentially dilutive instruments.

The table below shows the calculation of earnings per share (in thousands, except per share amounts) for the period ended March 31, 2018 and 2017:

Basic and diluted

	March 31, 2018	March 31, 2017
Result for the period	**(58,955)**	(249,193)
Denominator:		
Weighted average number of common share	**1,559,016**	1,339,016
Basic and diluted earnings per common share	**(R$0.03782)**	(R$0.18610)

Dilutive instruments

The non-controlling interest of the indirect subsidiary Brado have the right to exercise a Liquidity option provided for in the shareholders' agreement signed on August 05, 2013. This option would exchange all Brado shares held by such minority shareholders by shares of the Company. The exchange ratio shall take into account the economic value for both Brado and the Company shares. At the Company's exclusive discretion, an equivalent cash payment is also possible. On March 31, 2018, 20,340 shares (31,283 on March 31, 2017) have an antidilutive effect and therefore were not considered in the diluted earnings per share analysis.

The Company has stock-based compensation plans, as detailed in note 23, whose instruments (options or restricted shares) would reduce the loss per share in the years presented. On March 31, 2018, 3,390 shares (3,035 on March 31, 2017) have an antidilutive effect and therefore were not considered in the diluted earnings per share analysis.

23 Stock option plan

1) Program Features:

Stock Grants Plans	Lack period (years)	Grant date	Interest rate	Volatility	Granted shares	Exercised / canceled	Effective on March 31, 2018	Market price on grant date - R$	Fair value on grant date - R$
2015 Plan	5	October 1, 2015	11.33%	42.75%	1,522,200	(161,600)	1,360,600	6.10	6.10
2016 Plan	5	January 2, 2017	11.33%	42.75%	1,466,900	(106,600)	1,360,300	6.10	6.10
2017 Plan	5	September 1, 2017	9.93%	29.76%	870,900	(9,750)	861,150	10.42	10.42
					3,860,000	**(277,950)**	**3,582,050**		

2) Changes:

	Stock option		*Stock grant*
	Number of options	**Average exercise price**	**Number of options**
December 31, 2017	223,825	52.0	3,587,750
Missed options / actions	(19,764)	63.65	(5,272)
Exercised options / actions	-	-	(428)
March 31, 2018	**204,061**	51.71	**3,582,050**

In the three-months period ended March 31, 2018, R$1,721 was recognized as expenses related to the appropriation of the Stock Grant Plans.

24 Financial result

	Parent Company		Consolidated	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Cost of gross debt				
Interest and monetary variation	**(27,222)**	(62,833)	**(142,714)**	(278,018)
Net exchange rate changes on debts	**-**	(1,508)	**(11,753)**	(2,823)
Result from derivatives and fair value	**-**	-	**(68,546)**	(6,965)
Transaction cost amortized from loans	**(170)**	(66)	**(7,256)**	(3,601)
Guarantees and warranties about on loans	**(9,777)**	(9,319)	**(28,229)**	(37,698)
	(37,169)	(73,726)	**(258,498)**	(329,105)
Cash investment income	**6,036**	1,409	**56,072**	32,604
	6,036	1,409	**56,072**	32,604
Cost of debt, net	**(31,133)**	(72,317)	**(202,426)**	(296,501)
Interest on other receivables	**1,704**	991	**12,970**	10,827
Lease and concessions	**-**	-	**(45,231)**	(73,128)
Finance leases	**(27)**	(813)	**(52,319)**	(34,246)
Banking expenses and other	**(197)**	(439)	**(12,813)**	(13,455)
Real estate credit certificates	**(183)**	(860)	**(2,202)**	(7,002)
Interest on contingencies and commercial contracts	**343**	87	**(24,170)**	(19,790)
Other charges and monetary variations	**(205)**	-	**(1,220)**	-
Other charges and monetary variations	**(267)**	(834)	**(21,496)**	(18,109)
	1,168	(1,868)	**(146,481)**	(154,903)
Finance result, net	**(29,965)**	(74,185)	**(348,907)**	(451,404)
Financial expenses	**(37,928)**	(74,184)	**(342,899)**	(488,364)
Financial income	**8,168**	2,401	**75,511**	43,431
Exchange variation	**(205)**	(2,402)	**(12,973)**	494
Derivatives	**-**	-	**(68,546)**	(6,965)
Finance result, net	**(29,965)**	(74,185)	**(348,907)**	(451,404)

25 Other income (expenses), net

	Parent Company		Consolidated	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Net effect of judicial demands and tax installment	**(2,231)**	(2,266)	**(20,460)**	(13,920)
Rental and leases revenue	**3,360**	-	**-**	1,495
Result on sale of scrap / eventual	**634**	-	**12,947**	-
Result on disposals of fixed assets and intangible assets	**-**	-	**543**	4,106
Insurance claims recovery	**3,588**	-	**3,588**	1,181
Other	**(352)**	436	**(1,014)**	4,944
	4,999	(1,830)	**(4,396)**	(2,194)

26 Financial instruments

Financial risk management

Overview

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Company's and its subsidiaries exposure, to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The carrying amounts and the separation by category of financial assets and liabilities are as follows:

	March 31, 2018	December 31, 2017
Assets		
Fair value through profit or loss		
Marketable securities	**2,616,048**	3,152,441
Derivate financial instruments	**87,546**	110,107
	2,703,594	3,262,548
Amortized cost		
Cash and cash equivalents	**1,687,133**	178,004
Accounts receivable	**371,343**	371,718
Related parties	**62,053**	31,260
Restricted cash	**196,728**	225,634
	2,317,257	806,616
Total	**5,020,851**	4,069,164
Liabilities		
Amortized cost		
Long-term debts	**7,091,516**	7,005,284
Finance leases	**716,281**	944,138
Real estate credit certificates	**59,514**	86,745
Accounts payable - suppliers	**512,365**	628,596
Other financial liabilities	**245,939**	291,977
Related parties	**152,480**	147,099
Dividends payable	**8,037**	8,506
Debt payment in installments	**15,674**	21,955
	8,801,806	9,134,300
Fair value through profit or loss		
Long-term debts	**4,191,571**	2,665,662
Derivative financial instruments	**6,944**	-
	4,198,515	2,665,662
Total	**13,000,321**	11,799,962

During the period, there was no reclassification between categories, the fair value through the result and amortized cost presented above.

Structure of risk management

Management is responsible for establishing and overseeing the Company's risk management framework. The Board of Directors follows the Risk Management through the Company's senior management reporting, which is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyze the risks to which the Company is exposed to define limits of appropriate risks and controls, and to monitor risks and adherence to defined limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. Management through its standards and training procedures and management seek to maintain a discipline and control environment in which all employees are aware of their duties and obligations.

The Audit Committee oversees how management monitors compliance with policies and risk management procedures and reviews the adequacy of the risk management framework in relation to the risks to which the Company is exposed. The Audit Committee is supported by the internal audit team in carrying out its functions. The internal audit performs regular and sporadic revisions in policies and risk management procedures and the result of the following is reported to the Audit Committee.

All derivative activities for risk management purposes are carried out by specialized teams with the skills, experience and appropriate supervision. It is the Company's policy not to engage in any derivative transactions for speculative purposes.

The use of financial instruments for the purpose of protection is done through an analysis of the risk exposure that management intends to cover.

On March 31, 2018 and December 31, 2017, the fair values related to transactions involving derivative financial instruments to hedge risk exposure of the Company are presented next:

	Notional		**Fair value**	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Interest rate risk				
Swap contracts (interest) (i)	**1,630,050**	161,561	**(6,944)**	2,009
Swap contracts (interest and exchange)	**2,476,824**	2,481,020	**87,546**	108,098
	4,106,874	2,642,581	**80,602**	110,107
Total financial instruments	**4,106,874**	2,642,581	**80,602**	110,107
Assets			**87,546**	110,107
Liabilities			**(6,944)**	-

(i) For the period ended March 31, 2018, the Company contracted Swap operations, where it will be Active in USD + 5.875% and Passive in % of the CDI as of May 2, 2018.

(a) Credit risk

	March 31, 2018	December 31, 2017
Cash and cash equivalents [(i)]	**1,687,133**	178,004
Marketable securities [(i)]	**2,616,048**	3,152,441
Restricted cash [(i)]	**196,728**	225,634
Account receivables [(ii)]	**371,343**	371,718
Related parties [(ii)]	**62,053**	31,260
Derivative financial instruments [(i)]	**87,546**	110,107
	5,020,851	4,069,164

(i) The risk of credit balances with banks and financial institutions is managed by the Company's treasury in accordance with the policy established by. Excess funds are invested only with approved counterparties and within the limits assigned to each. The counterparty credit limit is reviewed annually and may be updated throughout the year. These limits are designed to minimize the concentration of risks and therefore mitigate financial loss in the event of a potential failure of counterparty. The maximum the Company's exposure to credit risk in relation to the balance sheet components on March 31, 2018 and December 31, 2017 is the value recorded, as shown in note 14 except for financial guarantees and derivative financial instruments. The maximum exposure with respect to financial guarantees and derivative financial instruments is presented in the liquidity table below.

(ii) The risk of customer credit is managed centrally by each business segment, subject to the procedures, controls and policy established by the Company in relation to this risk. Credit limits are established for all customers based on internal rating criteria. Customer credit quality is evaluated based on an internal procedure of extensive credit rating. The outstanding customer receivables are monitored frequently.

The need for a valuation allowance for impairment is analyzed at each reporting date on an individual basis for major clients. In addition, a large number of receivables with smaller balances are grouped into homogenous groups and in such cases; the recoverable loss is assessed collectively. The calculations are based on actual historical data.

The credit risk on cash and cash equivalents, marketable securities are determined by rating instruments widely accrued by the market and are arranged as follows:

	March 31, 2018
AA	1,074,961
AAA	3,511,824
B	670
Total	**4,587,455**

(b) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries encounter difficulties in meeting the obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The Company's approach and its subsidiaries to managing liquidity is to ensure, as much as possible, there is always a sufficient liquidity to meet the obligations falling due under normal and stress conditions, without causing unacceptable losses or risk damaging the reputation of the Company and its subsidiaries.

Financial liabilities of the Company sorted by due dates (based on undiscounted cash flows contracted) are as follows:

					March 31, 2018	December 31, 2017
	Up to 1 year	**1 to 2 years**	**3 to 5 years**	**Over 5 years**	**Total**	Total
Long-term debt	(2,256,858)	(1,699,618)	(5,080,026)	(6,076,029)	(15,112,531)	(12,960,121)
Accounts payable - suppliers	(512,365)	-	-	-	(512,365)	(628,596)
Other financial liabilities [(i)]	(245,939)	-	-	-	(245,939)	(291,977)
Debt payment in installments	(7,496)	(5,220)	(1,406)	(801)	(14,923)	(22,621)
Finance leases	(289,249)	(196,390)	(347,535)	(261,351)	(1,094,525)	(1,443,470)
Real estate credit certificates	(63,389)	-	-	-	(63,389)	(92,844)
Related parties payable	(152,480)	-	-	-	(152,480)	(147,099)
Dividends payable	(8,037)	-	-	-	(8,037)	(8,506)
Derivate financial instruments	(57,845)	(120,433)	(489,859)	(112,536)	(780,673)	(576,319)
	(3,593,658)	**(2,021,661)**	**(5,918,826)**	**(6,450,717)**	**(17,984,862)**	(16,171,553)

(i) On March 31, 2018, the consolidated balance anticipated by our suppliers with financial institutions was R$245,939 (R$291,977 on December 31, 2017). All these operations were with Banco Itaú at an average interest rate of 7.75% p.a. The average term of these operations, which are recorded at their present values at the interest rate previously mentioned, is three months.

(c) Market risk

Market risk is the risk that changes in market prices - such as exchange rates and interest rates - will affect the Company's earnings or the value of its holdings of financial instruments. The objective of market risk management is to manage and control exposures to market risks within acceptable parameters, while improving the return.

The Company uses derivatives to manage market risks. All these operations are conducted within the guidelines established by the risk management policy. Generally, the Company seeks to apply hedge accounting to manage the volatility in the result.

- **Foreign exchange risk**

On March 31, 2018 and December 31, 2017, the Company and its subsidiaries had the following net exposure to exchange rates on assets and liabilities denominated in US Dollars:

	March 31, 2018	December 31, 2017
Cash and cash equivalents	**1,648,366**	5,649
Account receivables	**8,431**	10,903
Accounts payable - suppliers	**-**	(13,230)
Long-term debts	**(4,191,570)**	(2,665,662)
Exchange rate derivatives (*notional*) [(i)]	**2,545,377**	2,676,559
Foreign exchange exposure, net	**10,604**	14,219

(i) These balances are equivalent to the value of the notional currency in US Dollars converted to R$ at the Dollar rate of March 31, 2018.

Sensitivity analysis of changes in exchange rates:

The probable scenario was defined based on the market rates in US dollars as of March 31, 2018, which determines the fair value of the derivatives at that date. Stressed scenarios (positive and negative effects, before taxes) were defined based on adverse impacts of 25% and 50% on the US dollar exchange rates used in the probable scenario.

Based on the financial instruments denominated in U.S. Dollars at March 31, 2018, the Company performed a sensitivity analysis by increasing and decreasing the exchange rate for R$/US$ by 25% and 50%. The probable scenario considers the estimated exchange rates projected for the coming year for the companies with functional currency Real (positive and negative, before tax effects), as follows:

	Exchange rate sensitivity analysis (R$/US$)					
						Scenarios
	March 31, 2018	**Probable**	**25%**	**50%**	**-25%**	**-50%**
US Dollars	3.3238	3.3100	4.1375	4.9650	2.4825	1.6550

In the probable scenario, the Company uses the U.S. Dollar projected by specialized consulting for March 31, 2018.

Given the above scenario, the gains and losses would be affected as follows:

						Scenarios
Instrument	**Risk factor**	**Probable**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	USD fluctuation	(6,844)	410,381	820,761	(410,381)	(820,761)
Accounts receivable	USD fluctuation	(35)	2,099	4,198	(2,099)	(4,198)
Exchange rate derivatives (*notional*)	USD fluctuation	17,821	1,214,845	2,429,690	(1,214,845)	(2,429,690)
Long-term debt	USD fluctuation	17,403	(1,043,542)	(2,087,084)	1,043,542	2,087,084
Impacts on result of the period		**28,345**	**583,783**	**1,167,565**	**(583,783)**	**(1,167,565)**

- **Interest rate risk**

The Company and its subsidiaries monitor fluctuations in variable interest rates tied to some debts, mainly those linked to the risk of CDI/TJLP, and makes use of derivative instruments in order to minimize these risks.

Sensitivity analysis of changes in interest rates:

The probable scenario considers the Company's projections for interest rates, as follows:

	Probable	**25%**	**50%**	**-25%**	**-50%**
SELIC	6.25%	7.81%	9.38%	4.69%	3.13%
CDI	5.77%	7.21%	8.66%	4.33%	2.89%
TJLP	6.75%	8.44%	10.13%	5.06%	3.38%
IPCA	4.18%	5.23%	6.27%	3.14%	2.09%

The Company uses specialized advice for market projections.

The sensitivity analysis on interest rates on loans and financing and compensation for CDI of financial investments increase and decrease of 25% and 50% is as follows:

					March 31, 2018
Exposure interest rate[(i)]	**Probable**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	96,678	24,170	48,339	(24,170)	(48,339)
Restricted cash	12,295	3,074	6,148	(3,074)	(6,148)
Long-term debt	(359,209)	(89,768)	(179,572)	89,768	179,572
Interest rate derivative	80,601	(602,795)	(1,126,462)	696,528	1,504,542
Real estate credit certificates	(3,434)	(858)	(1,717)	858	1,717
Finance leases	(30,387)	(7,597)	(15,194)	7,597	15,194
Impacts on result of the period	**(203,456)**	**(673,774)**	**(1,268,458)**	**767,507**	**1,646,538**

(i) The rates of CDI and TJLP considered: 6.39% p.a. and 6.75% p.a., respectively, were obtained from information provided by the market.

Fair value of financial instruments

The fair value of financial assets and liabilities represents the amount at which the instrument could be exchanged in a current transaction between willing parties, and not in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair value:

- The Cash and cash equivalents, accounts receivable, accounts payable and other short-term liabilities approximate their carrying amount largely due to the short-term maturity of these instruments.

- The fair value of bonds and marketable bonds is based on price quotations at the balance sheet date. The fair value of non-negotiable instruments, bank loans and other financial debts, obligations under finance leases as well as other non-current financial liabilities is estimated by means of future cash flows discounted using rates currently available for debt or deadlines and the like remaining.

The fair values of the Senior Notes are quoted on the Luxembourg Stock Exchange (Note 14) and are based on the quoted market price as follows:

Loans	**Company**	**March 31, 2018**	December 31, 2017
Senior Notes Due 2024	Rumo Luxembourg	**107.10%**	107.86 %
Senior Notes Due 2025	Rumo Luxembourg	**99.13%**	-

The fair value of other loans and financing, their market values substantially approximate the amounts recorded due to the fact that these financial instruments are subject to variable interest rates, see details in note 14.

The Company and its subsidiaries enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings.

The fair value of derivative financial instruments is determined using valuation techniques and observable market data such as quoted prices in active markets or discounted flows based on market curves. The most commonly used valuation techniques include fixed rate pricing models and swaps, with present value calculations. The models consider various data, including counterparty credit quality, spot and forward exchange rates, interest rate curves.

In order to measure the credit risk of the parties involved in the derivative instruments, the Company uses the forward rate structure disclosed by B3 and adds discount rates that reflect the counterparty credit risk that are applied in each of the maturities in the calculation of the fair value of all financial instruments. The Company adopts counterparty ratings for positive flows and its own rating for negative flows, available on the market and disclosed by renowned rating agencies, as a necessary premise to extract the probability of default.

The carrying amounts and fair values of financial assets and liabilities are as follows:

			Assets and liabilities measured at fair value					
	Book value		**March 31, 2018**			December 31, 2017		
	March 31, 2018	December 31, 2017	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets								
Marketable securities	**2,616,048**	3,152,441	-	**2,616,048**	-	-	3,152,441	-
Derivative financial instruments	**87,546**	110,107	-	**87,546**	-	-	110,107	-
Total	**2,703,594**	3,262,548	-	**2,703,594**	-	-	3,262,548	-
Liabilities								
Long-term debts	**(4,191,571)**	(2,665,662)	-	**(4,191,571)**	-	-	(2,665,662)	-
Derivative financial instruments	**(6,944)**	-	-	**(6,944)**	-	-	-	-
Total	**(4,198,515)**	(2,665,662)	-	**(4,198,515)**	-	-	(2,665,662)	-

Hedge accounting – Fair value

Currently, the Company adopts a fair value hedge for some of its operations in that both (hedge instruments and hedged items) are accounted for at fair value through profit or loss. Operations and accounting effects of this adoption are as follows:

	Debt	**Derivatives**	**Total**
Balance on January 1, 2018	2,570,622	106,091	2,676,713
Interest amortization	(89,742)	43,211	(46,531)
Fair value	(32,250)	(62,426)	(94,676)
Balance on March 31, 2018	**2,448,630**	**86,876**	**2,535,506**

27 Operating segment information

Management evaluates the performance of its operating segments based on EBITDA (earnings before income tax and social contribution, interest, depreciation and amortization).

Operational segments

(i) North Operations: comprised of the railway operations, road operations, transshipment and port elevation in the areas of the Company concession, Elevações Portuárias, Rumo Malha Norte and Rumo Malha Paulista.
(ii) South Operations: comprised of the railway and transshipment in the concession area of Rumo Malha Sul and Rumo Malha Oeste.
(iii) Container Operations: comprised by the group company that focuses on container logistics either by rail or road transport and other container operations results.

The segment information has been prepared in accordance with the same accounting policies used in preparing the consolidated information.

Period:	**March 31, 2018**			
Results by segment	**North Operations**	**South Operations**	**Container Operations**	**Consolidated**
Net revenue	1,053,358	288,153	55,172	1,396,683
Cost of services	(602,051)	(327,430)	(71,233)	(1,000,714)
Gross profit	**451,307**	**(39,277)**	**(16,061)**	**395,969**
Gross margin (%)	**42.8%**	**-13.6%**	**-29.1%**	**28.4%**
Selling, general and administrative	(52,670)	(14,525)	(6,725)	(73,920)
Other income and equity	1,337	(6,225)	1,872	(3,016)
Depreciation and amortization	222,462	95,067	13,591	331,120
EBITDA	**622,436**	**35,040**	**(7,323)**	**650,153**
Margin EBITDA (%)	**59.1%**	**12.2%**	**-13.3%**	**46.5%**

Period:	March 31, 2017			
Results by segment	North Operations	South Operations	Container Operations	Consolidated
Net revenue	914,168	237,089	47,917	1,199,174
Cost of services	(552,432)	(306,873)	(71,547)	(930,852)
Gross profit	361,736	(69,784)	(23,630)	268,322
Gross margin (%)	39.6%	-29.4%	-49.3%	22.4%
Selling, general and administrative	(43,466)	(16,318)	(5,386)	(65,170)
Other income and equity	(452)	(2,270)	2,274	(448)
Depreciation and amortization	183,124	90,651	16,128	289,903
EBITDA	500,942	2,279	(10,614)	492,607
Margin EBITDA (%)	54.8%	1.0%	-22.2%	41.1%

28 Subsequent events

On April 20, 2018, the incorporation of Brado Holding S.A., Rumo Malha Norte Holding Ltda. and Tezza Consultoria de Negócios Ltda. by the Company was approved, so that the merged companies will be extinguished and the Company will succeed those incorporated. This transaction serves the interests of the parties and their shareholders, generating benefits to the parties and their shareholders, by providing administrative efficiency, including the reduction of operating costs.

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