Rumo S.A.

Interim financial statements
September 30, 2018
(A free translation of the original in Portuguese)

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Independent auditor’s report on review of interim financial statements

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 September 30, 2018, which comprise the balance sheet as of September 30, 2018 and the related statements of profit and loss and comprehensive income for the three and nine-month periods then ended and changes in shareholders' equity and cash flows for the nine-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 nine-month period ended September 30, 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 November 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	
		September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Assets					
Cash and cash equivalents	5	**1,470**	930	**72,058**	178,004
Marketable securities	6	**118,436**	421,810	**2,311,693**	3,152,441
Accounts receivable	7	**18,739**	24,839	**363,343**	359,342
Derivative financial instruments	28	**-**	660	**-**	660
Inventories	8	**568**	504	**305,570**	282,291
Related parties	10	**139,831**	79,899	**20,559**	13,174
Current income taxes		**12,891**	2,374	**43,432**	50,855
Other recoverable taxes	9	**12,381**	5,979	**259,324**	209,121
Dividends and interest on own capital receivable		**29,622**	35,652	**1,211**	352
Other assets		**12,434**	8,649	**167,983**	160,381
Current		**346,372**	581,296	**3,545,173**	4,406,621
Accounts receivable	7	**9,956**	12,376	**22,421**	12,376
Restricted cash	6	**3,569**	3,321	**113,908**	225,634
Deferred income tax	16	**-**	-	**1,028,189**	1,156,560
Related parties	10	**16,761**	64,524	**25,094**	18,086
Current income taxes		**2**	21,582	**281,078**	247,996
Other recoverable taxes	9	**-**	1,982	**703,089**	698,057
Judicial deposits	18	**19,645**	17,282	**346,601**	330,972
Derivative financial instruments	28	**-**	-	**782,629**	109,447
Other non-current assets		**5,129**	8,780	**82,624**	92,590
Equity method investments	11	**9,826,446**	9,546,428	**42,613**	41,930
Property and equipment	12	**135,150**	136,093	**11,904,297**	11,266,278
Intangible assets	13	**398,681**	427,106	**7,521,352**	7,622,969
Non-current		**10,415,339**	10,239,474	**22,853,895**	21,822,895
Total assets		**10,761,711**	10,820,770	**26,399,068**	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	
		September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Liabilities					
Current portion of long-term debt	14	**177,400**	336,526	**1,176,716**	1,594,008
Finance leases	19	**342**	327	**121,701**	261,344
Real estate credit certificates		**-**	4,806	**14,066**	86,745
Accounts payable - suppliers	17	**43,648**	33,694	**477,659**	628,596
Salaries payable		**8,667**	19,196	**190,446**	166,864
Current income tax		**115**	138	**3,183**	2,003
Other taxes payable	15	**6,234**	6,804	**44,234**	42,767
Dividends payable		**5,250**	5,250	**7,715**	8,506
Leases and concessions	20	**-**	-	**29,385**	27,413
Related parties	10	**83,622**	125,450	**170,981**	147,099
Deferred income		**2,802**	2,802	**9,552**	11,529
Other financial liabilities	28.b	**-**	-	**312,165**	291,977
Other current liabilities		**16,979**	50,233	**189,545**	243,130
Current		**345,059**	585,226	**2,747,348**	3,511,981
Long-term debt	14	**1,166,075**	1,258,999	**8,868,866**	8,076,938
Finance leases	19	**236**	451	**463,938**	682,794
Other taxes payable	15	**-**	-	**5,449**	11,010
Provision for judicial demands	18	**39,109**	36,674	**513,288**	502,034
Leases and concessions	20	**-**	-	**3,113,172**	2,905,921
Provision for capital deficiency	11	**1,238,937**	1,110,682	**-**	-
Related parties	10	**29,757**	25,483	**-**	-
Deferred income tax	16	**-**	-	**2,379,929**	2,342,076
Deferred income		**22,414**	24,515	**43,930**	56,495
Other current liabilities		**20,285**	27,280	**93,422**	120,886
Non-current		**2,516,813**	2,484,084	**15,481,994**	14,698,154
Total liabilities		**2,861,872**	3,069,310	**18,229,342**	18,210,135
Equity	21				
Common stock		**9,654,897**	9,654,897	**9,654,897**	9,654,897
Capital reserve		**2,465,204**	2,459,859	**2,465,204**	2,459,859
Other equity		**20,570**	7,812	**20,570**	7,812
Profit reserve		**253,599**	253,599	**253,599**	253,599
Accumulated losses		**(4,494,431)**	(4,624,707)	**(4,494,431)**	(4,624,707)
Equity attributable to:					
Owners of the Company		**7,899,839**	7,751,460	**7,899,839**	7,751,460
Non-controlling interests	11.c	**-**	-	**269,887**	267,921
Total equity		**7,899,839**	7,751,460	**8,169,726**	8,019,381
Total liabilities and equity		**10,761,711**	10,820,770	**26,399,068**	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			
		July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Net revenue from services	24	**163,139**	**516,172**	207,903	547,105
Cost of services	25	**(134,419)**	**(394,601)**	(179,696)	(436,967)
Gross profit		**28,720**	**121,571**	28,207	110,138
Selling	25	**(181)**	**108**	-	-
General and administrative	25	**(8,972)**	**(24,015)**	(7,990)	(23,904)
Other, net	27	**1,735**	**5,992**	(2,893)	(13,144)
Operating expenses		**(7,418)**	**(17,915)**	(10,883)	(37,048)
Result before financial results and equity income on investments		**21,302**	**103,656**	17,324	73,090
Equity income on investments	11	**251,289**	**139,465**	122,660	(73,137)
Equity income on investments		**251,289**	**139,465**	122,660	(73,137)
Financial expenses		**(29,967)**	**(102,968)**	(67,984)	(214,424)
Financial income		**1,409**	**13,531**	1,228	5,638
Foreign exchange, net		**(15,068)**	**(9,595)**	1,863	1,269
Financial result, net	26	**(43,626)**	**(99,032)**	(64,893)	(207,517)
Result before income taxes		**228,965**	**144,089**	75,091	(207,564)
Income (expense) tax and social contribution benefit	16				
Current		**(3,179)**	**(13,004)**	-	-
Deferred		**-**	**-**	1,117	3,155
		(3,179)	**(13,004)**	1,117	3,155
Result for the period		**225,786**	**131,085**	76,208	(204,409)

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	Consolidated			
		July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	**July 1, 2017 to September 30, 2017**	**January 1, 2017 to September 30, 2017**
Net revenue from services	24	**1,877,111**	**4,938,340**	1,648,910	4,354,227
Cost of services	25	**(1,198,845)**	**(3,315,983)**	(1,090,373)	(3,010,559)
Gross profit		**678,266**	**1,622,357**	558,537	1,343,668
Selling	25	**(1,980)**	**(8,215)**	(3,983)	(23,623)
General and administrative	25	**(77,122)**	**(214,804)**	(59,922)	(187,495)
Other, net	27	**(4,499)**	**(13,041)**	(2,040)	(6,445)
Operating expenses		**(83,601)**	**(236,060)**	(65,945)	(217,563)
Result before financial results and equity income on investments		**594,665**	**1,386,297**	492,592	1,126,105
Equity income on investments	11	**3,254**	**8,419**	4,043	7,200
Equity income on investments		**3,254**	**8,419**	4,043	7,200
Financial expenses		**(429,612)**	**(1,070,420)**	(492,639)	(1,440,590)
Financial income		**54,756**	**181,455**	63,393	185,598
Foreign exchange, net		**(187,044)**	**(820,184)**	110,390	(18,074)
Derivatives		**304,353**	**643,037**	(69,350)	436
Financial result, net	26	**(257,547)**	**(1,066,112)**	(388,206)	(1,272,630)
Result before income taxes		**340,372**	**328,604**	108,429	(139,325)
Expense tax and social contribution benefit	16				
Current		**(21,634)**	**(30,311)**	(16,590)	(32,926)
Deferred		**(90,147)**	**(162,497)**	(14,165)	(28,833)
		(111,781)	**(192,808)**	(30,755)	(61,759)
Result attributable to:					
Owners of the Company		**225,786**	**131,085**	76,208	(204,409)
Non-controlling interest		**2,805**	**4,711**	1,466	3,325
Earning per share:	22				
Basic		**R$0.14483**	**R$0.08408**	R$0.05691	(R$0.15266)
Diluted		**R$0.14449**	**R$0.08390**	R$0.05660	(R$0.15266)

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			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Result for the period	**225,786**	**131,085**	76,208	(204,409)
Items that won't be reclassified to the result				
Actuarial losses with pension plan	**-**	**(1,042)**	-	-
Items that can be reclassified to the result				
Currency translation adjustment	**4,898**	**13,976**	1,371	2,092
Other comprehensive result net of income tax and social contribution	**4,898**	**12,934**	1,371	2,092
Total comprehensive result	**230,684**	**144,019**	77,579	(203,317)

	Consolidated			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Result for the period	**228,591**	**135,796**	77,674	(201,084)
Items that won't be reclassified to the result				
Actuarial losses with pension plan	**-**	**(1,042)**	-	-
Items that can be reclassified to the result				
Currency translation adjustment	**4,898**	**13,976**	1,371	2,092
Other comprehensive result net of income tax and social contribution	**4,898**	**12,934**	1,371	2,092
Total comprehensive result	**233,489**	**148,019**	79,045	(198,992)
Comprehensive result attributable to:				
Owners of the Company	**230,684**	**144,019**	77,579	(202,317)
Non-controlling interest	**2,805**	**4,711**	1,466	3,325

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

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	-	-	-	-	131,085	131,085	4,711	135,796
Other comprehensive income:								
Currency translation adjustment	-	-	-	13,976	-	13,976	-	13,976
Actuarial losses with pension plan	-	-	-	(1,042)	-	(1,042)	-	(1,042)
Attributable cost reflection adjustment of associates	-	-	-	(176)	176	-	-	-
Total comprehensive income, net of taxes	-	-	-	12,758	131,261	144,019	4,711	148,730
Contributions and distributions for shareholders								
Stock option plan	-	5,536	-	-	-	5,536	-	5,536
Effect of dividend distribution on non-controlling shareholders	-	(191)	-	-	-	(191)	191	-
Dividends	-	-	-	-	-	-	(2,933)	(2,933)
Total transactions with owners of the Company	-	5,345	-	-	-	5,345	(2,742)	2,603
At September 30, 2018	**9,654,897**	**2,465,204**	**253,599**	**20,570**	**(4,494,431)**	**7,899,839**	**269,887**	**8,169,726**

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

	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	-	-	-	-	(204,409)	(204,409)	3,325	(201,084)
Other comprehensive income:								
Attributable cost reflection adjustment of associates	-	-	-	(60)	60	-	-	-
Currency translation adjustment	-	-	-	2,092	-	2,092	-	2,092
Total comprehensive income, net of taxes	**-**	**-**	**-**	**2,032**	**(204,349)**	**(202,317)**	**3,325**	**(198,992)**
Contributions and distributions for shareholders								
Stock option plan	-	3,903	-	-	-	3,903	-	3,903
Dividends	-	-	-	-	-	-	(4,483)	(4,483)
Total transactions with owners of the Company	**-**	**3,903**	**-**	**-**	**-**	**3,903**	**(4,483)**	**(580)**
At September 30, 2017	**7,014,897**	**2,497,573**	**253,599**	**8,521**	**(4,568,309)**	**5,206,281**	**269,434**	**5,475,715**

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	
	January 1, 2018 to September 30, 2018	January 1, 2017 to September 30, 2017	**January 1, 2018 to September 30, 2018**	January 1, 2017 to September 30, 2017
Cash flows from operating activities				
Result before income taxes and social contribution	**144,089**	(207,564)	**328,604**	(139,325)
Adjustments to:				
Depreciation and amortization	**74,903**	74,165	**1,051,716**	892,940
Equity pick-up from controlled and associated companies	**(139,465)**	73,137	**(8,419)**	(7,200)
Provision for profit sharing	**6,107**	3,769	**72,591**	54,888
Result on disposal of fixed and intangible assets	**-**	-	**(6,023)**	(1,125)
Provision for judicial demands	**6,513**	14,150	**58,310**	47,372
Expected losses (gain) on doubtful accounts	**(108)**	(21)	**(2,096)**	11,095
Stock option plan	**5,536**	3,903	**5,536**	3,903
Lease and concessions	**-**	-	**152,645**	143,277
Interest, indexation charges and exchange variations, net	**81,180**	177,599	**1,032,974**	1,164,633
Other	**(2,164)**	(2,101)	**(26,126)**	(35,363)
	176,591	137,037	**2,659,712**	2,135,095
Changes in:				
Accounts receivable	**9,814**	33,738	**(5,155)**	31,236
Net, related parties	**(4,805)**	(169,579)	**21,690**	34,797
Other taxes, net	**(3,171)**	(9,466)	**(79,908)**	(148,245)
Inventories	**(65)**	29	**(18,480)**	26,082
Salaries payable	**(16,636)**	(15,671)	**(51,567)**	(20,589)
Accounts payable	**(2,333)**	7,734	**(179,900)**	(86,042)
Lease and concessions payable	**-**	-	**(79,681)**	(84,039)
Provision for judicial demands	**(5,930)**	(11,590)	**(77,169)**	(88,271)
Other financial liabilities	**-**	-	**(2,880)**	45,372
Other asset and liabilities, net	**(43,050)**	(6,372)	**(175,924)**	(115,195)
	(66,176)	(171,177)	**(648,974)**	(404,894)
Net cash generated from operating activities	**110,415**	(34,140)	**2,010,738**	1,730,201
Cash flow from investing activities				
Capital increase in subsidiary	**(524,524)**	(3,630)	**-**	-
Marketable securities	**314,859**	46,057	**958,564**	(471,235)
Restricted cash	**(248)**	(138)	**112,539**	(24,696)
Advance of dividends and interest on equity received	**-**	116,020	**-**	-
Dividends received from controlled and associated companies	**484,877**	186,811	**6,458**	5,064
Related parties - mutual	**(47,704)**	(50,000)	**-**	-
Purchase of property, plant and equipment and intangible	**(7,985)**	(34,890)	**(1,576,380)**	(1,423,835)
Proceeds from the merger of subsidiaries	**2,410**	-	**-**	-
Cash received on disposal of other fixed assets	**-**	-	**-**	7,000
Net cash generated from (used in) investing activities	**221,685**	**260,230**	**(498,819)**	**(1,907,702)**
Cash flow from financing activities				
Proceeds from debts	**-**	-	**2,137,175**	2,490,166
Repayments of principal from debts	**(287,729)**	(422,675)	**(2,653,782)**	(1,096,455)
Payments of interest from debts	**(39,227)**	(96,259)	**(635,330)**	(676,753)
Repayments of leases	**(206)**	(1,629)	**(352,506)**	(290,881)
Payments of leases	**(69)**	(466)	**(130,294)**	(231,351)
Repayments of advance of real estate credits	**(4,898)**	(20,368)	**(77,307)**	(95,272)
Payments of advance of real estate credits	**(97)**	(2,061)	**(97)**	(2,062)
Derivative financial instruments	**666**	2,439	**(29,479)**	(18,086)
Related parties - mutual	**-**	313,000	**-**	-
Dividends paid	**-**	-	**(3,346)**	(2,069)
Net cash generated from (used in) financing activities	**(331,560)**	(228,019)	**(1,744,966)**	77,237
Impact of exchange variation on cash and cash equivalents	**-**	-	**127,101**	27,417
Increase (decrease) in cash and cash equivalents	**540**	(1,929)	**(105,946)**	(72,847)
Cash and cash equivalents at beginning of the period	**930**	3,039	**178,004**	260,527
Cash and cash equivalents at end of the period	**1,470**	1,110	**72,058**	187,680
Supplemental disclosure of cash flow information:				
Income taxes paid	**3,040**	-	**5,472**	12,446

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	
	January 1, 2018 to September 30, 2018	January 1, 2017 to September 30, 2017	**January 1, 2018 to September 30, 2018**	January 1, 2017 to September 30, 2017
Revenue				
Sale of services	**549,335**	581,986	**5,240,685**	4,640,179
Other operating revenue	**14,240**	2,341	**50,723**	101,830
Expected gain (losses) on doubtful accounts	**108**	21	**2,096**	(11,095)
	563,683	584,348	**5,293,504**	4,730,914
Raw materials acquired from third parties				
Cost of services rendered	**(375,293)**	(348,148)	**(1,206,742)**	(1,011,528)
Materials, energy, third party services, other	**42,604**	(37,610)	**(660,846)**	(658,965)
	(332,689)	(385,758)	**(1,867,588)**	(1,670,493)
Gross value added	**230,994**	198,590	**3,425,916**	3,060,421
Retention				
Depreciation and amortization	**(74,903)**	(74,165)	**(1,051,716)**	(892,940)
	(74,903)	(74,165)	**(1,051,716)**	(892,940)
Net value added	**156,091**	124,425	**2,374,200**	2,167,481
Value added transferred in				
Equity pick-up in investees	**139,465**	(73,137)	**8,419**	7,200
Financial income	**13,531**	5,638	**181,455**	185,598
	152,996	(67,499)	**189,874**	192,798
Value added to be distributed	**309,087**	56,926	**2,564,074**	2,360,279
Distribution of value added				
Personnel	**16,084**	12,463	**557,084**	520,460
Direct remuneration	**14,269**	10,724	**431,031**	410,644
Benefits	**1,554**	1,490	**102,911**	86,617
FGTS	**261**	249	**23,142**	23,199
Taxes and contributions	**48,432**	34,372	**340,563**	311,092
Federal	**47,209**	33,442	**262,565**	254,541
State	**358**	630	**59,904**	42,542
City	**865**	300	**18,094**	14,009
Third party capital remuneration	**113,486**	214,500	**1,530,631**	1,729,811
Interest	**112,566**	213,155	**1,247,557**	1,458,228
Leasing	**920**	1,345	**283,074**	271,583
Equity capital remuneration	**131,085**	(204,409)	**135,796**	(201,084)
Non-controlling interests	**-**	-	**4,711**	3,325
Result for the period	**131,085**	(204,409)	**131,085**	(204,409)
	309,087	56,926	**2,564,074**	2,360,279

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"), amounting US$500,000 (R$1,581,200), 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 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. In addition, the incorporation of PGT S.A. by ALL Armazéns Gerais Ltda. was approved.

On May 7, 2018, the operations required for the placement of Senior Notes 2025 issued in January 2018 by subsidiary Rumo Lux were approved and ratified, as well as (i) the issuance of NCE through the transfer of foreign funds by the subsidiary Rumo Malha Norte, in favor of Itaú Unibanco S.A. ("Itaú"), amounting US$500,000, maturing in 07 years, observing the usual early maturity events in capital market operations, as described in NCE, and interest rates equivalent to a certain percentage, which should not exceed the maximum percentage of 5.875% per year, which consists of transfer of funds from a linked note in accordance with Resolution 2,921 of the National Monetary Council of January 17, 2002 obtained by Itaú from Rumo Lux - the principal amount of the NCE will be amortized in full on the respective maturity date, and interest will be paid semiannually, as from the date of payment of the NCE, as well as (ii) hedge contracting related to this operation, including Non-deliverable Forward operation.

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
Controlled		
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.

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 note 24 to the financial and 25 Cost and expendure by nature result were reclassified to improve the level of detail of the disclosures in these consolidated interim financial statements. These reclassifications had insignificant impacts on the Company's consolidated interim financial statements.

On November 08, 2018, the Board of Directors authorized the issuance of the financial statements.

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	
Controlled	**September 30, 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. (i)	**-**	100.00%
ALL Serviços Ltda. (i)	**-**	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. (ii)	**-**	100.00%

(i) As mentioned in Note 1, incurred the merger of Brado Holding S.A., Rumo Malha Norte Holding Ltda. and Tezza Consultoria de Negócios Ltda. ("ALL Serviços Ltda.") by the Company.
(ii) In addition, incurred the incorporation of PGT S.A. by ALL Armazéns Gerais Ltda.

Investment in associates (equity of investees)

The following associates are accounted for under the equity method:

	Directly and indirectly controlled	
Associates (Equity)	**September 30, 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 significant 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 or agreement is in effect as services are rendered and the charge for the fixed or determinable service price is reasonably assured. 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

Except for certain commercial receivables, 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 and asset deferred income tax and social contribution in the amount of R$307.

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 fair value 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.

3.3 Cash Flow

- **Non cash transactions**

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

During the period ended September 30, 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$17,300 (R$4,813 on September 30, 2017);
ii) Capital increase of subsidiary Rumo Luxemburgo in the amount of R $ 61,164 through the use of credit with related parties, without using cash in the period.

4 New standards and interpretations not yet effective

The follow standard is effective for annual periods beginning after January 1, 2019, however The Company has not early adopted it in preparing these consolidated interim financial statements.

- **IFRS 16 Leases**

This standard changes the recognition, measurement, presentation and disclosure of leases. It requires tenants to record all leases in the balance sheet with exemptions available for low-value and short-term leases.

The Company and its subsidiaries lease various properties, equipment and cars. Rental agreements are usually made for fixed periods, but may have extension options as described below. The terms of the lease are negotiated individually and contain a wide variety of different terms and conditions. Lease agreements do not impose any obligation, but leased assets cannot be used as collateral for loan purposes.

Leases will be recognized as a right of use asset and a corresponding liability on the date the leased asset is made available for use by the Company. Each lease payment will be allocated between the liability and the financial cost. The financial cost will be recognized in profit or loss over the period of the lease, in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset of the right of use will be depreciated over the shorter useful life of the asset and the lease term by the straight-line method.

Assets and liabilities arising from leasing will initially be measured based on the present value. Lease liabilities include the net present value of the following rental payments:

i. fixed payments (including fixed payments in substance), less any lease incentives to be received;
ii. variable rental payment that is based on an index or a rate;
iii. amounts expected to be paid by the lessee under residual value guarantees;
iv. the exercise price of a call option, if it is reasonably certain that the option is exercised by the lessee, and
v. payment of fines for termination of the lease, if the lease term reflects that the lessee exercising that option.

Lease payments will be discounted using the implied interest rate on the lease, if such rate can be determined, or the incremental loan rate of the Company.

The rights-of-use assets will be measured at cost, including:

i. the value of the initial measurement of the lease liability;
ii. any lease payments made before or at the commencement date, less any incentives received;
iii. any initial direct costs and;
iv. restoration costs.

Payments associated with short-term leases and leases of low-value assets will continue to be recognized under the straight-line method as expense in the statement of income. Short-term leases are leases with lease term of 12 months or less.

The extension and termination options are included in various property and equipment leases throughout the Company. These terms are used to maximize operational flexibility in terms of contract management. Most of the options for extension and termination exercised are exercisable only by the Company and not by the respective lessor.

To optimize lease costs during the contract period the Company sometimes provides residual value guarantees in relation to equipment leases.

The Company will adopt IFRS 16 using the modified retrospective approach and therefore the comparative information will not be updated and will continue to be reported under IAS 17 and IFRIC 4. Details of the accounting policies in accordance with IAS 17 and IFRIC 4 will be disclosed separately if they are different from those under IFRS 16.

The Company is currently conducting a detailed impact assessment resulting from the application of IFRS 16. 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.

- **IFRIC 23 — Uncertainty over Income Tax Treatments**

The Interpretation addresses the accounting of income taxes when tax treatment involves uncertainties that affect the application of IAS 12 and does not apply to taxes or charges outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with taxes uncertain.

The Company records federal income tax returns in Brazil and in foreign jurisdictions, and is subject to examination by the tax authorities in those jurisdictions for the last five fiscal years. The Company has audits in progress at various stages of completion, of which they may be completed within the next fiscal year. The results of the audits and the timing of settlements are subject to significant uncertainties currently.

The unrecognized uncertainties described above will be included in the Company's annual financial statements to the extent that the Company is able to make reliable estimates of settlements with the respective tax authorities.

- **IFRS 17 Insurance Contracts**

This standard introduces a new model for accounting for insurance contracts. IFRS 17 is effective for years beginning on or after January 1, 2021, with comparative values required. Based on preliminary work, we estimate that the impact will be irrelevant. We are in the process of reviewing our existing agreements to determine the impact on adoption.

There are no other IFRS standards or IFRIC interpretations that have not come into effect and are expected to have a material impact on the Company.

5 Cash and cash equivalent

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Cash and bank accounts	**1,461**	916	**37,549**	9,555
Financial investments	**9**	14	**34,509**	168,449
	1,470	930	**72,058**	178,004

The financial investments were as below:

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Bank investments				
Bank deposit certificates - CDB	**-**	14	**32,282**	163,585
Other investments	**9**	-	**2,227**	4,864
	9	14	**34,509**	168,449
	9	14	**34,509**	168,449

6 Marketable securities and restricted cash

	Parent Company		Consolidated	
Marketable securities	**September 30, 2018**	December 31, 2017	**September 30, 2018**	December 31, 2017
Government bonds [(i)]	**118,436**	421,810	**2,230,859**	2,939,823
CDB investments linked to BNDES loans [(ii)]	**-**	-	**80,834**	212,618
	118,436	421,810	**2,311,693**	3,152,441

(i) Government bonds classified as held for trading have interest rates pegged to SELIC and maturing between two and five years.

(ii) CDB investments linked to BNDES loans classified as held for trading have an interest rate pegged to CDI and maturing between two and five years.

	Parent Company		Consolidated	
Restricted cash	**September 30, 2018**	December 31, 2017	**September 30, 2018**	December 31, 2017
Investments linked to loans	**-**	-	**31,129**	93,251
Securities pledged as collateral	**3,569**	3,321	**82,779**	132,383
	3,569	3,321	**113,908**	225,634

7 Accounts receivable

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Domestic – Brazilian Reais	**30,284**	38,874	**359,285**	362,762
Export – Foreign currency	**289**	241	**52,209**	39,740
Expected losses for doubtful accounts	**(1,878)**	(1,900)	**(25,730)**	(30,784)
	28,695	37,215	**385,764**	371,718
Current	**18,739**	24,839	**363,343**	359,342
Non-current	**9,956**	12,376	**22,421**	12,376
	28,695	37,215	**385,764**	371,718

8 Inventories

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Parts and accessories	**480**	361	**232,216**	244,256
Fuels and lubricants	**4**	6	**6,425**	4,207
Warehouse and other	**84**	137	**66,929**	33,828
	568	504	**305,570**	282,291

9 Other recoverable taxes

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Contribution to social security financing ("COFINS")	**7,700**	6,555	**272,276**	247,058
Social Integration program ("PIS")	**1,484**	1,311	**85,714**	67,327
Tax on circulation of goods, transport services and communication ("ICMS") [(i)]	**225**	46	**422,172**	378,204
ICMS - CIAP [(ii)]	**-**	-	**173,458**	204,576
Other	**2,972**	49	**8,793**	10,013
	12,381	7,961	**962,413**	907,178
Current	**12,381**	5,979	**259,324**	209,121
Non-current	**-**	1,982	**703,089**	698,057
	12,381	7,961	**962,413**	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	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Current asset				
Commercial operations				
Cosan S.A.	**282**	282	**378**	656
Rumo Malha Norte S.A.	**8,473**	19,984	**-**	-
Rumo Malha Paulista S.A.	**117,937**	30,049	**-**	-
Rumo Malha Sul S.A.	**-**	3,294	**-**	-
Raízen Combustíveis S.A.	**149**	149	**6,051**	5,031
Raízen Energia S.A.	**8,284**	2,946	**13,597**	6,556
Brado Logística S.A	**2,117**	4,896	**-**	-
Elevações Portuárias S.A.	**1,996**	17,483	**-**	-
Other	**593**	816	**533**	931
	139,831	79,899	**20,559**	13,174
Non-current assets				
Commercial operations				
Raízen Combustíveis S.A.	**-**	-	**24,968**	18,086
	-	-	**24,968**	18,086
Financial operations				
Rumo Luxembourg Sarl	**-**	61,198	**-**	-
Elevações Portuárias S.A.	**13,435**	-	**-**	-
Other	**3,326**	3,326	**126**	-
	16,761	64,524	**126**	-
	16,761	64,524	**25,094**	18,086
Total	**156,592**	144,423	**45,653**	31,260

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Current liabilities				
Commercial operations				
Rumo Malha Norte S.A.	**5,164**	1,164	**-**	-
Rumo Malha Sul S.A.	**5,251**	5,620	**-**	-
Rumo Malha Paulista S.A.	**64,184**	93,847	**-**	-
Rumo Malha Oeste S.A.	**857**	857	**-**	-
Raízen Combustíveis S.A.	**1**	17	**142,493**	118,375
Raízen Energia S.A.	**5,667**	6,082	**21,394**	21,095
Cosan S.A.	**988**	429	**1,985**	2,865
Cosan Lubrificantes e Especialidades S.A.	**352**	353	**4,289**	3,225
Logispot Armazéns Gerais S.A.	**9**	172	**-**	-
Elevações Portuárias S.A.	**22**	15,899	**-**	-
Other	**1,127**	1,010	**820**	1,539
	83,622	125,450	**170,981**	147,099
Current liabilities				
Commercial operations				
Boswells	**25,024**	20,675	**-**	-
Other	**4,733**	4,808	**-**	-
	29,757	25,483	**-**	-
Total	**113,379**	150,933	**170,981**	147,099

b) Summary of transactions with related parties:

	Parent Company			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Operating income				
Raízen Energia S.A. and subsidiaries	**72,192**	**187,385**	90,633	215,941
Rumo Malha Norte S.A.	**3,000**	**9,000**	3,000	9,000
Rumo Malha Paulista S.A.	**62,607**	**192,985**	72,051	210,474
Elevações Portuárias S.A.	**3,360**	**10,080**	-	-
Other	**261**	**1,035**	960	-
	141,420	**400,485**	166,644	435,415
Purchases of products / inputs				
Rumo Malha Paulista S.A.	**(13,130)**	**(88,662)**	(10,655)	(62,425)
Cosan Lubrificantes e Especialidades S.A.	**-**	**(7)**	-	-
Logispot Armazéns Gerais S.A.	**(523)**	**(1,607)**	(654)	(965)
	(13,653)	**(90,276)**	(11,309)	(63,390)
Shared expenses				
Cosan S.A.	**(1,014)**	**(3,091)**	(145)	(439)
Elevações Portuárias S.A.	**159**	**139**	-	-
Rumo Malha Oeste S.A.	**351**	**873**	43	103
Rumo Malha Paulista S.A.	**1,432**	**3,494**	307	952
Rumo Malha Sul S.A.	**-**	**-**	(289)	(972)
Rumo Malha Norte S.A.	**3,505**	**8,216**	483	1,524
Raízen Energia S.A.	**(440)**	**(1,204)**	(404)	(1,244)
	3,993	**8,427**	(5)	(76)
Financial result				
Elevações Portuárias S.A.	**684**	**1,599**	-	1,474
Rumo Malha Oeste S.A.	**(12,461)**	**(2,327)**	-	-
Rumo Malha Paulista S.A.	**-**	**-**	(10,959)	(36,094)
Rumo Malha Norte S.A.	**(13,214)**	**(38,631)**	(20,518)	(58,222)
Other	**(926)**	**(4,057)**	(813)	-
	(25,917)	**(43,416)**	(32,290)	(92,842)

	Consolidated			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Operating income				
Raízen Combustíveis S.A.	**42,341**	**114,238**	37,477	99,921
Raízen Energia S.A. and subsidiaries	**90,612**	**242,774**	121,366	288,956
Other	**270**	**9,415**	1,416	-
	133,223	**366,427**	160,259	388,877
Purchases of products / inputs				
Raízen Combustíveis S.A.	**(326,875)**	**(882,278)**	(276,155)	(718,440)
Cosan Lubrificantes e Especialidades S.A.	**(11,174)**	**(29,626)**	(9,246)	(24,748)
Other	**(211)**	**(338)**	-	-
	(338,260)	**(912,242)**	(285,401)	(743,188)
Shared expenses				
Cosan S.A.	**(2,378)**	**(8,062)**	(2,449)	(7,599)
Raízen Energia S.A.	**(6,582)**	**(20,547)**	(6,112)	(19,712)
	(8,960)	**(28,609)**	(8,561)	(27,311)
Financial result				
Other	**(20)**	**(1)**	-	-
	(20)	**(1)**	-	-

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:

	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Short-term benefits to employees and managers	**2,885**	**13,931**	3,555	13,758
Stock option recognized (Note 23)	**1,207**	**2,716**	1,368	3,903
	4,092	**16,647**	4,923	17,661

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	Capital increase	Dividends and Interest on own capital receivable	Comprehensive income	Other	Amortization of the concession right	Corporate reorganization effects	Reclassification of uncovered liability of companies	At September 30, 2018	Equity pick-up on September 30, 2017
Controlled														
Elevações Portuárias	672,397,254	672,397,254	100.00%	667,966	48,006	-	(19,800)	-	(56)	-	-	-	**696,116**	54,455
Rumo Intermodal	91,064,313	91,064,313	100.00%	62,078	(1,250)	-	-	1,459	448	-	-	-	**62,735**	1,900
ALL Serviços	100,000	-	-	6,479	(321)	-	-	-	-	-	(6,158)	-	**-**	(2,292)
Rumo Malha Norte	1,189,412,363	1,183,698,555	99.52%	7,835,147	445,332	-	(462,276)	(95)	(511)	(22,233)	-	-	**7,795,364**	364,753
Boswells	3,265,000	3,265,000	100.00%	20,989	-	-	-	4,415	-	-	-	-	**25,404**	-
Rail Management	20,000	-	-	-	-	-	-	-	-	-	-	-	**-**	(340)
Brado Holding	500	-	-	357,903	1,706	-	-	-	-	-	(359,609)	-	**-**	4,207
Brado Participações	12,962,963	8,065,556	62.22%	-	3,192	-	-	-	-	-	359,609	-	**362,801**	-
Paranaguá S.A.	6,119,802	6,113,851	99.90%	15,540	1,562	5,417	-	(9,033)	-	-	-	-	**13,486**	4,250
Logispot	2,040,816	1,040,816	51.00%	73,530	(467)	-	-	-	-	-	-	-	**73,063**	(712)
Rumo Luxembourg Sarl	500,000	500,000	100.00%	-	-	-	-	-	-	-	-	66,836	**66,836**	-
Rumo Malha Sul	6,677,710,494,907	6,677,710,494,907	100.00%	506,796	(175,230)	400,000	-	(736)	(189)	-	-	-	**730,641**	(263,209)
				9,546,428	**322,530**	**405,417**	**(482,076)**	**(3,990)**	**(308)**	**(22,233)**	**(6,158)**	**66,836**	**9,826,446**	163,012
Provision for net capital deficiency in controlled														
ALL Argentina	9,703,000	8,826,110	90.96%	(28,697)	(5,139)	-	-	17,135	-	-	-	-	**(16,701)**	(9,248)
Rumo Luxembourg Sarl	500,000	500,000	100.00%	(35,238)	(17,033)	119,107	-	-	-	-	-	(66,836)	**-**	(31,893)
Rumo Malha Paulista	90,826,624,247	90,826,624,247	100.00%	(184,148)	(37,742)	-	-	(135)	(70)	(14,258)	-	-	**(236,353)**	(46,670)
Rumo Malha Oeste	478,460,074	478,460,074	100.00%	(862,599)	(123,151)	-	-	(76)	(57)	-	-	-	**(985,883)**	(148,338)
				(1,110,682)	**(183,065)**	**119,107**	**-**	**16,924**	**(127)**	**(14,258)**	**-**	**(66,836)**	**(1,238,937)**	(236,149)
				8,435,746	**139,465**	**524,524**	**(482,076)**	**12,934**	**(435)**	**(36,491)**	**(6,158)**	**-**	**8,587,509**	(73,137)

a) Consolidated

Affiliates	Total shares of investee	Shares held by the Company	Percentage of interest (%)	At January 1, 2018	Equity pick-up	Dividends	At September 30, 2018	Equity pick-up on September 30, 2017
Rhall Terminais Ltda.	28,580	8,574	30.00%	4,279	280	(1,201)	3,358	366
Termag S.A.	500,000	99,246	19.85%	4,463	270	-	4,733	1,747
TGG S.A.	79,747,000	7,914,609	9.92%	17,549	3,988	(2,928)	18,609	3,251
Terminal XXXIX S.A.	200,000	99,246	49.62%	15,639	3,881	(3,607)	15,913	1,836
Total				**41,930**	**8,419**	**(7,736)**	**42,613**	7,200

b) 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 September 30, 2018	Equity pick-up on September 30, 2017
Logispot	2,040,816	1,000,000	49.00%	34,589	(449)	-	-	34,140	(684)
Brado Participações	12,962,963	4,897,407	37.78%	218,383	3,012	(510)	-	220,885	2,553
Rumo Malha Norte	1,189,412,363	5,709,179	0.48%	14,949	2,148	(2,232)	(3)	14,862	1,796
Rail Management	20,000	-	100.00%	-	-	-	-	-	(340)
Total				**267,921**	**4,711**	**(2,742)**	**(3)**	**269,887**	3,325

12 Property and equipment

	Consolidated							Parent Company
	Land, buildings and improvements	**Machinery, equipment and facilities**	**Freight cars and locomotives [(i)]**	**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	3	-	10,688	221	1,580,237	834	**1,591,983**	7,747
Disposals	(2,317)	(9,762)	(120,610)	-	(1,538)	(29,161)	**(163,388)**	-
Transfers	137,219	126,906	354,259	820,554	(1,453,590)	29,745	**15,093**	(386)
Corporate reorganization effects [(ii)]	-	-	-	-	-	-	**-**	4,042
At September 30, 2018	**1,023,244**	**815,213**	**8,547,486**	**7,835,639**	**1,052,955**	**777,525**	**20,052,062**	**188,084**
Depreciation:								
At January 1, 2018	**(311,986)**	**(277,748)**	**(3,479,330)**	**(2,804,132)**	**-**	**(468,900)**	**(7,342,096)**	**(40,588)**
Additions	(30,174)	(72,929)	(479,265)	(343,208)	-	(14,783)	**(940,359)**	(8,535)
Disposals	2,317	9,803	120,062	-	-	24,380	**156,562**	-
Transfers	306	-	-	-	-	(22,178)	**(21,872)**	-
Corporate reorganization effects [(ii)]	-	-	-	-	-	-	**-**	(3,811)
At September 30, 2018	**(339,537)**	**(340,874)**	**(3,838,533)**	**(3,147,340)**	**-**	**(481,481)**	**(8,147,765)**	**(52,934)**
At January 1, 2018	**576,353**	**420,321**	**4,823,819**	**4,210,732**	**927,846**	**307,207**	**11,266,278**	**136,093**
At September 30, 2018	**683,707**	**474,339**	**4,708,953**	**4,688,299**	**1,052,955**	**296,044**	**11,904,297**	**135,150**

(i) Leasehold improvements and finance leases included;
(ii) Corporate reorganization through the merger of the net assets of Brado Holding S.A., Rumo Malha Norte Holding Ltda. and Tezza Consultoria de Negócios Ltda. ("ALL Serviços Ltda.") by the Company.

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	-	-	-	1,697	**1,697**	281
Disposals	-	-	-	(9)	**(9)**	-
Transfers	-	-	-	8,038	**8,038**	386
Corporate reorganization effects [(iii)]	-	-	-	-	**-**	1,858
At September 30, 2018	**100,451**	**8,000,700**	**343,177**	**187,795**	**8,632,123**	**615,510**
Amortization						
At January 1, 2018	**-**	**(769,603)**	**(120,169)**	**(109,656)**	**(999,428)**	**(185,879)**
Additions	-	(90,677)	(8,805)	(11,875)	**(111,357)**	(29,876)
Disposals	-	-	-	6	**6**	-
Transfers	-	-	-	8	**8**	-
Corporate reorganization effects [(iii)]	-	-	-	-	**-**	(1,074)
At September 30, 2018	**-**	**(860,280)**	**(128,974)**	**(121,517)**	**(1,110,771)**	**(216,829)**
At January 1, 2018	**100,451**	**7,231,097**	**223,008**	**68,413**	**7,622,969**	**427,106**
At September 30, 2018	**100,451**	**7,140,420**	**214,203**	**66,278**	**7,521,352**	**398,681**

(i) Goodwill arising from business combination, of which R$62,922 on Terminal T-16 in Santos 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.
(iii) Corporate reorganization through the merger of the net assets of Brado Holding S.A., Rumo Malha Norte Holding Ltda. and Tezza Consultoria de Negócios Ltda. ("ALL Serviços Ltda.") by the Company, as mentioned in the Note 1.

Intangible (other than goodwill)	**Annual rate of amortization - %**	**September 30, 2018**	December 31, 2017
Software	**20.00%**	**29,539**	31,669
Operating license	**3.70%**	**214,203**	223,008
Concession rights	**1.59%**	**7,140,420**	7,231,097
Other		**36,739**	36,744
Total		**7,420,901**	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 nine-months period ended September 30, 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	**September 30, 2018**	December 31, 2017	**September 30, 2018**	December 31, 2017	
Loans and borrowings							
Finame (BNDES)	Pre-fixed	5.29%	**514,402**	603,658	**1,113,870**	1,281,371	February/2025
Finem (BNDES)	Pre-fixed	3.75%	**-**	-	**2,161**	2,695	January/2024
	URTJLP	8.39%	**127,377**	176,230	**1,937,738**	2,270,055	June/2029
	IPCA	12.35%	**-**	-	**3,095**	2,840	November/2021
	Selic	13.65%	**-**	-	**3,604**	4,075	September/2020
NCE	112% of CDI	7.18%	**-**	-	**30,505**	59,858	December/2018
	125% of CDI	8.05%	**-**	-	**645,631**	644,766	December/2023
	126% do CDI	8.12%	**-**	-	**504,864**	-	December/2023
	CDI + 3.50% p.a.	10.11%	**-**	-	**295,669**	294,968	December/2018
Senior Notes 2024	Pre-fixed (US$)	7.38%	**-**	-	**3,021,943**	2,570,622	February/2024
Senior Notes 2025	Pre-fixed (US$)	5.88%	**-**	-	**1,959,098**	-	January/2025
Commercial banks	CDI + 4.91% p.a.	-	**-**	-	**-**	98,117	September/2018
	Pre-fixed (US$)	5.33%	**-**	-	**16,016**	95,040	June/2019
			641,779	779,888	**9,534,194**	7,324,407	
Debentures							
Non-convertible debentures	CDI + 2.05% p.a	8.57%	**-**	152,573	**-**	152,573	April/2018
	CDI + 3.50% p.a.	10.11%	**-**	-	**-**	1,359,125	May/2018
	108% of CDI	6.92%	**-**	-	**-**	171,515	July/2018
	128% of CDI	8.25%	**-**	-	**511,388**	499,576	December/2025
	Pre-fixed	13.13%	**-**	-	**-**	163,750	March/2018
Private debentures	CDI + 1.30% p.a	8.28%	**701,696**	663,064	**-**	-	January/2020
			701,696	815,637	**511,388**	2,346,539	
Total			**1,343,475**	1,595,525	**10,045,582**	9,670,946	
Current			**177,400**	336,526	**1,176,716**	1,594,008	
Non-current			**1,166,075**	1,258,999	**8,868,866**	8,076,938	

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

	Consolidated	
	September 30, 2018	December 31, 2017
Brazilian Real	**5,048,525**	7,005,284
US Dollar	**4,997,057**	2,665,662
Total	**10,045,582**	9,670,946

NCE Dec/2023

On January 26, 2018, through its subsidiary Rumo Malha Norte, there was fundraising 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 September 30, 2018, the Company and its subsidiaries had lines of credit for financing from BNDES, which were not used, totaling of R$21,325 (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.

On September 30, 2018, the Company and its subsidiaries did not have loans with the BNDES, subject to covenants. These requirements have been replaced by bank guarantees.

Changes occurred for the period ended September 30, 2018 is as follow:

	Parent Company	**Consolidated**
Balance at January 1, 2018	**1,595,525**	**9,670,946**
Proceeds from debts	-	2,137,175
Interest, monetary and exchange correction	74,906	1,526,573
Repayments of principal from debts	(287,729)	(2,653,782)
Payments of interest from debts	(39,227)	(635,330)
Balance at September 30, 2018	**1,343,475**	**10,045,582**

15 Other taxes payable

	Parent Company		**Consolidated**	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Tax on circulation of goods, transport services and communication ("ICMS")	**-**	-	**4,942**	3,040
National social security institute ("INSS")	**160**	156	**4,548**	6,557
Social integration program ("PIS")	**898**	976	**3,092**	1,587
Contribution to social security financing ("COFINS")	**4,145**	4,550	**14,611**	7,526
Tax amnesty and refinancing program	**902**	902	**11,962**	21,955
Tax on services	**46**	85	**4,666**	4,494
Financial transaction tax	**9**	14	**1,345**	2,244
Other	**73**	121	**4,517**	6,374
	6,234	6,804	**49,683**	53,777
Current	**6,234**	6,804	**44,234**	42,767
Non-current	**-**	-	**5,449**	11,010

16 Income tax and social contribution

a) Reconciliation of income tax and social contribution expenses.

	Parent Company			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Result before income taxes	**228,965**	**144,089**	75,091	(207,564)
Income tax and social contribution expense at nominal rate (34%)	**(77,848)**	**(48,990)**	(25,531)	70,572
Adjustments to determine the effective rate				
Equity pick-up	**85,438**	**47,418**	41,704	(24,867)
Share-based payment transactions	**(713)**	**(1,882)**	(465)	(1,327)
Effect of amortization of goodwill	**(4,136)**	**(12,407)**	(4,136)	(12,407)
Unrecognized NOLs and temporary differences [(i)]	**(884)**	**9,519**	(3,841)	(22,201)
Interest on shareholders' equity	**(5,100)**	**(6,732)**	(6,613)	(6,613)
Other	**64**	**70**	(4)	(2)
Tax and social contribution (current and deferred)	**(3,179)**	**(13,004)**	1,114	3,155
Effective rate - %	**1.39%**	**9.02%**	-1.48%	1.52%

	Consolidated			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Result before income taxes	**340,372**	**328,604**	108,429	(139,325)
Income tax and social contribution expense at nominal rate (34%)	**(115,726)**	**(111,725)**	(36,866)	47,371
Adjustments to determine the effective rate				
Equity pick-up	**1,106**	**2,862**	1,375	2,448
Share-based payment transactions	**(713)**	**(1,882)**	(465)	(1,327)
Permanent differences	**29**	**(6)**	(31)	(110)
Effect of amortization of goodwill	**463**	**1,390**	1,390	1,390
Unrecognized NOLs and temporary differences [(i)]	**(18,551)**	**(79,946)**	(29,444)	(148,850)
Exploration profit - tax incentive	**11,287**	**-**	31,347	46,312
Result of companies abroad	**4,727**	**(7,387)**	(909)	(12,892)
Other	**5,597**	**3,886**	2,848	3,899
Tax and social contribution (current and deferred)	**(111,781)**	**(192,808)**	(30,755)	(61,759)
Effective rate - %	**32.84%**	**58.67%**	28.36%	-44.33%

(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 future generation of taxable income.

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

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Assets credits from:				
Tax losses carry forwards - income tax	**254,890**	259,009	**1,787,623**	1,706,353
Tax losses of social contribution	**102,587**	104,076	**655,023**	624,339
Temporary differences:				
Provision for judicial demands	**14,960**	14,063	**209,815**	205,611
Impairment provision	**30,327**	30,327	**226,400**	250,236
Allowance for doubtful accounts	**638**	646	**20,501**	22,483
Provision for non-performing tax	**-**	-	**35,778**	30,515
Provision for profit sharing	**2,584**	6,282	**25,456**	28,987
Review of useful life - Fixed assets	**-**	-	**539,935**	472,602
Temporary differences from other provisions	**6,852**	11,680	**111,579**	118,755
Business combination - Fixed assets	**1,388**	1,029	**102,416**	136,174
Fair value adjustment on debts	**-**	-	**5,178**	23,855
Other	**-**	-	**52,784**	56,047
Deferred taxes - Assets	**414,226**	427,112	**3,772,488**	3,675,957
(-) Unrecognized deferred assets credits	**(342,543)**	(352,062)	**(2,020,596)**	(1,940,650)
Liabilities credits from:				
Temporary differences:				
Tax goodwill amortized	**-**	-	**(23,699)**	(21,991)
Lease	**(787)**	(787)	**(199,514)**	(277,077)
Unrealized result from derivatives	**-**	-	**(269,892)**	(13,093)
Review of useful life - Fixed assets	**(711)**	(1,085)	**-**	-
Business combination - Intangible assets	**(70,185)**	(73,178)	**(2,579,007)**	(2,579,894)
Other	**-**	-	**(31,520)**	(28,768)
Deferred taxes - Liabilities	**(71,683)**	(75,050)	**(3,103,632)**	(2,920,823)
Total deferred taxes	**-**	-	**(1,351,740)**	(1,185,516)
Deferred assets	**-**	-	**1,028,189**	1,156,560
Deferred liabilities	**-**	-	**(2,379,929)**	(2,342,076)

c) Changes in deferred taxes (net)

	Consolidated
At January 1, 2018	(1,185,516)
Income statement	(162,497)
Compensation of tax loss carryforwards - PERT	(4,034)
Initial adoption IFRS 9	307
At September 30, 2018	**(1,351,740)**

17 Accounts payable - suppliers

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Material and services suppliers	**39,012**	20,388	**457,929**	620,778
Fuels and lubricants suppliers	**-**	-	**13,438**	1,814
Other	**4,636**	13,306	**6,292**	6,004
Total	**43,648**	33,694	**477,659**	628,596

18 Provision for judicial demands and judicial deposits

	Provision for judicial demands			
	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Taxes	**1,824**	1,822	**63,701**	68,897
Civil, regulatory and environmental	**6,179**	3,092	**155,344**	148,736
Labor	**31,106**	31,760	**294,243**	284,401
	39,109	36,674	**513,288**	502,034

	Judicial deposits			
	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Tax	**6,284**	5,540	**21,484**	18,368
Civil, regulatory and environmental	**1,629**	1,460	**160,895**	162,260
Labor	**11,732**	10,282	**164,222**	150,344
	19,645	17,282	**346,601**	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	**25**	**2,092**	**5,048**	**7,165**
Settlement or write-offs	**(51)**	**(746)**	**(10,058)**	**(10,855)**
Monetary restatement [(i)]	**28**	**1,741**	**4,356**	**6,125**
At September 30, 2018	**1,824**	**6,179**	**31,106**	**39,109**

	Consolidated			
	Taxes	**Civil, regulatory and environmental**	**Labor**	**Total**
At January 1, 2018	68,897	148,736	284,401	502,034
Provision	**3,602**	**15,859**	**43,442**	**62,903**
Settlement or write-offs	**(5,762)**	**(28,657)**	**(58,895)**	**(93,314)**
Monetary restatement [(i)]	**(3,036)**	**19,406**	**25,295**	**41,665**
At September 30, 2018	**63,701**	**155,344**	**294,243**	**513,288**

(i) Write-off interest expense included.

(a) Tax

Judicial claims deemed as probable losses:

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
ICMS credit	**-**	-	**49,702**	55,575
PIS and COFINS	**-**	-	**-**	1,911
Other	**1,824**	1,822	**13,999**	11,411
	1,824	1,822	**63,701**	68,897

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Capital gain	**525,575**	512,120	**525,575**	512,120
Isolated fine federal tax	**444,319**	429,249	**444,319**	429,249
IRPJ and CSLL	**160,597**	137,738	**386,957**	370,319
ICMS Rumo Malha Paulista	**-**	-	**319,926**	310,334
ICMS - Export	**-**	-	**290,886**	256,278
Foreign financial operations	**-**	-	**287,882**	280,414
MP 470 installment debts	**-**	-	**112,054**	110,098
Withholding income tax ("IRRF") Swap	**-**	-	**74,401**	72,466
ICMS TAD	**75**	74	**65,308**	62,850
Stock option plan	**57,787**	56,385	**67,463**	65,776
IOF on loan	**52,286**	51,330	**52,286**	51,330
Compensation with credit award	**-**	-	**42,698**	41,350
PIS/COFINS mutual traffic	**-**	-	**33,605**	32,967
ICMS Material of use and consumption	**-**	-	**9,434**	-
PIS/COFINS	**3,711**	3,585	**7,556**	7,310
ICMS - Passenger transport	**-**	-	**5,959**	10,100
ICMS Armazéns Gerais	**-**	-	**6,440**	6,249
Social security contributions	**-**	-	**4,087**	45,985
Other	**33,907**	50,704	**123,394**	100,270
	1,278,257	1,241,185	**2,860,230**	2,765,465

(b) Civil, regulatory and environmental

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Civil	**211,789**	199,225	**1,694,146**	1,522,750
Regulatory	**1,197**	1,730	**622,487**	543,028
Environmental	**1,039**	935	**429,400**	378,462
	214,025	201,890	**2,746,033**	2,444,240

On July 25, 2018, the Company became aware of the filing of an administrative inquiry with CADE to analyze a representation filed by Agrovia. The Company refutes the arguments presented and emphasizes that most of the facts have already been analyzed and rejected by the CADE in another administrative proceeding. The Company assesses as possible the risk that an administrative proceeding will be initiated and losses will be incurred in this process. Due to the initial stage of the topic, it is not possible to estimate the value at risk.

(c) Labor

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Labor	**130,959**	132,966	**821,803**	806,131
	130,959	132,966	**821,803**	806,131

19 Leases

Finance leases

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

	September 30, 2018				December 31, 2017
	Less than a year	**Between one and five years**	**More than five years**	**Total**	Total
Future minimum lease payments	**183,975**	**453,363**	**191,705**	**829,043**	1,250,860
Rolling stock	157,087	375,934	121,601	654,622	1,060,759
Terminal	23,984	76,155	70,104	170,243	184,484
Other	2,904	1,274	-	4,178	5,617
Interest on installment	**(62,274)**	**(144,984)**	**(36,146)**	**(243,404)**	(306,722)
Rolling stock	(49,595)	(112,396)	(23,416)	(185,407)	(241,509)
Terminal	(12,370)	(32,507)	(12,730)	(57,607)	(64,528)
Other	(309)	(81)	-	(390)	(685)
Present value of minimum payments	**121,701**	**308,379**	**155,559**	**585,639**	944,138
Current				**121,701**	261,344
Non-current				**463,938**	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 September 30, 2018 is as follow:

	Consolidated
Balance at January 1, 2018	944,138
Interest, monetary and exchange correction	**124,301**
Repayments of principal from debts	**(352,506)**
Payments of interest from debts	**(130,294)**
Balance at September 30, 2018	**585,639**

Operating leases

	September 30, 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	668	-	1,233	1,695
Rail cars	7,542	25,636	2,165	35,343	38,449
Total	**8,107**	**26,304**	**2,165**	**36,576**	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

	September 30, 2018			December 31, 2017
	Leases	**Concessions**	**Total**	Total
Amounts payables:				
Rumo Malha Sul	33,831	30,260	**64,091**	65,550
Rumo Malha Paulista	-	20,193	**20,193**	48,139
	33,831	**50,453**	**84,284**	113,689
Amounts under judicial discussions:				
Rumo Malha Paulista	1,682,559	-	**1,682,559**	1,535,470
Rumo Malha Oeste	1,295,540	80,174	**1,375,714**	1,284,175
	2,978,099	**80,174**	**3,058,273**	2,819,645
Total	**3,011,930**	**130,627**	**3,142,557**	2,933,334
Current			**29,385**	27,413
Non-current			**3,113,172**	2,905,921
			3,142,557	2,933,334

Judicial deposits on September 30, 2018 concerning the above claims totaled:

	September 30, 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. Capital reserve

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

- Increase of R$5,536 related to stock option transactions;
- Decrease of R$191 related to the effect of the distribution of dividends in the subsidiary Rumo Malha Norte.

b. Other comprehensive income

		Comprehensive income		
	December 31, 2017	**Base**	**Net**	**September 30, 2018**
Foreign currency translation differences - equity - accounted investee	5,499	13,976	13,976	**19,475**
Defined benefit plan actuarial loss	(1,154)	(1,042)	(1,042)	**(2,196)**
Attributed cost	3,467	(176)	(176)	**3,291**
Total	7,812	**12,758**	**12,758**	**20,570**

c. 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.

For the period ended September 30, 2018, there was no reduction effect, as the subsidiary Malha Norte reported tax loss (R $ 46,312 at September 30, 2017).

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 September 30, 2018 and 2017:

Basic and diluted

	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Result of the period	**225,786**	**131,085**	76,208	(204,409)
Denominator:				
Weighted average number of common share	**1,559,016**	**1,559,016**	1,339,016	1,339,016
Diluted effects:				
Dilutive effect - Brado Logística	-	-	22,123	-
Dilutive effect - Stock option plan	3,849	3,436	3,390	-
Weighted average number of common share - diluted	**1,562,865**	**1,562,452**	1,364,529	1,339,016
Basic earnings per ordinary share	**R$0.14483**	**R$0.08408**	R$0.05691	(R$0.15266)
Diluted earnings per ordinary share	**R$0.14449**	**R$0.08390**	R$0.05660	(R$0.15266)

Dilutive instruments

The non-controlling shareholders of the indirect subsidiary Brado are entitled to exercise the Liquidity Option provided for in the shareholders' agreement executed on August 5, 2013. Such option consists in the replacement of all the shares held by said non-controlling shareholders for a number of shares of the Company determined in accordance with the established exchange ratio, which takes into account the economic value to be established for both the Brado business and the Company's business. At the sole discretion of the Company, an equivalent cash payment is also possible. Assumptions of value and form of settlement are subject to the decision of the arbitration proceeding and on September 30, 2018 the best estimate is 3,264 shares with antidilutive effect, which were therefore 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 earnings per share in the periods presented. As of September 30, 2018, they have a dilutive effect, while at September 30, 2017, 3,390 shares have an antidilutive effect, so they 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 September 30, 2018	Market price on grant date - R$	Fair value on grant date - R$
2015 Plan	5	October 1, 2015	11.33%	42.75%	1,485,900	(177,700)	1,308,200	6.10	6.10
2016 Plan	5	January 2, 2017	11.33%	42.75%	1,476,000	(129,500)	1,346,500	6.10	6.10
2017 Plan	5	September 1, 2017	9.93%	29.76%	870,900	(30,900)	840,000	10.42	10.42
2018 Plan	5	August 1, 2018	10.93%	31.97%	1,149,544	-	1,149,544	13.94	13.94
					4,982,344	**(338,100)**	**4,644,244**		

2) Changes:

	Stock option		***Stock grant***
	Number of options	**Average exercise price**	**Number of options**
December 31, 2017	223,825	52.00	3,587,750
Granted	-	-	1,149,544
Lost	(25,600)	67.78	(93,050)
September 30, 2018	**198,225**	54.83	**4,644,244**

In the six-months period ended September 30, 2018, R$5,536 was recognized as expenses related to the appropriation of the Stock Grant Plans (R$3,903 on September 30, 2017).

24 Net Sales

	Parent Company			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Gross revenue from sales of services	**172,975**	**549,335**	220,334	581,986
Taxes and deductions over sales of services	**(9,836)**	**(33,163)**	(12,431)	(34,881)
Net revenue	**163,139**	**516,172**	207,903	547,105

	Consolidated			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Gross revenue from sales of services	**1,993,888**	**5,240,686**	1,749,755	4,640,180
Taxes and deductions over sales of services	**(116,777)**	**(302,346)**	(100,845)	(285,953)
Net revenue	**1,877,111**	**4,938,340**	1,648,910	4,354,227

25 Cost and expendure by nature

a) Expense by nature

	Parent Company			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Material use in providing service	**(669)**	**(1,900)**	(73)	(243)
Employee benefit expense	**(7,531)**	**(16,902)**	(4,946)	(13,645)
Depreciation and amortization	**(25,022)**	**(74,903)**	(27,786)	(74,165)
Third-party services expense	**(2,750)**	**(7,358)**	(2,762)	(5,886)
Transportation expenses	**(106,703)**	**(313,464)**	(147,427)	(351,813)
Other expenses	**(897)**	**(3,981)**	(4,692)	(15,119)
	(143,572)	**(418,508)**	(187,686)	(460,871)

b) Classificated as:

Cost of services sold	**(134,419)**	**(394,601)**	(179,696)	(436,967)
Selling expenses	**(181)**	**108**	-	-
General and administrative expenses	**(8,972)**	**(24,015)**	(7,990)	(23,904)
	(143,572)	**(418,508)**	(187,686)	(460,871)

a) Expense by nature

	Consolidated			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Material use in providing service	**(34,055)**	**(96,499)**	(39,837)	(115,529)
Employee benefit expense	**(210,188)**	**(612,480)**	(188,028)	(567,740)
Depreciation and amortization	**(354,663)**	**(1,051,716)**	(310,516)	(892,940)
Third-party services expense	**(86,159)**	**(237,962)**	(77,032)	(217,828)
Transportation expenses	**(458,141)**	**(1,149,336)**	(422,033)	(1,050,714)
Lease and concessions	**(54,088)**	**(160,852)**	(50,102)	(149,303)
Operational lease	**(3,273)**	**(10,653)**	(752)	(2,047)
Other expenses	**(77,380)**	**(219,504)**	(65,978)	(225,576)
	(1,277,947)	**(3,539,002)**	(1,154,278)	(3,221,677)

b) Classificated as:

Cost of services sold	**(1,198,845)**	**(3,315,983)**	(1,090,373)	(3,010,559)
Selling expenses	**(1,980)**	**(8,215)**	(3,983)	(23,623)
General and administrative expenses	**(77,122)**	**(214,804)**	(59,922)	(187,495)
	(1,277,947)	**(3,539,002)**	(1,154,278)	(3,221,677)

26 Financial result

	Parent Company				Consolidated			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017	**July 1, 2018 to September 30, 2018**	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Cost of gross debt								
Interest and monetary variations on debts	**(23,250)**	**(74,764)**	(52,854)	(172,730)	**(299,932)**	**(572,860)**	(283,521)	(824,286)
Net exchange rate changes on debts	**-**	**-**	-	-	**(183,090)**	**(806,772)**	109,588	(24,386)
Result from derivatives and fair value	-	-	-	-	**304,353**	**643,037**	(69,350)	(2,067)
Amortization of funding expenses	**(170)**	**(554)**	(174)	(306)	**(10,316)**	**(42,836)**	(4,819)	(12,327)
Guarantees and warranties about split	**(5,232)**	**(22,958)**	(10,246)	(30,344)	**(16,520)**	**(70,763)**	(30,076)	(103,374)
	(28,652)	**(98,276)**	(63,274)	(203,380)	**(205,505)**	**(850,194)**	(278,178)	(966,440)
Income from financial investments	**2,756**	**12,465**	860	2,727	**41,166**	**144,315**	52,996	155,374
	2,756	**12,465**	860	2,727	**41,166**	**144,315**	52,996	155,374
Cost of debt, net	**(25,896)**	**(85,811)**	(62,414)	(200,653)	**(164,339)**	**(705,879)**	(225,182)	(811,066)
Other charges and monetary variations								
Interest on other receivables	**(1,347)**	**1,065**	369	2,911	**13,590**	**37,141**	10,398	30,225
Lease and concessions	**-**	**-**	-	-	**(48,016)**	**(140,583)**	(60,267)	(195,259)
Finance leases	**(24)**	**(76)**	(67)	(281)	**(16,694)**	**(89,189)**	(32,086)	(98,626)
Banking expenses and other	**(108)**	**(937)**	(224)	(1,677)	**(9,138)**	**(28,837)**	(14,805)	(47,988)
Real estate credit certificate	**-**	**(183)**	(555)	(2,166)	**(1,017)**	**(4,719)**	(4,441)	(17,069)
Interest on contingencies and commercial contracts	**(1,147)**	**(2,862)**	(46)	(3,633)	**(19,536)**	**(68,271)**	(18,456)	(54,374)
Foreign exchange, net	**(15,068)**	**(9,595)**	1,863	1,269	**(3,954)**	**(13,413)**	801	6,312
Interest on other liabilities	**(36)**	**(633)**	(3,819)	(3,287)	**(8,443)**	**(52,362)**	(44,168)	(84,785)
	(17,730)	**(13,221)**	(2,479)	(6,864)	**(93,208)**	**(360,233)**	(163,024)	(461,564)
Finance result, net	**(43,626)**	**(99,032)**	(64,893)	(207,517)	**(257,547)**	**(1,066,112)**	(388,206)	(1,272,630)
Financial expenses	**(29,967)**	**(102,968)**	(67,984)	(214,424)	**(429,612)**	**(1,070,420)**	(492,639)	(1,440,590)
Financial income	**1,409**	**13,531**	1,228	5,638	**54,756**	**181,455**	63,393	185,598
Foreign exchange, net	**(15,068)**	**(9,595)**	1,863	1,269	**(187,044)**	**(820,184)**	110,390	(18,074)
Derivatives	**-**	**-**	-	-	**304,353**	**643,037**	(69,350)	436
Finance result, net	**(43,626)**	**(99,032)**	(64,893)	(207,517)	**(257,547)**	(1,066,112)	(388,206)	(1,272,630)

27 Other income (expenses), net

	Parent Company				Consolidated			
	July 1, 2018 to September 30, 2018	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017	**July 1, 2018 to September 30, 2018**	**January 1, 2018 to September 30, 2018**	July 1, 2017 to September 30, 2017	January 1, 2017 to September 30, 2017
Net effect of judicial demands and tax installment	**(1,489)**	**(6,513)**	(3,175)	(14,150)	**(16,196)**	**(58,310)**	(15,062)	(47,372)
Rental and leases revenue	**3,360**	**10,080**	-	-	**-**	**-**	-	-
Result on sale of scrap / eventual	**233**	**1,129**	338	1,099	**11,002**	**36,327**	9,097	29,267
Result on disposals of fixed assets and intangible assets	**-**	**-**	-	-	**1,097**	**6,023**	(2,507)	3,449
Insurance claims recovery	**-**	**3,588**	-	-	**-**	**5,345**	12,745	13,926
Other	**(369)**	**(2,292)**	(56)	(93)	**(402)**	(2,426)	(6,313)	(5,715)
	1,735	**5,992**	(2,893)	(13,144)	**(4,499)**	**(13,041)**	(2,040)	(6,445)

28 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:

	September 30, 2018	December 31, 2017
Assets		
Fair value through profit or loss		
Marketable securities	**2,311,693**	3,152,441
Derivate financial instruments	**782,629**	110,107
	3,094,322	3,262,548
Amortized cost		
Cash and cash equivalents	**72,058**	178,004
Accounts receivable	**385,764**	371,718
Related parties	**45,653**	31,260
Restricted cash	**113,908**	225,634
	617,383	806,616
Total	**3,711,705**	4,069,164
Liabilities		
Amortized cost		
Long-term debts	**5,064,541**	7,005,284
Finance leases	**585,639**	944,138
Real estate credit certificates	**14,066**	86,745
Accounts payable - suppliers	**477,659**	628,596
Other financial liabilities	**312,165**	291,977
Related parties	**170,981**	147,099
Dividends payable	**7,715**	8,506
Debt payment in installments	**11,962**	21,955
	6,644,728	9,134,300
Fair value through profit or loss		
Long-term debts	**4,981,041**	2,665,662
	4,981,041	2,665,662
Total	**11,625,769**	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 September 30, 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**	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Interest rate risk				
Swap contracts (interest) [(i)]	**-**	161,561	**-**	2,009
Swap contracts (interest and exchange)	**4,146,145**	2,481,020	**782,629**	108,098
	4,146,145	2,642,581	**782,629**	110,107
Total financial instruments	**4,146,145**	2,642,581	**782,629**	110,107

(i) For the period ended September 30, 2018, the Company contracted Swap operations, where it will be active in USD + 5.875% and passive in 127.07% of the CDI as of May 2, 2018.

(a) Credit risk

	September 30, 2018	December 31, 2017
Cash and cash equivalents [(i)]	**72,058**	178,004
Marketable securities [(i)]	**2,311,693**	3,152,441
Restricted cash [(i)]	**113,908**	225,634
Account receivables [(ii)]	**385,764**	371,718
Related parties [(ii)]	**45,653**	31,260
Derivative financial instruments [(i)]	**782,629**	110,107
	3,711,705	**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 September 30, 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:

	September 30, 2018
AA	111,746
AAA	3,161,580
A+	6,962
Total	**3,280,288**

(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:

	September 30, 2018					December 31, 2017
	Up to 1 year	**1 to 2 years**	**3 to 5 years**	**Over 5 years**	**Total**	Total
Long-term debt	(1,783,909)	(1,436,208)	(3,645,177)	(6,583,166)	(13,448,460)	(12,960,121)
Accounts payable - suppliers	(477,659)	-	-	-	(477,659)	(628,596)
Other financial liabilities [(i)]	(312,165)	-	-	-	(312,165)	(291,977)
Debt payment in installments	(7,298)	(4,088)	(657)	(758)	(12,801)	(22,621)
Finance leases	(189,391)	(160,292)	(318,773)	(218,246)	(886,702)	(1,443,470)
Real estate credit certificates	(15,641)	-	-	-	(15,641)	(92,844)
Related parties payable	(170,981)	-	-	-	(170,981)	(147,099)
Dividends payable	(7,715)	-	-	-	(7,715)	(8,506)
Derivate financial instruments	(66,290)	(180,227)	(605,737)	1,586,819	734,565	(576,319)
	(3,031,049)	**(1,780,815)**	**(4,570,344)**	**(5,215,351)**	(14,597,559)	(16,171,553)

(i) On September 30, 2018, the consolidated balance anticipated by our suppliers with financial institutions was R$312,165 (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 September 30, 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:

	September 30, 2018	December 31, 2017
Cash and cash equivalents	**15,689**	5,649
Account receivables	**15,615**	10,903
Accounts payable - suppliers	**(1,660)**	(13,230)
Long-term debts	**(4,997,056)**	(2,665,662)
Exchange rate derivatives (*notional*) [(i)]	**5,023,536**	2,676,559
Foreign exchange exposure, net	**56,124**	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 September 30, 2018.

Sensitivity analysis of changes in exchange rates:

In the probable scenario, the Company uses the dollar projected by specialized consulting for September 30, 2019. Stressed scenarios (positive and negative, before taxes) were defined based on adverse impacts of 25% and 50% on exchange rates Dollar US used in the probable scenario:

	Exchange rate sensitivity analysis (R$/US$)					
						Scenarios
	September 30, 2018	**Probable**	**25%**	**50%**	**-25%**	**-50%**
US Dollars	4.0039	3.4300	4.2875	5.1450	2.5725	1.7150

Based on financial instruments denominated in US dollars, as of September 30, 2018, in the probable scenario, the Company sensitized the positive or negative effect on income before taxes. The scenarios with increasing and decreasing exchange rates (R$ / US$) of 25% and 50% show the incremental effect in relation to the probable scenario as follows:

						Scenarios
Instrument	**Risk factor**	**Probable**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	USD fluctuation	(2,249)	3,360	6,720	(3,360)	(6,720)
Accounts receivable	USD fluctuation	(2,238)	3,344	6,688	(3,344)	(6,688)
Accounts payable	USD fluctuation	173	(372)	(743)	372	743
Exchange rate derivatives (*notional*)	USD fluctuation	(824,058)	(715,854)	3,591,828	715,854	(3,591,828)
Long-term debt	USD fluctuation	808,429	727,237	(3,585,077)	(727,237)	3,585,077
Impacts on result of the period		**(19,943)**	**17,715**	**19,416**	**(17,715)**	**(19,416)**

- **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 Company uses the following interest rate scenarios:

	Probable	25%	50%	-25%	-50%
SELIC	6.75%	8.44%	10.13%	5.06%	3.38%
CDI	6.53%	8.16%	9.80%	4.90%	3.27%
TJLP	6.90%	8.63%	10.35%	5.18%	3.45%
IPCA	4.64%	5.80%	6.97%	3.48%	2.32%

The probable scenario considered by the Company uses the market projections made by specialized external consulting (Tendências).

The sensitivity analysis below shows the projected annual impact on interest expenses on loans and financing and the remuneration of financial investments (before taxes) in the probable scenario, with the other variables being maintained. The scenarios with increase and decrease in interest rates of 25% and 50% show the incremental effect in relation to the probable scenario:

					September 30, 2018
Exposure interest rate[(i)]	**Probable**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	1,664	416	832	(416)	(832)
Marketable securities	140,961	35,240	70,481	(35,240)	(70,481)
Restricted cash	5,255	1,314	2,628	(1,314)	(2,628)
Long-term debt	(264,613)	(66,168)	(132,336)	66,168	132,336
Interest rate derivative	(326,899)	(728,599)	(1,358,744)	885,419	1,923,078
Real estate credit certificates	(932)	(233)	(466)	233	466
Finance leases	(22,374)	(5,594)	(11,188)	5,594	11,188
Impacts on result of the period	**(466,938)**	**(763,624)**	**(1,428,793)**	**920,444**	**1,993,127**

(i) The rates of CDI and TJLP considered: 6.39% p.a. and 6.56% 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**	**September**	December
Senior Notes Due 2024	Rumo Luxembourg	**102.06%**	107.86 %
Senior Notes Due 2025	Rumo Luxembourg	**93.17%**	-

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		**September 30, 2018**	December 31, 2017
	September 30, 2018	December 31, 2017	**Level 2**	Level 2
Assets				
Marketable securities	**2,311,693**	3,152,441	**2,311,693**	3,152,441
Derivative financial instruments	**782,629**	110,107	**782,629**	110,107
Total	**3,094,322**	3,262,548	**3,094,322**	3,262,548
Liabilities				
Long-term debts	**(4,981,041)**	(2,665,662)	**(4,981,041)**	(2,665,662)
Total	**(4,981,041)**	(2,665,662)	**(4,981,041)**	(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	(2,464,531)
Initial measurement	(1,605,950)	-	(1,605,950)
Interest amortization	254,425	55,314	309,739
Fair value	(1,058,894)	621,224	(437,670)
Balance on September 30, 2018	**(4,981,041)**	**782,629**	**(4,198,412)**

29 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:	**July 1, 2018 to September 30, 2018**			
Results by segment	**North Operations**	**South Operations**	**Container Operations**	**Consolidated**
Net revenue	1,405,529	400,301	71,281	1,877,111
Cost of services	(751,291)	(371,154)	(76,400)	(1,198,845)
Gross profit	**654,238**	**29,147**	**(5,119)**	**678,266**
Gross margin (%)	**46.55%**	**7.28%**	**-7.18%**	**36.13%**
Selling, general and administrative	(56,367)	(16,276)	(6,459)	(79,102)
Other income and equity	2,910	(4,979)	824	(1,245)
Depreciation and amortization	234,821	106,813	13,092	354,726
EBITDA	**835,602**	**114,705**	**2,338**	**952,645**
Margin EBITDA (%)	**59.45%**	**28.65%**	**3.28%**	**50.75%**

Period:	**January 1, 2018 to September 30, 2018**			
Results by segment	**North Operations**	**South Operations**	**Container Operations**	**Consolidated**
Net revenue	3,669,554	1,077,646	191,140	4,938,340
Cost of services	(2,038,720)	(1,054,321)	(222,942)	(3,315,983)
Gross profit	**1,630,834**	**23,325**	**(31,802)**	**1,622,357**
Gross margin (%)	**44.44%**	**2.16%**	**-16.64%**	**32.85%**
Selling, general and administrative	(157,214)	(46,516)	(19,289)	(223,019)
Other income and equity	6,623	(18,564)	7,319	(4,622)
Depreciation and amortization	704,075	307,073	40,568	1,051,716
EBITDA	**2,184,318**	**265,318**	**(3,204)**	**2,446,432**
Margin EBITDA (%)	**59.53%**	**24.62%**	**-1.68%**	**49.54%**

Period:	July 1, 2017 to September 30, 2017			
Results by segment	North Operations	South Operations	Container Operations	Consolidated
Net revenue	1,197,157	387,921	63,832	1,648,910
Cost of services	(677,153)	(331,304)	(81,916)	(1,090,373)
Gross profit	520,004	56,617	(18,084)	558,537
Gross margin (%)	43.44%	14.59%	-28.33%	33.87%
Selling, general and administrative	(43,727)	(14,656)	(5,522)	(63,905)
Other income and equity	4,992	(3,134)	145	2,003
Depreciation and amortization	194,365	93,713	16,162	304,240
EBITDA	675,634	132,540	(7,299)	800,875
Margin EBITDA (%)	56.44%	34.17%	-11.43%	48.57%

Period:	January 1, 2017 to September 30, 2017			
Results by segment	North Operations	South Operations	Container Operations	Consolidated
Net revenue	3,227,690	957,973	168,564	4,354,227
Cost of services	(1,833,643)	(948,665)	(228,251)	(3,010,559)
Gross profit	1,394,047	9,308	(59,687)	1,343,668
Gross margin (%)	43.19%	0.97%	-35.41%	30.86%
Selling, general and administrative	(146,462)	(47,816)	(16,840)	(211,118)
Other income and equity	3,809	(6,917)	3,863	755
Depreciation and amortization	568,882	275,519	48,539	892,940
EBITDA	1,820,276	230,094	(24,125)	2,026,245
Margin EBITDA (%)	56.40%	24.02%	-14.31%	46.54%