(A free translation of the original in Portuguese)

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Quarterly Information (ITR) at September 30, 2018 and report on review of quarterly information

Report on review of quarterly information

To the Board of Directors and Shareholders
Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2018, comprising the balance sheet at that date and the statements of operations and comprehensive income for the quarter and nine-month periods then ended, and the statements of changes in equity and cash flow for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the nine-month period ended September 30, 2018. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, October 25, 2018

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Fábio Abreu de Paula
Contador CRC 1MG075204/O-0

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Company Information / Capital Breakdown

Number of shares (units)	Current quarter 09/30/2018
Common Shares - Paid-in Capital	705,260,684
Preferred Shares - Paid-in Capital	547,818,424
Total - Paid-in Capital	1,253,079,108
Common Treasury Shares	2,526,656
Preferred Treasury Shares	21,250,817
Total Treasury Shares	23,777,473

Parent Company Financial Statements / Balance sheet - Assets

(In thousands of reais)

Account Code	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
1	Total Assets	24,073,569	23,288,730
1.01	Current Assets	5,786,394	4,735,322
1.01.01	Cash and Cash Equivalents	900,243	3,122
1.01.02	Financial investments	-	775,677
1.01.03	Trade Receivables	1,524,482	1,127,029
1.01.04	Inventories	3,038,830	2,296,407
1.01.08	Other Current Assets	322,839	533,087
1.01.08.03	Other	322,839	533,087
1.01.08.03.01	Taxes Recoverable	148,683	121,176
1.01.08.03.02	Prepaid Income Tax and Social Contribution	1,760	106,227
1.01.08.03.03	Dividends Receivable	612	175,009
1.01.08.03.04	Advances to Suppliers	2,876	2,133
1.01.08.03.05	Financial Instruments	300	12
1.01.08.03.06	Other	168,608	128,530
1.02	Noncurrent Assets	18,287,175	18,553,408
1.02.01	Long-term Receivables	2,921,095	2,785,128
1.02.01.04	Accounts Receivable	214,561	188,605
1.02.01.04.01	Trade Accounts Receivable	85,885	84,452
1.02.01.04.02	Other Accounts Receivable	128,676	104,153
1.02.01.07	Deferred Taxes	2,061,572	1,954,760
1.02.01.09	Receivables from Related Parties	47,891	53,943
1.02.01.10	Other Noncurrent Assets	597,071	587,820
1.02.01.10.03	Judicial Deposits	531,590	516,871
1.02.01.10.04	Properties for Sale	27,481	27,484
1.02.01.10.05	Financial Instruments	1,636	1,184
1.02.01.10.06	Taxes Recoverable	25,005	30,922
1.02.01.10.07	Other	11,359	11,359
1.02.02	Investments	4,469,186	4,388,803
1.02.02.01	Ownership Interests	4,469,186	4,388,803
1.02.02.01.01	Interest Held in Associates	20,964	40,768
1.02.02.01.02	Interest Held in Subsidiaries	3,740,124	3,758,171
1.02.02.01.03	Interest Held in Jointly-Controlled Subsidiaries	708,098	589,864
1.02.03	Property, Plant and Equipment (PPE)	10,716,976	11,192,811
1.02.03.01	Property, Plant and Equipment in Use	10,035,310	10,512,719
1.02.03.03	Construction in Progress	681,666	680,092
1.02.04	Intangible Assets	179,918	186,666

Parent Company Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
2	Total Liabilities and Equity	24,073,569	23,288,730
2.01	Current Liabilities	2,292,633	2,133,041
2.01.01	Social and Labor Liabilities	183,449	146,822
2.01.02	Trade Payables	1,423,666	875,399
2.01.03	Tax Liabilities	69,298	72,593
2.01.03.01	Federal Tax Liabilities	69,298	72,593
2.01.03.01.01	Income and Social Contribution Taxes Payable	5,709	-
2.01.03.01.02	Taxes Payable	63,589	72,593
2.01.04	Borrowings	13,292	396,499
2.01.04.01	Borrowings	11,708	334,468
2.01.04.02	Debentures	1,584	62,031
2.01.05	Other Liabilities	602,928	641,728
2.01.05.02	Other	602,928	641,728
2.01.05.02.01	Dividends and Interest on Capital Payable	182	55,479
2.01.05.02.04	Accounts Payable	81,724	83,591
2.01.05.02.05	Taxes Payable in Installments	4,144	7,626
2.01.05.02.06	Advances from Customers	10,323	19,781
2.01.05.02.07	Accounts Payable - Forfaiting	506,555	475,251
2.02	Noncurrent Liabilities	7,681,025	7,380,894
2.02.01	Borrowings	5,859,477	5,628,764
2.02.01.01	Borrowings	4,971,382	4,741,430
2.02.01.02	Debentures	888,095	887,334
2.02.02	Other Liabilities	244,022	219,882
2.02.02.01	Payables to Related Parties	99,264	79,935
2.02.02.02	Other	144,758	139,947
2.02.02.02.03	Other Accounts Payable	144,758	139,947
2.02.04	Provisions	1,577,526	1,532,248
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	1,002,143	1,050,324
2.02.04.01.03	Provisions for Social Security and Labor Contingencies	1,002,143	1,050,324
2.02.04.02	Other Provisions	575,383	481,924
2.02.04.01.04	Provision for Litigation	575,383	481,924
2.03	Equity	14,099,911	13,774,795
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	314,567	311,747
2.03.04	Profit Reserves	202,207	202,207
2.03.04.01	Legal reserve	11,651	11,651
2.03.04.10	Investments and working capital	190,556	190,556
2.03.05	Retained Earnings (Accumulated Losses)	390,399	-
2.03.06	Equity Adjustments	-7,557	60,546

USIMINAS

Parent Company Financial Statements / Statement of Operations

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2018 to 09/30/2018	Current period 01/01/2018 to 09/30/2018	Prior period current quarter 07/01/2017 to 09/30/2017	Prior period 01/01/2017 to 09/30/2017
3.01	Revenue	3,440,677	9,367,143	2,544,237	7,216,740
3.02	Cost of Sales and/or Services	-2,969,009	-7,920,549	-2,263,789	-6,254,155
3.03	Gross Profit	471,668	1,446,594	280,448	962,585
3.04	Operating Income (Expenses)	-73,789	-474,240	-136,865	-276,981
3.04.01	Selling Expenses	-36,183	-111,902	-40,830	-119,864
3.04.02	General and Administrative Expenses	-73,871	-231,298	-78,807	-217,677
3.04.04	Other Operating Income	148,644	397,305	186,153	489,612
3.04.05	Other Operating Expenses	-237,413	-728,112	-205,743	-637,596
3.04.06	Equity in Results of Investees	125,034	199,767	2,362	208,544
3.05	Income Before Financial Income (Expense) and Taxes	397,879	972,354	143,583	685,604
3.06	Finance result, Net	-139,492	-593,852	-35,271	-358,968
3.07	Income Before Income Taxes	258,387	378,502	108,312	326,636
3.08	Income Tax and Social Contribution	5,537	-6,643	-31,353	-43,703
3.08.01	Current	-41,375	-85,227	11,476	-6,383
3.08.02	Deferred	46,912	78,584	-42,829	-37,320
3.09	Net Income (loss) from Continuing Operations	263,924	371,859	76,959	282,933
3.11	Net Income/Loss for the Period	263,924	371,859	76,959	282,933
3.99	Earnings (Loss) per Share (Reais / Shares)	-	-	-	-
3.99.01	Basic Earnings per Share	-	-	-	-
3.99.01.01	Registered Common Shares (RCS)	0.2100	0.2900	0.0600	0.2200
3.99.01.02	Registered Preferred Shares (RPS)	0.2300	0.3200	0.0600	0.2400
3.99.02	Diluted Earnings per Share	-	-	-	-
3.99.02.01	RCS	0.2100	0.2900	0.0600	0.2200
3.99.02.02	RPS	0.2300	0.3200	0.0600	0.2400

Parent Company Financial Statements / Statement of Comprehensive Income (Loss)

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2018 to 09/30/2018	Current period 01/01/2018 to 09/30/2018	Prior period current quarter 07/01/2017 to 09/30/2017	Prior period 01/01/2017 to 09/30/2017
4.01	Consolidated Net Income for the Period	263,924	371,859	76,959	282,933
4,02	Other Comprehensive Income (Loss)	-30,040	-54,774	-3,027	92,465
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	-30,040	-54,774	-3,027	91,922
4.02.02	Equity in other Comprehensive Income of Associates	-	-	-	543
4.03	Consolidated Comprehensive Income (Loss) for the Period	233,884	317,085	73,932	375,398

Parent Company Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Current period 01/01/2018 to 09/30/2018	Prior period 01/01/2017 to 09/30/2017
6.01	Net Cash from Operating Activities	432,586	-4,006
6.01.01	Cash From Operations	1,696,273	1,645,614
6.01.01.01	Net Income (Loss) for the Period	371,859	282,933
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	367,887	102,062
6.01.01.03	Interest Expenses	310,921	506,144
6.01.01.04	Depreciation and Amortization	640,124	766,920
6.01.01.05	Gain/Loss on Sale of Property, Plant and Equipment	2,849	-1,481
6.01.01.07	Equity in Results of Investees	-199,767	-208,544
6.01.01.08	Stock Option Plan	-	-1,247
6.01.01.09	Deferred Income Tax and Social Contribution	-78,584	37,320
6.01.01.10	Set up (Reversal) of Provisions	274,202	140,130
6.01.01.11	Actuarial Gains (Losses)	6,782	21,377
6.01.02	Changes in Assets and Liabilities	-708,287	-849,294
6.01.02.02	Trade Receivables	-399,594	-215,688
6.01.02.03	Inventories	-776,179	-200,228
6.01.02.04	Taxes Recoverable	33,434	-58,803
6.01.02.05	Receivables from Related Parties	6,052	6,560
6.01.02.06	Judicial Deposits	-16,247	-4,020
6.01.02.08	Other Increase (Decrease) In Assets	-54,488	-29,823
6.01.02.09	Accounts Payable, Contractors and Freight	548,267	-209,504
6.01.02.10	Advances from Customers	-9,458	4,310
6.01.02.12	Taxes Payable	-3,295	20,970
6.01.02.13	Accounts Payable – Forfaiting	31,304	-155,636
6.01.02.14	Other Increase (Decrease) in Liabilities	-68,083	-7,432
6.01.03	Other	-555,400	-800,326
6.01.03.01	Interest Paid	-388,173	-626,023
6.01.03.02	Prepaid Income Tax and Social Contribution	-29,615	-
6.01.03.03	Actuarial Liabilities	-137,612	-174,303
6.02	Net Cash from Investing Activities	905,791	621,409
6.02.01	Proceeds from the Sale of Property, Plant and Equipment	28,012	2,090
6.02.02	Fixed Assets Purchases	-173,562	-82,410
6.02.04	Dividends Received	286,969	60,837
6.02.05	Share Capital Repayments from Subsidiaries	-	768,334
6.02.06	Purchase of Software	-11,305	-3,496
6.02.07	Marketable Securities	775,677	-123,946
6.03	Net Cash from Financing Activities	-443,451	-57,565
6.03.02	Repayment of Borrowings	-388,080	-10,537
6.03.03	Payment of Taxes Payable in Installments	-131	-
6.03.04	Swap Transaction Settlement	14	-47,028
6.03.05	Prepaid Capital Contribution	-55,254	-
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	2,195	100
6.05	Increase (Decrease) in Cash and Cash Equivalents	897,121	559,938
6.05.01	Cash and Cash Equivalents at the beginning of Period	3,122	362,293
6.05.02	Cash and cash Equivalents at end of Period	900,243	922,231

Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2018 to 09/30/2018

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (loss)	Equity
5.01	Opening balances	13,200,295	311,747	202,207	-	60,546	13,774,795
5.03	Adjusted Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795
5.04	Capital Transactions with Shareholders	-	2,820	-	18,540	-13,329	8,031
5.04.03	Recognized Options Granted	-	-5,168	-	5,168	-	-
5.04.05	Treasury Stock Sold	-	7,988	-	-	-	7,988
5.04.08	Prescribed Dividends	-	-	-	43	-	43
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	13,329	-13,329	-
5.05	Total Comprehensive Income	-	-	-	371,859	-54,774	317,085
5.05.01	Net Income for the Period	-	-	-	371,859	-	371,859
5.05.02	Other Comprehensive Income	-	-	-	-	-54,774	-54,774
5.05.02.06	Actuarial gain and loss on retirement benefits	-	-	-	-	-54,774	-54,774
5.07	Closing Balances	13,200,295	314,567	202,207	390,399	-7,557	14,099,911

Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2017 to 09/30/2017

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other comprehensive income (loss)	Equity
5.01	Opening balances	13,200,295	309,445	-	-	26,000	13,535,740
5.03	Adjusted Opening Balances	13,200,295	309,445	-	-	26,000	13,535,740
5.04	Capital Transactions with Shareholders	-	-1,247	-	15,381	-22,141	-8,007
5.04.03	Recognized Options Granted	-	-1,247	-	2,109	-	862
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	13,272	-8,759	4,513
5.04.10	Changes in Shareholdings that did not Result in Loss or Acquisition of Control	-	-	-	-	-13,382	-13,382
5.05	Total Comprehensive Income	-	-	-	283,476	91,922	375,398
5.05.01	Net Income for the Period	-	-	-	282,933	-	282,933
5.05.02	Other Comprehensive Income (Loss)	-	-	-	543	91,922	92,465
5.05.02.03	Equity in other Comprehensive Income of Associates	-	-	-	543	-	543
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	91,922	91,922
5.07	Closing Balances	13,200,295	308,198	-	298,857	95,781	13,903,131

Parent Company Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	Current period 01/01/2018 to 09/30/2018	Prior period 01/01/2017 to 09/30/2017
7.01	Revenue	11,675,000	9,241,920
7.01.01	Sales of Goods, Products and Services	11,389,198	8,994,291
7.01.02	Other Revenues	286,510	268,223
7.01.04	Allowance (Reversal of) for Doubtful Accounts	-708	-20,594
7.02	Inputs Acquired from Third Parties	-9,256,409	-6,569,660
7.02.01	Costs of Products Goods and Services Sold	-8,590,409	-6,123,375
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	-666,000	-446,285
7.03	Gross Value Added	2,418,591	2,672,260
7.04	Retentions	-640,124	-766,920
7.04.01	Depreciation, Amortization and Depletion	-640,124	-766,920
7.05	Net Value Added Produced	1,778,467	1,905,340
7.06	Value Added Received in Transfer	112,491	536,059
7.06.01	Equity in earnings	199,767	208,544
7.06.02	Financial Revenues	163,709	348,892
7.06.03	Other	-250,985	-21,377
7.06.03.01	Actuarial Gains (Losses)	-6,782	-21,377
7.06.03.02	Foreign Currency Gains/Losses, net	-244,203	-
7.07	Total Value Added to be Distributed	1,890,958	2,441,399
7.08	Distribution of Value Added	1,890,958	2,441,399
7.08.01	Personnel	528,245	504,443
7.08.01.01	Direct Compensation	435,774	421,893
7.08.01.02	Benefits	49,126	29,642
7.08.01.03	Unemployment Compensation Fund (FGTS)	43,345	52,908
7.08.02	Taxes, Rates and Contributions	477,496	946,163
7.08.02.01	Federal	100,081	381,898
7.08.02.02	State	329,642	519,618
7.08.02.03	Municipal	47,773	44,647
7.08.03	Remuneration of Third Parties	513,358	707,860
7.08.03.01	Interest	514,113	727,670
7.08.03.03	Other	-755	-19,810
7.08.03.03.01	Foreign Exchange Variations	-	13,096
7.08.03.03.02	Other	-755	-32,906
7.08.04	Equity Remuneration	371,859	282,933
7.08.04.03	Retained Earnings (Accumulated Losses)	371,859	282,933

Consolidated Financial Statements - Balance Sheet - Assets

(In thousands of reais)

Account code	Account description	Current quarter - 09/30/2018	Prior period - 12/31/2017
1	Total Assets	26,098,375	25,984,477
1.01	Current Assets	7,697,689	7,254,755
1.01.01	Cash and Cash Equivalents	1,096,344	1,770,573
1.01.02	Financial investments	585,531	543,715
1.01.03	Trade Receivables	1,947,482	1,555,494
1.01.03.01	Trade Receivables	1,947,482	1,555,494
1.01.04	Inventories	3,603,792	2,763,496
1.01.08	Other Current Assets	464,540	621,477
1.01.08.03	Other	464,540	621,477
1.01.08.03.01	Taxes Recoverable	236,479	176,851
1.01.08.03.02	Prepaid Income Tax and Social Contribution	66,897	185,614
1.01.08.03.03	Dividends Receivable	23,986	139,078
1.01.08.03.04	Advances to Suppliers	4,625	4,332
1.01.08.03.05	Financial Instruments	300	12
1.01.08.03.06	Other Accounts Receivable	132,253	115,590
1.02	Noncurrent Assets	18,400,686	18,729,722
1.02.01	Long-term Receivables	4,234,920	4,115,862
1.02.01.04	Accounts Receivable	271,074	247,284
1.02.01.04.01	Trade Accounts Receivable	132,891	131,458
1.02.01.04.02	Other Accounts Receivable	138,183	115,826
1.02.01.05	Inventories	21,456	39,037
1.02.01.07	Deferred Taxes	3,133,393	3,046,112
1.02.01.09	Receivables from Related Parties	2,626	3,147
1.02.01.10	Other Noncurrent Assets	806,371	780,282
1.02.01.10.03	Judicial Deposits	697,546	675,600
1.02.01.10.04	Financial Instruments	1,636	1,184
1.02.01.10.05	Taxes Recoverable	58,745	54,881
1.02.01.10.06	Other	48,444	48,617
1.02.02	Investments	1,183,569	1,054,052
1.02.02.01	Ownership Interest	1,183,569	1,054,052
1.02.02.01.01	Interests Held in Associates	458,787	447,315
1.02.02.01.04	Other Ownership Interests	724,782	606,737
1.02.03	Property, Plant and Equipment (PP&E)	12,314,039	12,882,618
1.02.03.01	Property, Plant and Equipment in Use	11,471,869	12,038,393
1.02.03.03	Construction in Progress	842,170	844,225
1.02.04	Intangible Assets	668,158	677,190

Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter - 09/30/2018	Prior period - 12/31/2017
2	Total Liabilities and Equity	26,098,375	25,984,477
2.01	Current Liabilities	2,554,236	3,046,420
2.01.01	Social and Labor Liabilities	242,639	188,735
2.01.02	Trade Payables	1,483,277	976,917
2.01.03	Tax Liabilities	93,841	96,523
2.01.03.01	Federal Tax Liabilities	93,841	96,523
2.01.03.01.01	Income and Social Contribution Taxes Payable	9,151	1,434
2.01.03.01.02	Taxes Payable	84,690	95,089
2.01.04	Borrowings	18,214	989,977
2.01.04.01	Borrowings	16,630	927,946
2.01.04.02	Debentures	1,584	62,031
2.01.05	Other Liabilities	716,265	794,268
2.01.05.02	Other	716,265	794,268
2.01.05.02.01	Dividends and Interest on Capital Payable	182	75,644
2.01.05.02.04	Accounts Payable	129,365	141,485
2.01.05.02.05	Taxes Payable in Installments	4,146	20,494
2.01.05.02.06	Advances from Customers	76,017	81,394
2.01.05.02.07	Accounts Payable - Forfaiting	506,555	475,251
2.02	Noncurrent Liabilities	8,029,694	7,754,093
2.02.01	Borrowings	5,870,430	5,645,802
2.02.01.01	Borrowings	4,982,335	4,758,468
2.02.01.02	Debentures	888,095	887,334
2.02.02	Other Liabilities	227,167	230,670
2.02.02.01	Payables to Other Related Parties	134,253	143,170
2.02.02.02	Other	92,914	87,500
2.02.02.02.03	Other Payables	92,914	87,500
2.02.04	Provisions	1,932,097	1,877,621
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	1,002,144	1,050,324
2.02.04.01.03	Provisions for Social Security and Labor Contingencies	1,002,144	1,050,324
2.02.04.02	Provision for litigation	929,953	827,297
2.02.04.02.03	Provisions for Environmental Liabilities and Decommissioning	169,985	158,333
2.02.04.02.04	Contingent Liabilities	759,968	668,964
2.03	Equity	15,514,445	15,183,964
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	314,567	311,747
2.03.04	Revenue Reserves	202,207	202,207
2.03.04.01	Legal Reserve	11,651	11,651
2.03.04.10	Investments and working capital	190,556	190,556
2.03.05	Retained Earnings (Accumulated Losses)	390,399	-
2.03.06	Equity Adjustments	-7,557	60,546
2.03.09	Noncontrolling Shareholders	1,414,534	1,409,169

USIMINAS

Consolidated Financial Statements / Statement of Operations

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2018 to 09/30/2018	Current period 01/01/2018 to 09/30/2018	Prior period current quarter 07/01/2017 to 09/30/2017	Prior period 01/01/2017 to 09/30/2017
3.01	Revenue	3,861,513	10,309,780	2,737,025	7,657,348
3.02	Cost of Sales and/or Services	-3,217,184	-8,470,563	-2,379,358	-6,436,716
3.03	Gross Profit	644,329	1,839,217	357,667	1,220,632
3.04	Operating Income (Expenses)	-216,220	-805,950	-200,090	-459,375
3.04.01	Selling expenses	-74,339	-224,151	-62,992	-180,787
3.04.02	General and Administrative Expenses	-101,012	-316,701	-106,088	-295,873
3.04.04	Other Operating Income	154,936	406,355	191,352	716,772
3.04.05	Other Operating Expenses	-270,539	-818,682	-272,918	-802,401
3.04.06	Equity in Results of Investees	74,734	147,229	50,556	102,914
3.05	Income Before Financial Income (Expense) and Taxes	428,109	1,033,267	157,577	761,257
3.06	Finance result, Net	-134,391	-544,743	-64,961	-290,836
3.07	Income Before Income Taxes	293,718	488,524	92,616	470,421
3.08	Income Tax and Social Contribution	-4,587	-61,258	-16,713	-110,490
3.08.01	Current	-59,941	-133,159	17,241	-63,492
3.08.02	Deferred	55,354	71,901	-33,954	-46,998
3.09	Net income (loss) from Continuing Operations	289,131	427,266	75,903	359,931
3.11	Net Income/Loss for the Period	289,131	427,266	75,903	359,931
3.11.01	Attributed to Shareholders of Parent Company	263,924	371,859	76,959	282,933
3.11.02	Attributed to Noncontrolling Shareholders	25,207	55,407	-1,056	76,998
3.99	Earnings (Loss) per Share (Reais / Shares)	-	-	-	-
3.99.01	Basic Earnings per Share	-	-	-	-
3.99.01.01	Registered Common Shares (RCS)	0.2100	0.2900	0.0600	0.2200
3.99.01.02	Registered Preferred Shares (RPS)	0.2300	0.3200	0.0600	0.2400
3.99.02	Diluted Earnings per Share	-	-	-	-
3.99.02.01	RCS	0.2100	0.2900	0.0600	0.2200
3.99.02.02	RPS	0.2300	0.3200	0.0600	0.2400

USIMINAS

Consolidated Financial Statements / Statement of Comprehensive Income (loss)

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2018 to 09/30/2018	Current period 01/01/2018 to 09/30/2018	Prior period current quarter 07/01/2017 to 09/30/2017	Prior period 01/01/2017 to 09/30/2017
4.01	Consolidated Net Income for the Period	289,131	427,266	75,903	359,931
4.02	Other Comprehensive Income (Loss)	-30,037	-54,766	-3,027	92,469
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	-30,037	-54,766	-3,027	91,922
4.02.02	Equity in other Comprehensive Income of Associates	-	-	-	547
4.03	Consolidated Comprehensive Income (Loss) for the Period	259,094	372,500	72,876	452,400
4.03.01	Attributed to Shareholders of Parent Company	233,884	317,085	73,932	375,398
4.03.02	Attributed to Noncontrolling Shareholders	25,210	55,415	-1,056	77,002

Consolidated Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Current period 01/01/2018 to 09/30/2018	Prior period 01/01/2017 to 09/30/2017
6.01	Net Cash from Operating Activities	502,828	330,755
6.01.01	Cash From Operations	1,974,561	2,035,294
6.01.01.01	Net Income (Loss) for the Period	427,266	359,931
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	370,131	81,515
6.01.01.03	Interest Expenses	293,868	511,832
6.01.01.04	Depreciation and Amortization	770,950	921,514
6.01.01.05	Gain/Loss on sale of Property, Plant and Equipment	1,819	-1,482
6.01.01.07	Equity in Results of Investees	-147,229	-102,914
6.01.01.08	Stock Option Plan	-	-1,247
6.01.01.09	Deferred Income Tax and Social Contribution	-71,901	46,998
6.01.01.10	Set up (Reversal) of Provisions	322,875	197,324
6.01.01.11	Actuarial Gains (Losses)	6,782	21,823
6.01.02	Changes in Assets and Liabilities	-855,082	-890,549
6.01.02.02	Trade Receivables	-396,867	-314,337
6.01.02.03	Inventories	-874,052	-296,971
6.01.02.04	Taxes Recoverable	127,312	37,764
6.01.02.05	Judicial Deposits	-20,680	-39,557
6.01.02.06	Receivables from Related Parties	521	514
6.01.02.07	Other (Increase) Decrease in Assets	-20,503	8,759
6.01.02.08	Accounts Payable, Contractors and Freight	506,360	-108,120
6.01.02.09	Payables to Related Parties	-8,917	-14,119
6.01.02.10	Advances from Customers	-5,377	3,801
6.01.02.11	Taxes Payable	-138,031	24,089
6.01.02.12	Accounts Payable – Forfaiting	31,304	-155,636
6.01.02.13	Other Increase (Decrease) in Liabilities	-56,152	-36,736
6.01.03	Other	-616,651	-813,990
6.01.03.01	Interest Paid	-409,436	-617,080
6.01.03.02	Income and Social Contribution Taxes Paid	-69,603	-22,497
6.01.03.03	Actuarial Liabilities Paid	-137,612	-174,413
6.02	Net Cash from Investing Activities	-106,870	461,057
6.02.01	Proceeds from the Sale of Property, Plant and Equipment	30,341	2,512
6.02.02	Purchases of Property, Plant and Equipment	-209,512	-105,204
6.02.04	Dividends Received	126,567	3,239
6.02.06	Purchase of Software	-12,450	-3,906
6.02.07	Marketable Securities	-41,816	564,416
6.03	Net Cash from Financing Activities	-1,072,382	-346,900
6.03.02	Repayment of Borrowings	-948,973	-16,284
6.03.03	Payment of Taxes Payable in Installments	-132	-1,021
6.03.04	Swap Transaction Settlement	14	-4,090
6.03.05	Dividends and Interest on Equity Paid	-123,291	-25,505
6.03.10	Increase (Decrease) of Capital	-	-300,000
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	2,195	100
6.05	Increase (Decrease) in Cash and Cash Equivalents	-674,229	445,012
6.05.01	Cash and Cash Equivalents at Beginning of Period	1,770,573	719,870
6.05.02	Cash and cash Equivalents at End of Period	1,096,344	1,164,882

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2018 to 09/30/2018

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (Loss)	Equity	Noncontrolling shareholders	Equity - Consolidated
5.01	Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795	1,409,169	15,183,964
5.03	Adjusted Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795	1,409,169	15,183,964
5.04	Capital Transactions with Shareholders	-	2,820	-	18,540	-13,329	8,031	-50,050	-42,019
5.04.03	Recognized Options Granted	-	-5,168	-	5,168	-	-	-	-
5.04.05	Treasury Stock Sold	-	7,988	-	-	-	7,988	-	7,988
5.04.06	Dividends	-	-	-	-	-	-	-50,050	-50,050
5.04.08	Prescribed Dividends	-	-	-	43	-	43	-	43
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	13,329	-13,329	-	-	-
5.05	Total Comprehensive Income (Loss)	-	-	-	371,859	-54,774	317,085	55,415	372,500
5.05.01	Net Income (Loss) for the Period	-	-	-	371,859	-	371,859	55,407	427,266
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	-54,774	-54,774	8	-54,766
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	-54,774	-54,774	8	-54,766
5.07	Closing Balances	13,200,295	314,567	202,207	390,399	-7,557	14,099,911	1,414,534	15,514,445

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2017 to 09/30/2017

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (Loss)	Equity	Noncontrolling shareholders	Equity - Consolidated
5.01	Opening Balances	13,200,295	309,445	-	-	26,000	13,535,740	1,655,894	15,191,634
5.03	Adjusted Opening Balances	13,200,295	309,445	-	-	26,000	13,535,740	1,655,894	15,191,634
5.04	Capital Transactions with Shareholders	-	-1,247	-	15,381	-22,141	-8,007	-309,378	-317,385
5.04.01	Increase of Capital	-	-	-	-	-	-	-300,000	-300,000
5.04.03	Recognized Options Granted	-	-1,247	-	2,109	-	862	-	862
5.04.06	Dividends	-	-	-	-	-	-	-3,643	-3,643
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	13,272	-8,759	4,513	-	4,513
5.04.10	Changes in Shareholdings that did not Result in Loss or Acquisition of Control	-	-	-	-	-13,382	-13,382	-5,735	-19,117
5.05	Total Comprehensive Income (Loss)	-	-	-	283,476	91,922	375,398	77,002	452,400
5.05.01	Net Income (Loss) for the Period	-	-	-	282,933	-	282,933	76,998	359,931
5.05.02	Other Comprehensive Income (Loss)	-	-	-	543	91,922	92,465	4	92,469
5.05.02.03	Equity in Other Comprehensive Income of Associates	-	-	-	543	-	543	4	547
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	91,922	91,922	-	91,922
5.07	Closing Balances	13,200,295	308,198	-	298,857	95,781	13,903,131	1,423,518	15,326,649

Consolidated Financial State-ments / Statement of Value Added

(In thousands of reais)

Account code	Account description	Current period 01/01/2018 to 09/30/2018	Prior period 01/01/2017 to 09/30/2017
7.01	Revenue	13,402,837	10,350,917
7.01.01	Sales of Goods, Products and Services	13,114,809	10,091,545
7.01.02	Other Revenues	291,474	286,946
7.01.04	Allowance (Reversal of) for Doubtful Accounts	-3,446	-27,574
7.02	Inputs Acquired from Third Parties	-10,365,030	-6,972,336
7.02.01	Costs of Products Goods and Services Sold	-9,500,178	-6,536,376
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	-864,852	-435,960
7.03	Gross Value Added	3,037,807	3,378,581
7.04	Retentions	-770,950	-921,514
7.04.01	Depreciation, Amortization and Depletion	-770,950	-921,514
7.05	Net Value Added Produced	2,266,857	2,457,067
7.06	Value Added Received in Transfer	151,769	571,522
7.06.01	Equity in Results of Investees	147,229	102,914
7.06.02	Financial Revenues	205,699	455,941
7.06.03	Other	-201,159	12,667
7.06.03.01	Actuarial Gains and Losses	-6,782	-21,823
7.06.03.02	Foreign Exchange Gains/losses	-194,377	34,490
7.07	Total Value Added to be Distributed	2,418,626	3,028,589
7.08	Distribution of Value Added	2,418,626	3,028,589
7.08.01	Personnel	793,981	734,805
7.08.01.01	Direct Compensation	675,516	634,731
7.08.01.02	Benefits	61,450	35,317
7.08.01.03	Unemployment Compensation Fund (FGTS)	57,015	64,757
7.08.02	Taxes, Rates and Contributions	641,314	1,152,586
7.08.02.01	Federal	213,297	523,301
7.08.02.02	State	372,882	574,582
7.08.02.03	Municipal	55,135	54,703
7.08.03	Remuneration of Third Parties	556,065	781,267
7.08.03.01	Interest	556,820	783,043
7.08.03.03	Other	-755	-1,776
7.08.03.03.02	Swap Transaction Settlement	-	-
7.08.04	Equity Remuneration	427,266	359,931
7.08.04.03	Retained Earnings (Accumulated Losses)	371,859	282,933
7.08.04.04	Noncontrolling Interests in Retained Profits	55,407	76,998

Notes

1 Operations

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS (“USIMINAS”, “Usiminas”, “Parent company” or “Company”), headquartered in the city of Belo Horizonte, state of Minas Gerais, is a publicly-held company and its shares are traded on the Brazilian stock exchange (B3 - Brasil, Bolsa, Balcão) under tickers USIM3, USIM5 and USIM6.

The Company and its subsidiaries, jointly-controlled subsidiaries and associates (“Usiminas”) operate in the steel industry and related activities, such as iron ore extraction, steel transformation, production of capital goods and logistics. It currently has two steel mills with nominal production capacity of 9.5 million metric tons (not reviewed) per annum of flat-rolled products, located in the cities of Ipatinga, state of Minas Gerais, and Cubatão, state of São Paulo, in addition to iron ore reserves, service and distribution centers, maritime ports, cargo terminals, strategically located in several Brazilian cities.

The Company holds, directly or indirectly, interest in subsidiaries, jointly-controlled subsidiaries and associates, as described in Note 1 to the financial statements for the year ended December 31, 2017.

2 Interim accounting information

The issue and disclosure of the interim accounting information included in this Quarterly Information Form (ITR) on the Parent company and Consolidated accounts were approved by the Board of Directors at a meeting held on October 25, 2018.

3 Summary of significant accounting policies

The main accounting policies applied in the preparation of this interim accounting information are presented in the financial statements of the Company for the year ended December 31, 2017.

The accounting policies applied in transactions considered immaterial were not included in this interim accounting information.

The accounting policies, which have been consistently applied in the current period, are consistent with those of the year and period presented for comparison purposes, and are common to the parent company, subsidiaries, associates and jointly-controlled subsidiaries, and the interim accounting information on the subsidiaries was adjusted, as applicable, to meet this criterion.

3.1 Basis of preparation and statement of compliance

This interim accounting information for the nine-month period ended September 30, 2018, should be read together with the Company's financial statements for the year ended December 31, 2017.

Considering that there were no material changes in the composition and nature of the balances presented in the financial statements for the year ended December 31, 2017, the following Notes are presented in a condensed manner for the nine-month period ended September 30, 2018.

3 Summary of significant accounting policies;
4 Financial risk management objectives and policy;
12 Income tax and social contribution;
13 Judicial deposits;
14 Investments;
15 Property, plant and equipment;
16 Impairment of non-financial assets;
17 Intangible assets;
18 Borrowings and debentures;
20 Taxes payable in installments;
21 Provision for litigation;
22 Retirement benefit obligations;
23 Equity;
29 Transactions with related parties; and
31 Stock option plan.

Parent company and consolidated interim accounting information

The parent company and consolidated interim accounting information presented herein under Parent company and Consolidated, respectively, has been prepared in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting, International Accounting Standard (IAS) 34 - Interim Financial Reporting, and the rules of the Brazilian Securities Commission (CVM). Accordingly, this interim accounting information discloses all the applicable significant information, which is consistent with the information utilized by management in the performance of its duties.

3.2 Standards, amendments to and interpretations of existing standards

In the nine-month period ended September 30, 2018, no new standards, amendments to or interpretations of existing standards were issued.

IFRS 9 / CPC 48 - "Financial Instruments" and IFRS 15 / CPC 47 – "Revenue from Contracts with Customers" have been effective since January 1, 2018. As described in Note 3.20 to the financial statements at December 31, 2017, the Company did not identify material impacts from the adoption of these new standards in the nine-month period ended September 30, 2018.

With respect to IFRS 9 / CPC 48 - “Financial Instruments” in the nine-month period ended September 30, 2018, the disclosure of the financial instruments (Note 6) was adjusted as follows:

(a) Financial assets and liabilities

IFRS 9 / CPC 48 - “Financial Instruments” establishes three primary classification categories for financial assets: amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”).

With the effectiveness of this standard, the classification started to be based on the business model by which a financial asset is managed by its contractual cash flows.

The new standard maintained part of the requirements of the previous standard for the classification of financial liabilities. The substantial changes in the fair value classification are presented below:

- the amount corresponding to the change in the fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income; and

- the remaining amount of the change in the fair value is presented in profit or loss.

The classification of financial instruments in accordance with the new standard is presented in Note 6 - “Financial instruments by category”.

(i) Initial recognition and measurement

A financial asset or financial liability is measured initially at fair value plus, provided that it is not an item measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition or issue.

(ii) Classification of financial assets

Upon initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if both of the following conditions are met:

- the asset is held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that represent payments of principal and interest on the principal amount outstanding.

All the other financial assets are classified as measured at fair value through profit or loss.

In addition, at initial recognition, the Company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost, as FVOCI or even FVTPL. This designation has the purpose of eliminating or significantly reducing a possible accounting mismatch arising from the gains or losses produced by the respective asset measured on different bases.

(iii) Transition

The changes in accounting policies resulting from the adoption of IFRS 9 / CPC 48 have been applied since January 1, 2018 and have not had effects on the measurement of the Company's financial assets and liabilities.

4 Financial risk management objectives and policy

At September 30, 2018, there were no significant changes in financial risk policies and management in relation to those disclosed in the Company's financial statements for the year ended December 31, 2017.

4.1 Foreign exchange risk

(i) Foreign exchange exposure

Usiminas operates internationally and is exposed to foreign exchange risk arising from exposures in certain currencies, primarily with respect to the U.S. dollar and, to a lesser extent, yen and euro. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign operations.

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Assets in foreign currency				
Cash and cash equivalents	44,529	939	147,894	1,478,473
Marketable securities	-	775,665	9,140	8,428
Trade receivables	167,487	182,137	270,489	297,966
Advances to suppliers	3,843	4,042	4,796	5,404
	215,859	962,783	432,319	1,790,271
Liabilities in foreign currency				
Borrowings	(1,314,311)	(1,157,250)	(1,314,311)	(1,747,954)
Trade payables, contractors and freight charges	(301,923)	(201,202)	(314,289)	(219,628)
Advances from customers	(8,604)	(12,385)	(12,906)	(13,699)
Other payables	(23,889)	(18,163)	(23,885)	(18,159)
	(1,648,727)	(1,389,000)	(1,665,391)	(1,999,440)
Total currency exposure	(1,432,868)	(426,217)	(1,233,072)	(209,169)

(ii) Sensitivity analysis - foreign exchange risk arising from assets and liabilities denominated in foreign currency

The Company prepares a sensitivity analysis of outstanding assets and liabilities denominated in foreign currency at the end of the period, considering the foreign exchange rate at September 30, 2018. Scenario I considered a depreciation of the Brazilian real by 5% when compared to the current scenario. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amount of the foreign currency at September 30, 2018.

The currencies used in the sensitivity analysis and their related scenarios are shown below:

				9/30/2018
Currency	Foreign exchange rate at the end of the period	Scenario I	Scenario II	Scenario III
US$	4.0039	4.2041	5.0049	6.0059
EUR	4.6545	4.8872	5.8181	6.9818
YEN	0.03528	0.0370	0.0441	0.0529

Effects on the finance result, considering Scenarios I, II and III, are shown below:

	Consolidated		
	9/30/2018		
Currency	Scenario I	Scenario II	Scenario III
US$	(61,733)	(308,667)	(617,335)
EUR	75	377	754
YEN	4	22	45

4.2 Cash flow or fair value interest rate risk

The interest rate risk arises from interest rates used in financial investments, borrowings and debentures.

According to Usiminas financial policy, derivative transactions are intended to mitigate the risk by replacing floating rates with fixed rates, or interest rates based on international indices with interest rates based on local currency indices.

(i) Composition of borrowings and debentures by type of interest rate

The composition of borrowings and debentures contracted, by type of interest rate, in current and non-current liabilities, is presented as follows:

	Parent company				Consolidated			
	9/30/2018	%	12/31/2017	%	9/30/2018	%	12/31/2017	%
Borrowings								
Fixed	21,488	1	25,735	1	37,363	1	636,251	9
TJLP	336,758	6	359,896	6	336,758	6	359,896	5
LIBOR	1,170,370	20	1,032,430	17	1,170,370	20	1,032,430	16
CDI	3,324,037	56	3,549,410	58	3,324,037	56	3,549,410	54
Other	130,437	2	108,427	2	130,437	2	108,427	2
	4,983,090	85	5,075,898	84	4,998,965	85	5,686,414	86
Debentures								
CDI	889,679	15	949,365	16	889,679	15	949,365	14
	5,872,769	100	6,025,263	100	5,888,644	100	6,635,779	100

The Company has derivative financial instruments for the management of risks related to fluctuations in interest rates on borrowings.

(ii) Sensitivity analysis of changes in interest rates

The Company prepares a sensitivity analysis of outstanding assets and liabilities indexed to interest rates at the end of the period, considering the rates prevailing at September 30, 2018 for the probable scenario. Scenario I considers a 5% increase on the average interest rate applicable to the floating portion of its current debt. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amounts of these rates at September 30, 2018.

The rates used and their related scenarios are shown below:

		9/30/2018		
Index	Rates at the end of the period (i)	Scenario I	Scenario II	Scenario III
CDI	6.4%	6.7%	8.0%	9.6%
TJLP	6.6%	6.9%	8.2%	9.8%
LIBOR	2.9%	3.1%	3.6%	4.4%

(i) Annual rates.

Effects on the finance result, considering Scenarios I, II and III, are shown below:

	Consolidated		
	9/30/2018		
Index	Scenario I	Scenario II	Scenario III
CDI	(8,708)	(43,540)	(87,081)
TJLP	(1,105)	(5,523)	(11,046)
LIBOR	(1,708)	(8,540)	(17,079)

The interest rates to which the Company is exposed, which are related to borrowings and debentures, are presented in Note 20 to the financial statements for the year ended December 31, 2017, and mainly comprise London Interbank Offered Rate (LIBOR), Long-Term Interest Rate (TJLP) and Interbank Deposit Certificate (CDI).

Derivative financial instruments related to interest rates, contracted to minimize the impact of fluctuations in interest rates on the Company's profit or loss, were included in the sensitivity analysis of assets and liabilities.

These instruments are described in Note 5.

4.3 Capital management

The objectives for managing capital are to safeguard the ability to continue as going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure at optimum costs.

Consistent with others in the industry, Usiminas monitors capital on the basis of the gearing ratio. This ratio corresponds to the net debt divided by total capital. Net debt is calculated as total borrowings and debentures, and taxes payable in installments (including current and non-current transactions, as shown in the consolidated balance sheet) less cash and cash equivalents and marketable securities. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

We present below the calculation of the gearing ratio considering net debt as a percentage of total capital.

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Total borrowings, debentures and taxes payable in installments	5,876,913	6,032,889	5,892,790	6,656,273
Cash and cash equivalents and marketable securities	(900,243)	(778,799)	(1,681,875)	(2,314,288)
Net debt	4,976,670	5,254,090	4,210,915	4,341,985
Total equity	14,099,911	13,774,795	15,514,445	15,183,964
Total capital	19,076,581	19,028,885	19,725,360	19,525,949
Gearing ratio	26%	28%	21%	22%

5 Derivative financial instruments

Usiminas enters into swap transactions with the objective of hedging against and specially managing interest rate risks. These transactions aim at reducing the volatility of interest rates on its borrowings. The Company does not transact financial instruments for speculative purposes. The Company does not settle its transactions prior to their respective original maturities and does not prepay its derivative financial instruments.

At September 30, 2018, the derivative financial instruments entered into by the Company are as follows:

(a) Parent company and Consolidated

	Maturity range MM/YY	INDEX		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET) VALUE - BOOK VALUE		Profit/Loss for the period
		9/30/2018		9/30/2018		12/31/2017		9/30/2018	12/31/2017	9/30/2018
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset (liability) position	Asset (liability) position	Gain (loss)
RATE AND FOREIGN EXCHANGE HEDGES (SWAP)										
Bradesco	Apr/15 to Apr/25	TR + 9.8000% p.a.	95.00% of the CDI	R$ 59,000	R$ 59,000	R$ 59,000	R$ 59,000	1,936	1,196	755
							Financial gain/loss in the period			755
							Book balance (net asset position - liability position)	1,936	1,196	

The book balances of the derivative financial instruments are described below:

	Parent company and Consolidated	
	9/30/2018	12/31/2017
Current assets	300	12
Non-current assets	1,636	1,184
	1,936	1,196

	Parent company		Consolidated	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
In finance result	755	32,906	755	1,776

6 Financial instruments by category

(a) Parent company

	9/30/2018			12/31/2017			
	Amortized cost	Assets measured at fair value through profit or loss	Total	Loans and receivables	Assets measured at fair value through profit or loss	Held to maturity	Total
Assets							
Cash and cash equivalents	900,243	-	900,243	2,046	1,076	-	3,122
Marketable securities	-	-	-	-	12	775,665	775,677
Trade receivables	1,610,367	-	1,610,367	1,211,481	-	-	1,211,481
Financial instruments - swap	-	1,936	1,936	-	1,196	-	1,196
Other asset financial instruments (excluding prepayments)	300,723	-	300,723	431,547	-	-	431,547
	2,811,333	1,936	2,813,269	1,645,074	2,284	775,665	2,423,023

	9/30/2018	12/31/2017
	Other financial liabilities	Other financial liabilities
Liabilities		
Borrowings and debentures	5,872,769	6,025,263
Trade payables, contractors and freight charges	1,423,666	875,399
Notes payable - Forfaiting	506,555	475,251
	7,802,990	7,375,913

(b) Consolidated

	9/30/2018			12/31/2017		
	Amortized cost	Assets measured at fair value through profit or loss	Total	Loans and receivables	Assets measured at fair value through profit or loss	Total
Assets						
Cash and cash equivalents	1,096,344	-	1,096,344	1,494,318	276,255	1,770,573
Marketable securities	-	585,531	585,531	-	543,715	543,715
Trade receivables	2,080,373	-	2,080,373	1,686,952	-	1,686,952
Financial instruments - swap	-	1,936	1,936	-	1,196	1,196
Other asset financial instruments (excluding prepayments)	337,879	-	337,879	461,681	-	461,681
	3,514,596	587,467	4,102,063	3,642,951	821,166	4,464,117

	9/30/2018	12/31/2017
	Other financial liabilities	Other financial liabilities
Liabilities		
Borrowings and debentures	5,888,644	6,635,779
Trade payables, contractors and freight charges	1,483,277	976,917
Notes payable - Forfaiting	506,555	475,251
	7,878,476	8,087,947

7 Cash and cash equivalents

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Bank accounts	22,400	1,107	36,653	15,845
Bank accounts abroad	44,529	939	147,894	91,854
Bank Deposit Certificates (CDB) and repurchase agreements	833,314	1,076	911,797	276,255
Financial investments abroad (Time deposits)	-	-	-	1,386,619
	900,243	3,122	1,096,344	1,770,573

Financial investments in Bank Deposit Certificates (CDB) and repurchase agreements have immediate liquidity and earn on average 99.61% (December 31, 2017 - 100.07%) of the CDI rate in the Parent company and 100.25% (December 31, 2017 – 100.41%) of the CDI rate in Consolidated.

At December 31, 2017, the amount of R$1,386,619 presented in the Consolidated accounts refers to the investment in time deposits made by the foreign subsidiary Usiminas Commercial related to the prepayment by Usiminas on December 15, 2017 of Eurobonds issued in 2008 by the subsidiary and that had been loaned to the Company. On January 18, 2018, the foreign subsidiary Usiminas Commercial paid the full amount of Eurobonds to their related creditors.

At September 30, 2018, Usiminas does not have overdraft accounts.

8 Marketable securities

	Parent company	Consolidated	
	12/31/2017	9/30/2018	12/31/2017
Bank Deposit Certificates (CDB)	-	576,391	534,768
Financial investments abroad	-	9,140	8,428
Eurobonds	775,665	-	-
Other investments	12	-	519
	775,677	585,531	543,715

Financial investments in Bank Deposit Certificates (CDB) earn on average 100.25% (December 31, 2017 - 100.41%) of the CDI rate in Consolidated.

None of these financial assets is either past due or impaired.

At December 31, 2017, the amount of R$ 775,665 in the Parent Company refers to a portion of approximately US$ 220 million of the Eurobonds held by the Company, originally issued in 2008 by the foreign subsidiary Usiminas Commercial. On January 18, 2018, as a result of the maturity of the Eurobonds, that amount was added to the Company's cash. In the nine-month period ended September 30, 2018, funds related to this transaction were fully used in the Company's operational flow.

In the nine-month period ended September 30, 2018, the Company does not have balances related to financial investments classified as marketable securities.

9 Trade receivables

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Trade receivables:				
In local currency	1,198,277	954,817	1,880,212	1,485,132
In foreign currency	70,721	181,277	173,723	299,862
Provision for impairment of trade receivables (i)	(110,062)	(108,544)	(149,425)	(145,526)
Trade receivables, net	1,158,936	1,027,550	1,904,510	1,639,468
Receivables from related parties				
In local currency	349,978	180,402	74,410	46,711
In foreign currency	101,453	3,529	101,453	773
Receivables from related parties	451,431	183,931	175,863	47,484
	1,610,367	1,211,481	2,080,373	1,686,952
Current assets	1,524,482	1,127,029	1,947,482	1,555,494
Non-current assets	85,885	84,452	132,891	131,458

(i) Of the total provision for impairment of trade receivables in the Parent company and Consolidated accounts, the balance of R$4,687 (R$2,669 - December 31, 2017) refers to trade receivables denominated in foreign currency.

The ageing analysis of trade receivables was as follows:

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Amounts not yet due	1,436,603	1,042,201	1,871,554	1,481,810
Amounts past due:				
Up to 30 days	112,778	103,377	131,516	85,026
From 31 to 60 days	2,648	1,460	4,918	1,428
From 61 to 90 days	-	4	2,582	1,361
From 91 to 180 days	1,020	1,896	3,835	3,904
Over 181 days	167,380	171,087	215,393	258,949
(-) Provision for impairment of trade receivables	(110,062)	(108,544)	(149,425)	(145,526)
	1,610,367	1,211,481	2,080,373	1,686,952

At September 30, 2018, trade receivables amounting to R$173,764 in the Parent company and R$208,819 in Consolidated were past due but not impaired (December 31, 2017 - R$169,280 and R$205,142, respectively). These relate to a number of independent customers for which there is no recent history of default, or the outstanding balances of which are supported by guarantees.

Trade receivables, net of the provision for impairment of trade receivables, are denominated in the following currencies:

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Brazilian real	1,442,880	1,029,344	1,809,884	1,388,986
U.S. dollar	161,795	175,804	264,797	291,633
Euro	5,692	6,333	5,692	6,333
	1,610,367	1,211,481	2,080,373	1,686,952

The changes in the provision for impairment of trade receivables were as follows:

	Parent company	Consolidated
At December 31, 2017	(108,544)	(145,526)
Additions to profit or loss	(1,208)	(5,533)
Write-off against trade receivables	500	2,444
Foreign exchange variation	(810)	(810)
At September 30, 2018	(110,062)	(149,425)

The additions to and release of the provision for impairment of trade receivables have been included in “Selling expenses” in the statement of income. Usiminas does not hold any collateral for trade receivables.

10 Inventories

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Current assets				
Finished products	689,338	562,902	786,381	667,178
Work in progress	909,473	749,839	934,852	756,195
Raw materials	702,160	385,305	1,105,400	701,609
Supplies and spare parts	545,779	499,492	601,226	554,467
Imports in transit	118,948	85,012	119,132	85,148
Provision for losses (i)	(79,151)	(123,938)	(91,610)	(136,858)
Other	152,283	137,795	148,411	135,757
	3,038,830	2,296,407	3,603,792	2,763,496
Non-current assets				
Work in progress (ii)	-	-	21,456	39,037
	3,038,830	2,296,407	3,625,248	2,802,533

(i) Refers to losses related to fair value adjustments and obsolescence of certain inventories.
(ii) Refers to inventories of products of the subsidiary Mineração Usiminas that are expected to be realized in more than 12 months.

11 Taxes recoverable

	Parent company			
	9/30/2018		12/31/2017	
	Current	Non-current	Current	Non-current
Social Integration Program (PIS)	12,326	-	3,527	-
Social Contribution on Revenues (COFINS)	56,060	-	15,387	-
Value-added Tax on Sales and Services (ICMS)	47,465	17,002	56,639	19,291
Excise Tax (IPI)	27,077	-	24,453	-
Export credit - Reintegra	5,745	-	21,170	-
Foreign Trade Department of Banco do Brasil (Cacex)	-	8,003	-	11,631
Other	10	-	-	-
	148,683	25,005	121,176	30,922

	Consolidated			
	9/30/2018		12/31/2017	
	Current	Non-current	Current	Non-current
PIS	17,133	11	4,760	18
COFINS	77,745	52	21,013	85
ICMS	76,786	50,524	78,090	42,992
IPI	38,546	-	31,480	-
Export credit - Reintegra	5,745	-	21,170	-
National Institute of Social Security (INSS)	18,510	-	19,654	-
Cacex	-	8,003	-	11,631
Other	2,014	155	684	155
	236,479	58,745	176,851	54,881

12 Income tax and social contribution

(a) Taxes on profit

The amounts of income tax and social contribution on net income differ from the theoretical value that would be obtained by using the nominal rates of such taxes, applicable to profit or loss before taxation, in the Parent company and Consolidated accounts, as shown below:

	Parent company		Consolidated	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Profit before income tax and social contribution	378,502	326,636	488,524	470,421
Nominal rates	34%	34%	34%	34%
Taxes on profit at nominal rates	(128,691)	(111,056)	(166,098)	(159,943)
Adjustments to determine taxes on profit:				
Equity in the results of investees (i)	76,645	78,650	50,058	34,991
Interest on capital (ii)	(13,824)	(20,403)	5,925	8,503
Permanent exclusions (additions)	57,687	8,978	57,300	7,829
Tax incentives	1,540	128	1,744	809
Non-taxable income and rate differences of foreign subsidiaries	-	-	(10,187)	(2,679)
Taxes on profit	(6,643)	(43,703)	(61,258)	(110,490)
Current	(85,227)	(6,383)	(133,159)	(63,492)
Deferred	78,584	(37,320)	71,901	(46,998)
Taxes on profit in the statement of income	(6,643)	(43,703)	(61,258)	(110,490)
Income tax	(4,472)	(32,096)	(49,344)	(83,809)
Social contribution	(2,171)	(11,607)	(11,914)	(26,681)
Effective rates	2%	13%	13%	23%

(i) Net of unrealized profits on inventories.
(ii) In the Parent company, it refers to the receipt of interest on capital. In Consolidated, it refers to the payment of interest on capital by non-controlling interests.

There are no current tax items presented in equity in this interim accounting information.

(b) Deferred income tax and social contribution

Changes in deferred income tax and social contribution, net, for the nine-month period ended September 30, 2018, were as follows:

	Assets	
	Parent company	Consolidated
At December 31, 2017	1,954,760	3,046,112
Deferred taxes in the statement of income, net	78,584	71,901
Deferred taxes in comprehensive income (actuarial liabilities)	28,228	28,228
Tax loss carryforward used to offset against federal taxes included in the Special Tax Settlement Program (PERT)	-	(12,868)
Other	-	20
At September 30, 2018	2,061,572	3,133,393

The composition of deferred income tax and social contribution assets and liabilities is shown below:

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Deferred assets arising from income tax and social contribution losses	2,331,192	2,361,356	2,538,361	2,529,167
Deferred assets arising from temporary differences	1,009,542	868,572	1,957,739	1,844,496
Deferred liabilities arising from temporary differences	(318,681)	(314,687)	(377,645)	(342,489)
Unrecognized deferred income tax and social contribution	(960,481)	(960,481)	(985,062)	(985,062)
	2,061,572	1,954,760	3,133,393	3,046,112

In the nine-month period ended September 30, 2018, the Company had deferred income tax and social contribution that were not recognized in the interim accounting information in the amounts of R$960,481 in the Parent company and R$985,062 in Consolidated (December 31, 2017 - R$960,481 and R$985,062, respectively), arising from the expectation of not using these credits for the next 10 years. The Company's management will continue to monitor the tax credits related to income tax and social contribution, which may be recorded as soon as their use is considered probable.

According to the projections approved by the Company's management and the balance of deferred income tax assets (tax losses and temporary differences) at September 30, 2018, the expected realization of the taxes was as follows:

	Parent company	Consolidated
2018	35,811	58,148
2019	194,054	256,009
2020	207,031	277,181
2021	221,642	258,150
2022	269,130	290,684
2023 to 2025	773,646	1,012,427
2026 to 2028	845,993	1,305,809
2029 to 2031	793,427	843,813
After 2032 (i)	-	193,879
Total	3,340,734	4,496,100
Unrecognized tax credits	(960,481)	(985,062)
Assets	2,380,253	3,511,038
Liabilities	(318,681)	(377,645)
Net position	2,061,572	3,133,393

(i) In Consolidated, the amounts substantially refer to tax credits arising from goodwill on merger, determined by Mineração Usiminas. These tax credits have been used based on the expected useful lives of the mines, the total depletion of which is estimated for 2053

The recognition of tax assets is based on a study of the expected future taxable income, reviewed by the Statutory Audit Board and approved by the Board of Directors of the Company. The study to determine the expected future taxable income adopts the same data and assumptions as those adopted in the impairment test of assets (Note 16).

As the income tax and social contribution taxable bases arise not only from the profit that may be generated, but also from the existence of non-taxable income, non-deductible expenses, tax incentives and other variables, there is no immediate correlation between the Company's profit and the income subject to income tax and social contribution. Accordingly, the projected tax credit offsets should not be considered as the only indication of the future profitability of Usiminas.

13 Judicial deposits

At September 30, 2018, changes in judicial deposits were as follows:

	Parent company	Consolidated
At December 31, 2017 (i)	713,763	872,492
Additions (ii)	31,936	110,327
Interest/restatements	8,234	11,780
Reversals (ii)	(25,451)	(100,161)
Subtotal	728,482	894,438
(-) Offset against taxes payable in installments	(196,892)	(196,892)
At September 30, 2018	531,590	697,546

(i) From the total amount of judicial deposits presented in the balance sheet, the amount of R$196,892 must be deducted, related to the offset of taxes payable in installments.
(ii) In Consolidated the amounts substantially refer to additions and reversals in the subsidiary Soluções Usiminas, related to a civil proceeding.

14 Investments

(a) Changes in investments

(i) Parent company

	12/31/2017	Equity in the results of investees (i)	Interest on capital and dividends	Unrealized profits in inventories	Other	9/30/2018
Subsidiaries						
Mineração Usiminas	2,436,387	91,366	(108,473)	-	15	2,419,295
Soluções Usiminas	656,826	37,814	(7,882)	(24,092)	-	662,666
Usiminas Commercial	3,777	(3,777)	-	-	-	-
Usiminas Europa	114,845	2,416	-	-	-	117,261
Usiminas International	34,434	6,293	-	-	-	40,727
Usiminas Mecânica	442,224	(15,618)	-	(1,567)	-	425,039
Usiminas Participações e Logística S.A. (UPL)	69,678	7,082	(1,628)	-	4	75,136
	3,758,171	125,576	(117,983)	(25,659)	19	3,740,124
Jointly-controlled subsidiaries						
Unigal	579,991	117,394	-	-	-	697,385
Usiroll	9,873	1,340	(500)	-	-	10,713
	589,864	118,734	(500)	-	-	708,098
Associates						
Codeme	30,873	(20,590)	-	-	-	10,283
MRS	9,895	1,103	(318)	-	1	10,681
	40,768	(19,487)	(318)	-	1	20,964
	4,388,803	224,823	(118,801)	(25,659)	20	4,469,186

(i) To the equity in the results of investees presented in the statements of income and cash flows of the Parent company, which totals R$199,767 when compared to the income of R$224,823 disclosed in changes in investments, results related to net capital deficiency of the subsidiary Rios Unidos totaling R$603 and unrealized profit on inventories of R$25,659 determined in the subsidiaries Soluções Usiminas and Usiminas Mecânica must be considered.

(ii) Consolidated

	12/31/2017	Equity in the results of investees	Interest on capital and dividends	Other	9/30/2018
Jointly-controlled subsidiaries					
Modal	2,672	1,996	(2,185)	-	2,483
Unigal	579,991	117,394	-	-	697,385
Usiroll	9,873	1,340	(500)	-	10,713
Goodwill on jointly-controlled subsidiaries	14,201	-	-	-	14,201
	606,737	120,730	(2,685)	-	724,782
Associates					
Codeme	30,873	(20,590)	-	-	10,283
MRS	404,246	45,057	(12,984)	31	436,350
Paraopeba Terminal	902	(6)	-	-	896
Sarzedo Terminal	1,459	2,088	(2,036)		1,511
Other	2,635	(50)	-	(38)	2,547
Goodwill on associates	7,200	-	-	-	7,200
	447,315	26,499	(15,020)	(7)	458,787
Total	1,054,052	147,229	(17,705)	(7)	1,183,569

15 Property, plant and equipment

Changes in property, plant and equipment were as follows:

	Parent company	Consolidated
At December 31, 2017	11,192,811	12,882,618
Additions	173,562	209,512
Disposals	(30,861)	(32,157)
Depreciation	(623,302)	(748,841)
Interest and monetary/foreign exchange variations capitalized (ii)	3,966	3,966
Transfers from Intangible assets	1,227	(631)
Offset of advances to suppliers	(737)	(737)
Other	310	309
At September 30, 2018	10,716,976	12,314,039

(i) These charges were capitalized at the contracted rates, which are described in Note 20 to the financial statements for the year ended December 31, 2017.

In the nine-month period ended September 30, 2018, additions to property, plant and equipment mainly refer to expenses incurred for the reactivation of blast furnace No. 1 at the Ipatinga plant in Minas Gerais, as well as to the other works performed in order to ensure its production capacity.

At September 30, 2018, interest and foreign exchange variation were capitalized on borrowings in property, plant and equipment, at an amount of R$3,966 in the Parent company and in Consolidated.

At September 30, 2018, depreciation in the Parent company was recognized in “Cost of sales”, “Selling expenses” and “General and administrative expenses”, in the amounts of R$613,967, R$2,305 and R$7,030 (September 30, 2017 - R$634,638, R$2,343 and R$8,966), respectively. In Consolidated, depreciation was recognized in “Cost of sales”, “Selling expenses” and “General and administrative expenses” in the amounts of R$735,146, R$3,079 and R$10,616 (September 30, 2017 - R$777,705, R$3,319 and R$12,790), respectively.

Certain property, plant and equipment items are pledged as collateral for borrowings and judicial proceedings (Note 32).

16 Impairment of non-financial assets

For calculation of the recoverable amount of each business segment, Usiminas uses the discounted cash flow method based on the economic and financial projections of each segment. The projections take into consideration the changes observed in the economic scenario of the markets in which the companies operate, as well as assumptions of expected results and the history of profitability of each segment.

During the nine-month period ended September 30, 2018, management monitored the behavior of the main assumptions used in the impairment tests carried out at December 31, 2017 (as described in Note 17 to the financial statements at December 31, 2017), as well as the macroeconomic context of each business segment. This monitoring did not identify the need for change in the assumptions used in the preparation of these impairment tests. Management will continue to monitor the key assumptions of each business segment, and the results in 2018, which will indicate the reasonableness of the future projections used.

17 Intangible assets

The changes in intangible assets in the nine-month period ended September 30, 2018, can be summarized as follows:

	Parent company	Consolidated
At December 31, 2017	186,666	677,190
Additions	11,305	12,450
Amortization	(16,822)	(22,109)
Transfers from PP&E	(1,227)	631
Other	(4)	(4)
At September 30, 2018	179,918	668,158

18 Borrowings and debentures

(a) Covenants

With respect to financial covenants, as presented in Note 20.1 (a) to the financial statements for the year ended December 31, 2017, the Company is required to comply with the following indices, calculated on an individual basis (Parent company) as from June 2019. In relation to the non-financial covenants established in the debt instruments, the Company has monitoring controls and, for the nine-month period ended September 30, 2018, no breaches of these covenants were found.

(b) Borrowings

Changes in borrowings were as follows:

	Parent company	Consolidated
At December 31, 2017	5,075,898	5,686,414
Accrued charges	244,133	246,409
Monetary variation	75,658	75,840
Foreign exchange variation	228,384	213,441
Payment of interest	(324,069)	(345,332)
Repayment of principal	(327,739)	(888,632)
Deferral of commissions	10,825	10,825
At September 30, 2018	4,983,090	4,998,965
Current liabilities	11,708	16,630
Non-current liabilities	4,971,382	4,982,335

The amounts recorded in non-current liabilities have the following composition, by maturity year:

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
2019	63,299	66,368	64,438	70,943
2020	350,026	332,197	353,933	336,104
2021	656,116	624,370	659,263	627,517
2022	948,178	903,198	950,908	905,928
2023	948,480	903,787	948,506	906,446
2024 to 2026	2,005,283	1,911,510	2,005,287	1,911,530
	4,971,382	4,741,430	4,982,335	4,758,468

(c) Debentures

At September 30, 2018, changes in debentures were as follows:

	Parent company and Consolidated
At December 31, 2017	949,365
Accrued charges	51,280
Monetary variation	12,466
Payment of interest	(64,104)
Repayment of principal	(60,341)
Deferral of commissions	1,013
At September 30, 2018 (i)	889,679
Current liabilities	1,584
Non-current liabilities	888,095

(i) Balance presented net, after deducting the amount of R$6,804 related to the deferral of transaction costs, in accordance with Technical Pronouncement CPC 08 - Transaction Costs and Premiums on Issue of Securities.

At September 30, 2018, the charges of R$1,584 on the debentures are recorded in current liabilities (December 31, 2017 - R$1,942).

At September 30, 2018, after the renegotiation of the Company's debts, the amount of R$893,549 relates to the principal balance of debentures, with annual maturities from 2019 to 2026.

The amounts recorded in non-current liabilities have the following composition, by maturity year:

	Parent company and Consolidated	
	9/30/2018	12/31/2017
2019	11,818	11,692
2020	61,818	61,692
2021	116,818	116,692
2022	169,318	169,192
2023	169,318	169,192
2024 to 2026	359,005	358,874
	888,095	887,334

19 Taxes payable

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
ICMS	27,173	42,606	34,319	49,319
IPI	28,978	18,369	32,404	21,168
Withholding Income Tax (IRRF)	4,408	6,793	5,284	8,353
Services Tax (ISS)	1,386	1,046	4,139	3,321
PIS and COFINS	1,209	1,998	2,040	4,231
Financial Compensation for Mineral Resources Exploration (CFEM)	-	-	4,764	4,701
Other	435	1,781	1,740	3,996
	63,589	72,593	84,690	95,089

20 Taxes payable in installments

Changes in the balance of taxes payable in installments were as follows:

	Parent company	Consolidated
At December 31, 2017 (i)	204,518	217,386
Additions	-	3
Provision for interest	145	145
Payment utilizing tax losses (ii)	-	(12,868)
Offset against securities issued to cover court-ordered debts - Law 11,941	(3,627)	(3,627)
Repayment of principal	(131)	(132)
Recovery of credit	131	131
Subtotal	201,036	201,038
Balance of judicial deposit offset	(196,892)	(196,892)
At September 30, 2018 (iii)	4,144	4,146

(i) From the total amount of taxes payable in installments presented in the balance sheet, the amount of R$196,892, which refers to the offset against judicial deposits, must be deducted to the Parent company and Consolidated accounts.
(ii) Payment based on the enrollment in the Special Tax Settlement Program (PERT).
(iii) The balance in the Parent company substantially comprises IPI.

21 Provision for litigation

	Parent company					
	9/30/2018			12/31/2017		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
ICMS (i)	151,126	-	151,126	58,490	-	58,490
Labor	337,217	(119,031)	218,186	294,962	(110,478)	184,484
Civil	87,040	(28,268)	58,772	128,472	(30,660)	97,812
	575,383	(147,299)	428,084	481,924	(141,138)	340,786

	Consolidated					
	9/30/2018			12/31/2017		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	54	-	54	54	(54)	-
ICMS (i)	182,121	-	182,121	86,941	(1,121)	85,820
PIS/COFINS	1,906	-	1,906	-	-	-
Labor	437,719	(119,031)	318,688	391,641	(145,652)	245,989
Civil	100,593	(97,553)	3,040	150,562	(33,394)	117,168
Other	37,575	(30,486)	7,089	39,766	(34,234)	5,532
	759,968	(247,070)	512,898	668,964	(214,455)	454,509

(i) The Company is a party to proceedings relating to assessment notices issued by the tax authorities of the State of Rio Grande do Sul, as a result of an alleged misappropriation of ICMS credits. In the nine-month period ended September 30, 2018, the Company recorded a provision in the amount of R$90,308.

The Company also has judicial deposits recorded in non-current assets, for which there are no related provisions (Note 13).

At September 30, 2018, changes in the provisions for litigation were as follows:

	Parent company	Consolidated
At December 31, 2017	481,924	668,964
Additions	177,136	183,517
Interest/restatements	70,872	79,771
Payments/reductions	(106,061)	(108,013)
Transfers	-	2,783
Reversal of principal	(28,340)	(43,824)
Reversal of interest and restatements	(20,148)	(23,230)
At September 30, 2018	575,383	759,968

The provisions for litigation were recorded to cover probable losses arising from administrative proceedings and litigation relating to tax, labor, civil and environmental matters, in amounts considered sufficient by Management, based on the advice and assessment of internal and external legal advisors.

(a) Possible loss contingencies

In the nine-month period ended September 30, 2018, Usiminas was the defendant in proceedings involving risks of losses classified as possible by management, based on the opinion of its legal advisors, amounting to R$7,658,327 (December 31, 2017 - R$6,666,559). At September 30, 2018, the mentioned proceedings, for which no provision was recorded, related to civil matters - R$2,882,739; environmental matters - R$19,666; labor matters - R$862,672; and tax matters - R$3,893,250 (December 31, 2017 - civil matters - R$2,606,904; environmental matters - R$16,362; labor matters - R$587,987 and tax matters - R$3,455,306).

(b) Contingent assets

At September 30, 2018, the main proceedings in which the Company is the plaintiff are presented below:

(i) Compulsory loan - Eletrobrás

The Company is the plaintiff in a lawsuit claiming the receipt of the full amount paid by Usiminas related to its Cubatão and Ipatinga branches to Eletrobrás, as a compulsory loan, in accordance with the legislation criteria in force at the time the tax was paid.

A final and unappealable decision was rendered with respect to the action relating to the Cubatão branch. In June 2016, the Company filed a petition for liquidation by determination, with the immediate appointment of a forensic expert. At September 30, 2018, the amount in dispute totaled R$825,215.

A final and unappealable decision was rendered with respect to the action relating to the Ipatinga branch. In August 2016, the Company filed a petition for liquidation by determination. The Company is waiting for the completion of the expert inspection of the records, which is in progress. At September 30, 2018, the amount in dispute totaled R$1,372,822.

(ii) PIS and COFINS - Imports

The Company was also the plaintiff in a proceeding claiming the unconstitutionality of the inclusion of ICMS and the contributions themselves in the calculation bases of PIS and COFINS on Imports. The final and unappealable decision issued in August 2015 recognized the right to offset the amounts effectively overpaid. The Company had the credits approved by the Federal Revenue Office. Of the total amount, R$738,405 was offset up to December 31, 2017. In the nine-month period ended September 30, 2018, the amounts offset totaled R$55,699.

(iii) Inclusion of ICMS in the calculation basis of PIS and COFINS

In May 2018, a final and unappealable decision was issued on the petition for writ of mandamus filed by the Company in 2010, which challenged the inclusion of ICMS in the calculation bases of PIS and COFINS. As a result of the favorable outcome for the Company, amounts related to the taxes improperly paid in the period from June 2005 to December 2014 may be recovered.

The Company, together with its external legal advisors, has been calculating the tax amounts improperly paid. Considering that the gathering of the relevant information is a complex process, its completion is expected in the fourth quarter of 2018. The calculation has been considering the uncertainties related to the matter with respect to the quantification of the credits, the monetary restatement method to be adopted, as well as the perspectives of realization through offsetting against federal taxes payable.

The Company has continued with its calculation efforts in order to reliably measure the future economic benefit resulting from the final and unappealable decision issued on the petition for writ of mandamus. Accordingly, as established in CPC 00 (R1) - “Conceptual Framework for Financial Reporting”, the asset was not recognized in the interim accounting information for the quarter ended September 30, 2018.

22 Retirement benefit obligations

The amounts and information on retirement benefit obligations were as follows:

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Balance sheet obligations for:				
Pension benefits	572,209	648,860	572,209	648,860
Post-employment medical benefits	429,934	401,464	429,935	401,464
	1,002,143	1,050,324	1,002,144	1,050,324

	Parent company		Consolidated	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Income (expenses) recognized in the statement of income related to:				
Pension benefits	22,060	5,828	22,059	5,828
Post-employment medical benefits	(28,470)	(27,205)	(28,470)	(27,651)
	(6,410)	(21,377)	(6,411)	(21,823)

At September 30, 2018, the changes in actuarial gains and losses recognized in other comprehensive income were as follows:

	Parent company	Consolidated
Actuarial losses recognized directly in other comprehensive income	(141,785)	(141,765)
Actuarial losses on debts contracted and directly recognized in other comprehensive income - CPC 33 and IFRIC 14	(3,833)	(3,833)
Decrease in assets (asset ceiling) in other comprehensive income - paragraph 58, CPC 33 and IAS 19	90,824	90,824
Accumulated actuarial losses recognized in other comprehensive income (i)	(54,794)	(54,774)

(i) At September 30, 2018, total balance in the Company included the amount of R$20 related to actuarial gains (losses) of subsidiaries and jointly-controlled subsidiaries, recorded by the equity method of accounting.

Changes in retirement benefit obligations

In line with CPC 33 (R1) and IAS 19, the actuarial study carried out by an independent actuary as of December 31, 2017 presented liabilities totaling R$1,050,324. Changes in retirement benefit obligations are presented below:

	Parent company	Consolidated
At December 31, 2017	1,050,324	1,050,324
Amortization	(137,612)	(137,612)
Amounts recognized in the statement of income	6,410	6,411
Actuarial losses recognized directly in other comprehensive income	83,021	83,021
At September 30, 2018	1,002,143	1,002,144

23 Equity

(a) Capital

At September 30, 2018, the Company's capital is R$13,200,295, comprising 1,253,079,108 book entry shares with no par value, of which 705,260,684 common shares; 547,749,823 Class A preferred shares and 68,601 Class B preferred shares, as shown below:

	Common shares	Class A Preferred shares	Class B Preferred shares	Total
Total shares at December 31, 2017	705,260,684	547,740,661	77,763	1,253,079,108
Transfers	-	9,162	(9,162)	-
Total shares at September 30, 2018	705,260,684	547,749,823	68,601	1,253,079,108
Total treasury shares	(2,526,656)	(21,250,817)	-	(23,777,473)
Total shares except treasury stock	702,734,028	526,499,006	68,601	1,229,301,635

(b) Reserves

At September 30, 2018, there were no changes in the nature and conditions of reserves in relation to those described in Note 27 (b) to the Company's financial statements for the year ended December 31, 2017. Therefore, management decided not to repeat this disclosure in this interim accounting information.

24 Segment reporting

Usiminas has four reportable operating segments, which offer different products and services and are managed separately. These segments are determined based on different legal entities and there are no different segments within the same company.

The following summary describes the main operations of each of the reportable segments of Usiminas:

Reportable segments	Operations
Mining and logistics	Extraction and processing of iron ore as pellet feed, sinter feed and granulated iron ore. Storage, handling, transport of cargo and operation of highway and railway cargo terminals. The sales of iron ore are mainly intended for the steel segment.
Steelworks	Manufacture and sale of steel products. A portion of the sales is for the steel transformation and capital goods segments.
Steel transformation	Transformation and distribution of steel products.
Capital goods	Manufacture of equipment and installations for several industries.

Management reviews the internal managerial reports for each segment periodically.

Information on operating income (loss), assets and liabilities by reportable segment

							9/30/2018
	Mining and logistics	Steelworks	Steel transformation	Capital goods	Subtotal	Eliminations and adjustments	Total
Revenue	768,726	9,367,419	2,406,800	285,898	12,828,843	(2,519,063)	10,309,780
Cost of sales	(528,533)	(7,733,066)	(2,252,425)	(268,724)	(10,782,748)	2,312,185	(8,470,563)
Gross profit (loss)	240,193	1,634,353	154,375	17,174	2,046,095	(206,878)	1,839,217
Operating (expenses)/income	(122,144)	(581,893)	(71,539)	(38,294)	(813,870)	7,920	(805,950)
Selling expenses	(68,287)	(111,902)	(31,682)	(8,867)	(220,738)	(3,413)	(224,151)
General and administrative expenses	(19,322)	(239,256)	(41,711)	(26,519)	(326,808)	10,107	(316,701)
Other income (expenses)	(80,570)	(331,892)	1,854	(2,859)	(413,467)	1,140	(412,327)
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	46,035	101,157	-	(49)	147,143	86	147,229
Operating (loss) profit	118,049	1,052,460	82,836	(21,120)	1,232,225	(198,958)	1,033,267
Finance result	30,103	(568,945)	2,429	(2,205)	(538,618)	(6,125)	(544,743)
Profit (loss) before income tax and social contribution	148,152	483,515	85,265	(23,325)	693,607	(205,803)	488,524
Income tax and social contribution	(13,332)	(94,721)	(30,364)	7,707	(130,710)	69,452	(61,258)
Profit (loss) for the period	134,820	388,794	54,901	(15,618)	562,897	(135,631)	427,266
Attributable to							
Controlling interests	96,499	388,794	37,815	(15,618)	507,490	(135,631)	371,859
Non-controlling interests	38,321	-	17,086	-	55,407	-	55,407
Assets	4,098,634	24,100,244	1,652,650	615,971	30,467,499	(4,369,124)	26,098,375
Total assets include:							
Investments in associates (except goodwill and investment properties	428,077	21,027	-	2,484	451,588	-	451,588
Additions to non-current assets (except financial instruments and deferred tax assets)	24,396	217,928	83,561	7,539	333,424	(1,135)	332,289
Current and non-current liabilities	480,637	9,919,683	522,699	184,342	11,107,361	(523,431)	10,583,930

							9/30/2017
	Mining and logistics	Steelworks	Steel transformation	Capital goods	Subtotal	Eliminations and adjustments	Total
Revenue	318,890	7,219,276	1,830,040	236,855	9,605,061	(1,947,713)	7,657,348
Cost of sales	(189,249)	(6,117,678)	(1,699,444)	(223,783)	(8,230,154)	1,793,438	(6,436,716)
Gross profit (loss)	129,641	1,101,598	130,596	13,072	1,374,907	(154,275)	1,220,632
Operating (expenses)/income	102,995	(363,697)	(71,927)	(59,230)	(391,859)	(67,516)	(459,375)
Selling expenses	(13,332)	(119,864)	(34,751)	(9,329)	(177,276)	(3,511)	(180,787)
General and administrative expenses	(16,476)	(224,999)	(39,884)	(24,064)	(305,423)	9,550	(295,873)
Other income (expenses)	88,473	(148,044)	2,708	(25,793)	(82,656)	(2,973)	(85,629)
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	44,330	129,210	-	(44)	173,496	(70,582)	102,914
Operating (loss) profit	232,636	737,901	58,669	(46,158)	983,048	(221,791)	761,257
Finance result	34,757	(332,392)	5,324	7,256	(285,055)	(5,781)	(290,836)
Profit (loss) before income tax and social contribution	267,393	405,509	63,993	(38,902)	697,993	(227,572)	470,421
Income tax and social contribution	(49,250)	(101,017)	(19,815)	13,080	(157,002)	46,512	(110,490)
Profit (loss) for the period	218,143	304,492	44,178	(25,822)	540,991	(181,060)	359,931
Attributable to							
Controlling interests	154,894	304,492	30,429	(25,822)	463,993	(181,060)	282,933
Non-controlling interests	63,249	-	13,749	-	76,998	-	76,998

							12/31/2017
Assets	4,221,699	23,973,135	1,437,086	631,843	30,263,763	(4,279,286)	25,984,477
Total assets include:							
Investments in associates (except goodwill and investment properties	396,712	40,832	-	2,571	440,115	-	440,115
Additions to non-current assets (except financial instruments and deferred tax assets)	25,889	227,804	50,882	14,826	319,401	(2,868)	316,533
Current and non-current liabilities	581,960	10,134,625	350,593	184,596	11,251,774	(451,261)	10,800,513

Sales between segments were carried out at arm's length.

Billings are dispersed and the Company and its subsidiaries do not have third-party customers representing more than 10% of their billings.

25 Revenue

The reconciliation between gross and net revenue was as follows:

	Parent company		Consolidated	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Sales of products				
Domestic market	10,172,154	8,114,840	10,659,030	8,524,144
Foreign market	1,246,721	912,732	1,823,401	952,467
	11,418,875	9,027,572	12,482,431	9,476,611
Sales of services				
Domestic market	8,915	7,916	172,334	157,843
Foreign market	661	451	661	451
	9,576	8,367	172,995	158,294
Gross revenue	11,428,451	9,035,939	12,655,426	9,634,905
Deductions from revenue	(2,061,308)	(1,819,199)	(2,345,646)	(1,977,557)
Net revenue	9,367,143	7,216,740	10,309,780	7,657,348

26 Expenses by nature

	Parent company		Consolidated	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Depreciation, amortization and depletion	(640,124)	(766,920)	(770,950)	(921,514)
Employee benefits and expenses	(628,742)	(617,968)	(934,784)	(885,210)
Raw materials and consumables	(5,875,374)	(4,349,804)	(5,717,748)	(4,108,812)
Scheduled maintenance	(83,335)	(83,230)	(82,026)	(84,311)
Judicial charges	(8,485)	(12,522)	(13,538)	(22,155)
Distribution costs	(62,866)	(61,198)	(128,429)	(73,938)
Result on the sale of excess electricity	11,222	5,353	14,007	6,946
Third-party services	(641,545)	(543,654)	(790,464)	(645,568)
Income (expenses) in litigation, net	(148,796)	(63,579)	(139,693)	(93,225)
Result on the sale (write-off) of PP&E, intangible assets and investments	(2,849)	1,481	(1,819)	1,482
PIS/COFINS credits on imports (i)	36,063	190,025	36,063	190,025
Freight charges and insurance	(257,693)	(229,931)	(423,539)	(290,587)
Porto Sudeste Agreement	-	-	-	205,106
Provision for impairment of trade receivables	(708)	(20,594)	(3,446)	(27,574)
Other expenses	(291,324)	(187,139)	(467,376)	(249,670)
	(8,594,556)	(6,739,680)	(9,423,742)	(6,999,005)
Cost of sales	(7,920,549)	(6,254,155)	(8,470,563)	(6,436,716)
Selling expenses	(111,902)	(119,864)	(224,151)	(180,787)
General and administrative expenses	(231,298)	(217,677)	(316,701)	(295,873)
Other operating income (expenses), net	(330,807)	(147,984)	(412,327)	(85,629)
	(8,594,556)	(6,739,680)	(9,423,742)	(6,999,005)

(i) Refers to credits approved by the Brazilian Federal Revenue Secretariat (RFB), as described in Note 21 (b).

27 Finance result

	Parent company		Consolidated	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Finance income				
Interest from customers	14,473	10,905	20,528	16,309
Income from financial investments	25,391	61,962	46,095	144,192
Monetary effects	8,513	8,614	20,435	24,833
Restatement of PIS/COFINS credits on imports (i)	19,636	140,524	19,636	140,524
Restatement of judicial deposits	8,234	22,553	11,780	26,850
Realization of adjustment to present value of trade receivables	50,444	69,483	50,444	69,483
Reversal of the provision for interest on contingencies referring to litigation	20,148	10,137	23,230	11,661
Other finance income	16,870	24,714	13,551	22,089
	163,709	348,892	205,699	455,941
Finance costs				
Interest on borrowings and taxes payable in installments	(288,135)	(510,577)	(290,448)	(510,980)
Result of swap transactions	755	32,906	755	1,776
Monetary effects	(88,442)	(72,707)	(100,358)	(84,719)
PIS/COFINS on interest on capital	(3,761)	(5,551)	(3,761)	(5,551)
Interest on provisions for litigation	(70,872)	(66,654)	(79,771)	(75,714)
Realization of the adjustment to present value of trade payables	(31,700)	(11,899)	(48,899)	(28,316)
Commissions on borrowings and other	(14,590)	(35,061)	(14,590)	(29,624)
Other finance costs	(16,613)	(25,221)	(18,993)	(48,139)
	(513,358)	(694,764)	(556,065)	(781,267)
Foreign exchange gains and losses, net	(244,203)	(13,096)	(194,377)	34,490
Finance result	(593,852)	(358,968)	(544,743)	(290,836)

(i) Refers to the restatement of credits approved by the Brazilian Federal Revenue Service (RFB), as described in Note 21 (b)(ii).

The Company segregates the Extended Consumer Price Index (IPCA) from borrowings and financial investments, the contracted indices of which are CDI and TJLP. Therefore, the IPCA portion is segregated from interest on borrowings and income from financial investments and included in "Monetary effects".

28 Earnings (loss) per share

Basic and diluted

Basic and diluted earnings (loss) per share are calculated by dividing the profit (loss) attributable to the Company's stockholders by the weighted average number of common and preferred shares issued during the year excluding common shares acquired by the Company and held in treasury (Note 23).

The Company does not have debt convertible into shares. The stock option plan does not include potential common or preferred shares for dilution purposes (Note 31).

	Parent company					
	9/30/2018			9/30/2017		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Basic and diluted numerator						
Profit available to owners of the parent	203,843	168,016	371,859	155,423	127,510	282,933
Basic and diluted denominator						
Weighted average number of shares, excluding treasury shares	702,734,028	526,009,649	1,228,743,677	702,734,028	524,112,696	1,226,846,724
Basic and diluted earnings per share - R$	0.29	0.32		0.22	0.24	

29 Transactions with related parties

The main balances and transactions with related parties are presented below:

(a) Assets

	Parent company					
	9/30/2018			12/31/2017		
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling interests	42,862	-	2,627	26,668	-	4,011
Subsidiaries	279,289	-	104,862	136,915	48,584	103,674
Jointly-controlled subsidiaries	53	-	-	55	126,000	-
Associates	24,845	612	-	16,525	425	-
Other related parties (i)	104,382	-	-	3,768	-	-
Total	451,431	612	107,489	183,931	175,009	107,685
Current	435,431	612	59,598	167,931	175,009	53,742
Non-current	16,000	-	47,891	16,000	-	53,943
Total	451,431	612	107,489	183,931	175,009	107,685

(i) At September 30, 2018, the amount of trade receivables refers to sales of laminated products to Nippon Group (R$31,365) and to Ternium Group (R$73,017).

	Consolidated					
	9/30/2018			12/31/2017		
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling interests	42,862	-	2,626	26,668	-	4,011
Non-controlling interests	-	-	-	401	-	-
Jointly-controlled subsidiaries	53	-	-	55	126,000	-
Associates	28,402	23,986	-	16,592	13,078	-
Other related parties (i)	104,546	-	-	3,768	-	650
Total	175,863	23,986	2,626	47,484	139,078	4,661
Current	159,863	23,986	-	31,484	139,078	1,514
Non-current	16,000	-	-	16,000	-	3,147
Total	175,863	23,986	2,626	47,484	139,078	4,661

(i) At September 30, 2018, the amount of trade receivables refers mainly to sales of laminated products to Nippon Group (R$31,365) and to Ternium Group (R$73,017).

Trade receivables classified as related parties are unsecured in nature and bear interest. At September 30, 2018 and December 31, 2017, no provisions were recorded for receivables from related parties.

(b) Liabilities

	Parent company					
	9/30/2018			12/31/2017		
	Trade payables	Other payables	Borrowings	Trade payables	Other payables	Borrowings
Controlling interests	405	23,980	184,401	89	18,184	162,673
Subsidiaries	78,434	99,568	-	33,793	78,751	-
Jointly-controlled subsidiaries	89,547	-	-	33,215	-	-
Associates	2,885	-	-	1,494	-	-
Other related parties (i)	297,305	-	-	368,470	-	-
Total	468,576	123,548	184,401	437,061	96,935	162,673
Current	468,576	24,284	349	437,061	17,000	358
Non-current	-	99,264	184,052	-	79,935	162,315
Total	468,576	123,548	184,401	437,061	96,935	162,673

	Consolidated					
	9/30/2018			12/31/2017		
	Trade payables	Other payables	Borrowings	Trade payables	Other payables	Borrowings
Controlling interests	204	23,980	184,401	392	18,184	162,673
Non-controlling interests	-	-	-	-	16,604	-
Jointly-controlled subsidiaries	90,541	-	-	33,215	834	-
Associates	4,690	160,646	-	36,586	143,905	-
Other related parties (i)	297,305	-	-	368,470	-	-
Total	392,740	184,626	184,401	438,663	179,527	162,673
Current	392,740	50,373	349	438,663	38,646	358
Non-current	-	134,253	184,052	-	143,170	162,315
Total	392,740	184,626	184,401	438,663	181,816	162,673

(i) Refers to the purchase of plates from Ternium Brasil S.A.

In the Consolidated accounts, a borrowing from Nippon Usiminas Co. Ltd., controlling stockholder of Usiminas, of R$184,401 (December 31, 2017 - R$162,673) was recorded.

(c) Results

	Parent company					
	9/30/2018			9/30/2017		
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	218,245	21,432	(40,610)	144,669	2,500	(1,144)
Subsidiaries	2,770,636	329,181	(19,348)	2,233,414	359,471	(66,907)
Jointly-controlled subsidiaries	198	388,633	(2,728)	-	296,415	(94)
Associates	19,853	106,413	30	15,235	100,594	-
Other related parties (i)	303,118	2,084,747	221	100,345	364,170	(670)
Total	3,312,050	2,930,406	(62,435)	2,493,663	1,123,150	(68,815)

	Consolidated					
	9/30/2018			9/30/2017		
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	218,245	23,256	(40,527)	144,669	2,500	(1,484)
Non-controlling interests	362	61,514	-	-	9,243	-
Jointly-controlled subsidiaries	1,962	391,849	(2,728)	5,355	300,362	(94)
Associates	49,220	177,997	(17,169)	15,812	140,265	(14,551)
Other related parties (i)	304,503	2,086,324	1,443	100,484	364,170	(1,276)
Total	574,292	2,740,940	(58,981)	266,320	816,540	(17,405)

(i) On September 7, 2017, the controlling stockholder Ternium completed the acquisition of Companhia Siderúrgica do Atlântico (CSA), the name of which was changed to Ternium Brasil Ltda. Therefore, as from that date the transactions carried out with CSA started to be included in the balances with related parties. At September 30, 2018, the amount of R$2,079,693 refers to the purchase of steel plates from Ternium Brasil Ltda.

The nature of the main related-party transactions is described in Note 36(e) to the financial statements for the year ended December 31, 2017.

Finance income (costs) with related parties refers mainly to charges on borrowings disclosed in item (b) above.

(d) Remuneration of the key management personnel

The remuneration paid or payable to key management personnel, which includes the Executive Board, the Board of Directors and the Statutory Audit Board of the Company was as follows:

	Parent company and consolidated	
	9/30/2018	9/30/2017
Fees	9,089	8,294
Social charges	4,144	2,048
Retirement plans	25	41
Provision for variable compensation	6,453	2,046
	19,711	12,429

The Company has a share-based payment plan in place, as described in Note 31.

Transactions with related parties are substantially carried out under market conditions, with respect to prices and terms.

30 Insurance cover

The insurance policies taken out by the Company and certain of its subsidiaries provide cover considered sufficient by management. At September 30, 2018, these policies covered buildings, products and raw materials, equipment, machinery, furniture, objects, fixtures and installations at the insured establishments and respective facilities of the Company, Usiminas Mecânica, Unigal and Usiroll, with value at risk of US$12,002,992 thousand, an "All Risks" policy with a maximum indemnity of US$600,000 thousand per claim. At September 30, 2018, the deductible amount for material damages was US$7,500 thousand and the coverage for loss of profits (loss of revenues) had a deductible term of 30 days (waiting period). This insurance policy expires on December 30, 2018.

On August 10, 2018, an explosion took place at one of the four gasometers of the Ipatinga plant. This gasometer has a nominal capacity to store up to 150,000 m³ (not reviewed) of gases generated in the steelmaking process and assists in the supply of energy to several areas. The effects of this accident, calculated since the date of its occurrence, were recorded in the interim financial information at September 30, 2018 and are detailed below:

(i) write-off of the net book value of the gasometer in the amount of R$ 3,571 of property, plant and equipment, with a corresponding entry in other operating expenses (Note 26);

(ii) emergency repair expenses, in the amount of R$ 1,795, recorded in other operating expenses (Note 26); and

(iii) additional production costs due to the higher consumption of natural gas, fuel oil and electricity. Up to September 30, 2018, these additional costs totaled R$ 47,340, and the related impact on the Company's results will occur according to the regular allocation of the costs of sales.

As a result of this accident, the Company immediately contacted the insurance companies involved for the coverage contracted for the mentioned equipment.

The additional production costs mentioned in item (iii) are covered by a loss of profits insurance policy, according to the deductible limit. The loss of profits insurance coverage for this equipment starts after a twenty one day deductible period. Therefore, before the replacement of the equipment and before it t is back to normal operations, the Company will continue to record on a monthly basis the estimated additional production costs, which are covered by the loss of profits insurance policy, within other operating income. The amounts calculated by the Company related to these additional production costs will be assessed by its own and the insurance companies' experts.

31 Stock option plan

The Company has a stock option plan. The plan is managed by the Company's Board of Directors, with the support of the Human Resources Committee, subject to the plan's limitations.

No changes have been identified in the Plan's characteristics and guidelines in relation to those described in Note 38 to the financial statements at December 31, 2017.

At September 30, 2018, the Plan included four programs:

- Program 2011, released on October 3, 2011;
- Program 2012, released on November 28, 2012;
- Program 2013, released on November 28, 2013; and
- Program 2014, released on November 27, 2014.

The fair value of the options granted is determined based on the Black-Scholes methodology and accounted for as expense over the vesting period.

In the nine-month period ended September 30, 2018, there was no impact from the Stock Option Plan on the statement of income of the Parent company and Consolidated, considering that, in compliance with the terms of each program in force, they were fully recognized up to October 31, 2017. In the same period, the amount of R$5,168 was reversed to Retained earnings (Accumulated deficit) as a result of the exercise of options. Also, the impact on the capital reserves recorded by the Company was R$7,988 (December 31, 2017 - R$5,757).

In the nine-month period ended September 30, 2018, 1,142,418 options were exercised, resulting in a decrease by the same number in preferred shares in treasury within equity.

32 Guarantees given

The composition of the assets pledged as collateral was as follows:

		Parent company		Consolidated	
Assets pledged as collateral	**Liabilities secured**	**9/30/2018**	**12/31/2017**	**9/30/2018**	**12/31/2017**
Cash and cash equivalents	Litigation	40,000	40,000	40,000	40,000
Inventories	Litigation	141,469	118,253	141,469	118,253
Property, plant and equipment	Litigation	624,585	693,156	674,869	747,390
Property, plant and equipment	Borrowings	3,848,647	3,990,612	3,870,708	4,012,674
		4,654,701	4,842,021	4,727,046	4,918,317

33 Explanatory notes presented in the annual financial statements that are not presented in this interim accounting information

Pursuant to CVM/SNC/SEP Circular Letter No. 003/2011, the Company disclosed Notes considered material within the context of CPC 00 - “Conceptual Framework for Financial Reporting”. All information the omission or misstatement of which could influence the economic decisions of users was properly disclosed in this interim accounting information, which should be read together with the financial statements for the year ended December 31, 2017.

The Notes whose information was not repeated in this interim accounting information, considering that no significant changes were made to the nature and conditions of these Notes in relation to those disclosed in the Company’s financial statements for the year ended December 31, 2017 are listed below:

Note 04 - Significant accounting judgments, estimates and assumptions;
Note 19 - Trade payables, contractors and freight charges;
Note 25 - Provision for environmental recovery;
Note 31 - Employee benefits and expenses;
Note 32 - Operating (expenses) income;
Note 35 - Commitments; and
Note 40 - Non-cash investment transactions.

Board of Directors

Ruy Roberto Hirschheimer
Chairman

Antonio Mendes
Board Member

Elias de Matos Brito
Board Member

Kazuhiro Egawa
Board Member

Luiz Carlos de Miranda Faria (i)
Board Member

Oscar Montero Martinez
Board Member

Rita Rebelo Horta de Assis Fonseca
Board Member

Ronald Seckelmann
Board Member

Statutory Audit Board

Wanderley Rezende de Souza
Board Member

Aloisio Macário Ferreira de Souza
Board Member

Lúcio de Lima Pires
Board Member

Paulo Frank Coelho da Rocha
Board Member

Paulo Roberto Batista Machado
Board Member

Executive Board

Sérgio Leite de Andrade
CEO

Alberto Akikazu Ono
Vice-President - Finance and Investor Relations

Kohei Kimura
Vice-President - Technology and Quality

Miguel Angel Homes Camejo
Vice-President - Commercial Area

Takahiro Mori
Vice-President - Corporate Planning

Túlio César do Couto Chipoletti
Vice-President - Industrial Area

Lucas Marinho Sizenando Silva
Accountant CRC-MG 080.788/O

(i) Due to the decision for anticipation of the effects of the relief, granted on July 23rd, 2018 by the judge of the 3rd Labor Court of Coronel Fabriciano - MG, Mr, Luiz Carlos de Miranda Faria is, at the date of the release of the present quarterly information, forced to abstain from exercising every and all functions directly or indirectly related to the position of representative of the workers in the Board of Directors of the Company.