

**Interim Financial Information
(Individual and Consolidated)**

Porto Sudeste do Brasil S.A.

June 30, 2018
with Independent Auditor Review Report on Interim financial
Information

MANAGEMENT REPORT

1. Message from Management

Management of Porto Sudeste do Brasil S.A. - Porto Sudeste or Company, in compliance with the legal requirements and in accordance with the prevailing corporate legislation, hereby submits to your appreciation the Financial Information accompanied by the respective explanatory notes and the independent auditor's report for the quarter ended June 30, 2018. Should you need any further clarifications, please do not hesitate to contact us. At the end of the first semester of 2018, the Executive Board expresses their acknowledgement to suppliers, employees and all other co-workers for their dedication and commitment.

2. Relationship with independent auditors

Pursuant to CVM Rule No. 381/2003, we hereby inform that Ernst & Young Auditores Independentes S/S ("EY") renders external audit services relating to the audit of the Company's financial information.

When contracting services not related to independent audit, the Company adopts procedures that are based on applicable law and on principles internationally accepted that preserve the auditor's independence and objectivity. These principles are as follows: (i) the auditor must not review its own work, and (ii) the auditor must not act as a manager for his/her client neither promote this client's interest.

EY represented to the Company that there is no relationship or factual situation that represents conflict of interests, preventing the exercise of their activity on an independent basis.

3. Management's explanations with respect to variable-yield securities

Variable-yield securities

By virtue of the conclusion of the Company's parent Porto Sudeste do Brasil S.A. acquisition in February 2014, as described in Note 1, the Company assumed the obligations related to the variable-yield securities, issued in 2011 in connection with Porto Sudeste's acquisition by MMX. In order to make the transfer of such obligation feasible, the Corporation issued variable-yield securities (mirror securities of MMXM11) in similar terms to MMXM11, by means of two vehicles:

- FIP-IE Porto Sudeste Royalties: An infrastructure equity investment fund to hold in its portfolio exclusively Port11 Securities - and for each Port11 Security held by FIP-IE would be entitled to a Unit. FIP-IE's units were offered to the holders of MMXM11 Securities that would fit as qualified investors pursuant to CVM regulation, and would not have restrictions to hold FIP-IE units.
- Porto Sudeste V.M S.A.: A stock corporation registered with CVM under category 'B'. Said corporation issued a new royalty-based variable-yield security, mirror of MMXM11 Security ("PSVM11 Securities"), and such security listed for trading on BM&FBOVESP (contrary to Port11 Securities, which are not accepted for trading on the stock exchange). The PSVM11 Securities were offered to holders of MMXM11 Securities that (i) would not fit as qualified investors, or (ii) would have regulatory restrictions to hold units of a FIP-IE.

Such security exchange operation did not generate impacts on the Corporation's financial statements, once the obligation of payment had already been recognized based on contractual clauses with the final holders of the original securities (MMXM11).

Through conclusion of security exchange, the Company has an obligation of payment to the carriers above, which in turn have an obligation of payment to the holders of units/securities exchanged.

The holders of securities mentioned are entitled to quarterly variable-yield determined since January 1st, 2013, calculated based on metric ton of iron ore (defined below) or the value per ton of other loads (defined below), as the case may be, as follows:

$$R = [(TMMF \times VpTMF) + (TMOC \times VpTDC)] \times FP$$

Where:

R = royalties payable in relation to each quarter of the fiscal year
TMMF = Ton of Iron Ore shipped on Port for the respective quarter
TMOC = Ton of Other Loads shipped on Port for the respective quarter
VpTMF = Value per Ton of Iron Ore (as defined below)
VpTDC = Value per Ton of Other Loads (as defined below)
FP = Proportional Factor

For iron ore loads: the royalties related to iron ore loads shipped on Port in a certain calendar quarter shall be calculated, taking into account the amount of USD 5.00 per ton of iron ore ("value per ton of iron ore"). This value will be (i) adjusted annually at the variation in US PPI calculated from September 2010; and (ii) converted into reais, based on the exchange rate at the ending of the business day immediately prior to the actual payment date.

For other loads: the royalties related to other loads, other than iron ores (excluding non-dry loads, such as supply activities) conducted at the Port Terminal will be calculated based on the load margin (as defined below) ("value per ton for other loads"). "Load margin" (a) means the difference between the average cost per ton (excluding all non-cash items) incurred in relation to the services rendered by Porto Sudeste relating to the applicable load and the average value per ton effectively charged by Porto Sudeste for the services rendered in relation to such load; and (b) must be limited under any circumstance to USD 5.00 per shipped ton.

The adjusted limit value of USD 5.00 per ton for load margin will be (i) adjusted annually at the variation in US PPI calculated from September 2010; and (ii) converted into reais, based on the exchange rate at the ending of the business day immediately prior to the actual payment date.

Annually, in the fourth quarter of each fiscal year, the amount of the metric tons effectively shipped on Port during the respective year ("measured tons") will be compared to: (a) the years between 2013 and 2016, the take-or-pay volumes indicated in chart below; and (b) the years subsequent, the quantity of metric tons to be shipped on Port in the respective year under all take-or-pay contracts entered into between Porto Sudeste or its subsidiaries in force in the respective fiscal year ("take-or-pay ton"):

	2013	2014	2015	2016	2017	2018
Tm	13,6	31,9	36,8	36,8	-	-

If the take-or-pay ton value, less the measured ton value is a positive figure, the values of royalties payable in relation to the fourth quarter of each fiscal year will be added to the amount corresponding to the multiplication of such number by the value per ton for iron ore, or the value per ton for other loads, as the case may be.

In the chart below, it is possible to verify the tons measured and to compare with take or pay tons for purpose of calculation described above, considering the year of 2016 as the beginning of the company's commercial operations after the commissioning held in 2015:

	2013	2014	2015	2016	2017	2018
Tm	-	-	-	7,1	9,5	5,2

All volumes operated in the first semester of 2018 are related to iron ore, and there are no other quantities shipped.

If, in a certain calendar quarter by the payment of current royalties the cash of issuer and Porto Sudeste is jointly higher than (a) USD 25,000 for the fiscal years between 2013 and 2017, or (b) USD 10,000 for the fiscal years subsequent, in both cases converted into reais at the exchange rate ("minimum cash reserve"), the issuer will use the values that exceed the minimum cash reserve ("available cash") to pay the effectively accumulated royalties to the holders of securities until the last day of said calendar quarter. It is agreed and understood that issuer is not required to pay such additional values established herein, unless an available cash is held by issuer in the last day of such calendar quarter and until the available cash limit, "available cash" means the value corresponding to (i) the addition of (a) all available cash values of Porto Sudeste and (b) the positive balances on all bank accounts of issuer and Porto Sudeste (with any financial institution), less (ii) the addition of (a) any values contributed by stockholders of Porto Sudeste through capital increase or stockholder loan, to the extent that such values remain as available cash of Porto Sudeste, (b) BNDES senior debt service reserve account and CESCE senior debt service reserve account, and (c) the values of cash allocated jointly by Porto Sudeste to the IRPJ - Corporate Income Tax, CSLL - Social Contribution on Net Income, and other obligations for which Porto Sudeste's independent auditors require a joint allocation by Porto Sudeste.

The royalties shall be cumulative, i.e., if in a certain calendar quarter the available cash for royalties computed by issuer is not sufficient for the total or partial payment of royalties until then computed, said royalties unpaid shall be added to the amount of royalties for the next calendar quarter. The royalties shall only be deemed due and payable when Porto Sudeste has computed the available cash for royalties that is sufficient for this purpose.

On June 30, 2018, the Company's parent carried out the financial calculations with the purpose of identify the existence of available net cash and concluded that the available cash is a creditor on this date and therefore does not require the settlement of the royalties.

Cash available for payment of royalties	1stquarter 2018	2ndquarter 2018
Revenues	57,386	67,224
Dividends	-	-
Applicable Taxes	(8,178)	(9,579)
Operating Costs	(18,012)	(22,328)
Maintenance Investment	(1,870)	(2,988)
Operating Expenses	(16,933)	(18,140)
Interests and Repayment of the Senior Debt	(13,661)	(13,569)
Senior Debt Service Reserve Account	-	-
Interests and Repayment of the Working Capital Senior Debt	-	(12,582)
New Provisions for Existing Cash	-	-
Total Cash Available for Payment of Royalties	(1,267)	(11,963)

Cash available for payment of accumulated royalties	1stquarter 2018	2ndquarter 2018
Net Cash or Bank Accounts	25,618	49,988
Contributions by the stockholders	(25,618)	(49,988)
Senior debt service reserve account	-	-
Allocated cash values	-	-
Total Cash Available for Payment of Accumulated Royalties	-	-

Reconciliation of quantities shipped and amounts paid as Royalties	Shipped 1stsemester 2018	Take-or-pay/ Shipped Accumulated
Volume (M/TONs)	5,202	133,830
Price per Ton	5,00	5,00
PPI, accumulated	0,47	0,47
Price per TON (USD)	5,47	5,47
Royalty (Porto Sudeste) USD	28,455	732,050
PSVM11 securities issued by Porto Sudeste V.M. S,A, as a percentage of Port11 securities	0,43%	0,43%
Royalties (Porto VM) calculated (KUSD)	122	3,148
Cash available for payment of Royalties	-	-
Royalties payable	-	-

Securities are measured in accordance with IAS 37 - Provisions, Contingent Assets and Contingent Liabilities based on projected cash flows from future security related payments discounted at an annual rate of 12.50%. On June 30, 2018, the present value of discounted future cash flow amounted to US\$ 2,387,427, which converted into Brazilian reais totaled R\$ 9,205,442 (US\$ 2,242,111, which converted into Brazilian reais totaled R\$ 7,416,903 at December 31, 2017). Of these totals, the amounts corresponding to PSVM11 securities are represented at the base date of June 30, 2018 at US\$ 10,169, which converted into reais totaled R\$ 39,209 (US\$ 9,550, which converted into reais totaled R\$ 31,591 on December 31, 2017).

Transaction costs

Debt issue costs of variable-yield securities totaling R\$10,400 at June 30, 2018 (R\$8,922 at December 31, 2017) referring to outside legal counsel fees and commissions of guarantee were recorded as reduction of liabilities.

Rio de Janeiro, August 13, 2018.

The Management.

Porto Sudeste do Brasil S.A.

Individual and consolidated interim condensed financial information

June 30, 2018

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A free translation from Portuguese into English of Independent Auditor's Review Report on Interim Financial Information prepared in Brazilian currency in accordance with Technical Pronouncement CPC 21(R1) - Interim financial statement.

Independent auditor review report on individual and consolidated interim condensed financial information

Shareholders, Directors and Officers of
Porto Sudeste do Brasil S.A.
Itaguaí, RJ

We have reviewed the individual and consolidated interim condensed financial information of Porto Sudeste do Brasil S.A. ("Company" or "Porto Sudeste"), identified as Parent Company and Consolidated, respectively, which comprise the statements of financial position as at June 30, 2018 and the related statements of operations and of comprehensive income (loss) for the three and six month period then ended, and of changes in equity and cash flows for the six month period then ended including the explanatory notes.

Management's responsibility for the individual and consolidated interim condensed financial information

Management is responsible for the preparation of this individual and consolidated interim condensed financial information in accordance with Technical Pronouncement CPC 21(R1) - Interim financial statement, and for such internal controls as management determines is necessary to enable the preparation of this individual and consolidated interim condensed financial information that is free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on this individual and consolidated interim condensed financial information based on our review.

Scope of review

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



Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim condensed financial information referred to above was not fairly prepared, in all material respects, in accordance with CPC 21 (R1).

Emphasis - significant uncertainty as to the Company's ability to continue as a going concern

Without qualifying our conclusion, we draw attention to Note 1 of the interim financial information, which indicates that, at June 30, 2018, the Company presents current liabilities higher than the current assets by R\$378,114 thousand, accumulated losses of R\$2,529,707 thousand. This note also states that Porto Sudeste do Brasil S.A. began its operations in January, 2016, but still depends on the financial support of its shareholders and/or funds from third parties until its operations generate sufficient cash to maintain its operating activities. This individual and consolidated interim condensed financial information was prepared on the assumption that the Company will continue to operate as a going concern and does not include any adjustment that would be required in the event that its plans do not achieve the expected results.

Rio de Janeiro, August 13, 2018.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6


Daniel de Araujo Peixoto
Accountant CRC-1BA025348/O-9

A free translation from Portuguese into English of Interim Financial Information prepared in Brazilian currency in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity)

Porto Sudeste do Brasil S.A.

Condensed statements of financial position
June 30, 2018 and December 31, 2017
(In reais)

	Note	Parent Company		Consolidated	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
Assets					
Current assets					
Cash and cash equivalents	4	33,952	24,345	50,153	30,409
Trade accounts receivable	5	14,619	13,259	14,619	13,259
Accounts receivable from related parties	15	7,030	-	2,164	-
Inventories	6	31,602	22,611	59,467	65,472
Taxes recoverable		4,999	4,235	6,357	5,613
Advances		1,447	1,268	1,449	1,269
Other		6,453	8,620	6,784	8,630
		100,102	74,338	140,993	124,652
Noncurrent assets					
Restricted deposits	7	10,003	10,107	10,003	10,107
Accounts receivable from related parties		2,244	2,244	-	-
Taxes recoverable		69	366	69	366
Investments	8	37,458	33,837	-	-
Property and equipment	9	5,704,824	4,952,597	5,725,427	4,970,369
Intangible assets	10	8,784,372	7,554,461	8,784,372	7,554,461
Other		8,571	6,825	9,837	6,891
Total noncurrent assets		14,547,541	12,560,437	14,529,708	12,542,194
Total assets		14,647,643	12,634,775	14,670,701	12,666,846

	Note	Parent Company		Consolidated	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
Liabilities and equity					
Current liabilities					
Trade accounts payable	11	17,338	18,466	46,301	55,338
Loans and financing	12	459,322	314,301	459,322	314,301
Taxes and contributions payable	14	6,232	6,824	6,787	6,944
Related parties	15	7,571	10,478	467	1,107
Contractual obligations	15	467	-	-	5,717
Customer advances		36	-	159	-
Others		6,138	6,630	6,071	6,633
Total current liabilities		497,104	356,699	519,107	390,040
Noncurrent liabilities					
Loans and financing	12	4,757,208	4,370,737	4,757,208	4,370,737
Variable income securities	13	9,195,042	7,407,981	9,195,042	7,407,981
Provision for contingencies		1,593	1,774	1,715	1,927
Total noncurrent liabilities		13,953,843	11,780,492	13,953,965	11,780,645
Equity					
Capital	17	2,749,410	2,424,170	2,749,410	2,424,170
Future capital contribution		99,463	325,241	99,463	325,241
Cumulative Translation Adjustments (CTA)		(119,884)	(189,467)	(121,537)	(191,880)
Accumulated losses		(2,532,293)	(2,062,360)	(2,529,707)	(2,061,370)
Total equity		196,696	497,584	197,629	496,161
Total liabilities and equity		14,647,643	12,634,775	14,670,701	12,666,846

See accompanying notes.

Porto Sudeste do Brasil S.A.

Condensed statements of profit or loss
Six-month period ended June 30, 2018 and 2017
(In reais)

	Note	Parent Company		Consolidated	
		06/30/2018	06/30/2017	06/30/2018	06/30/2017
Revenue, net of sale of assets	18	111,774	139,326	424,267	783,486
Costs of sales and services	19	(48,165)	(63,779)	(357,866)	(704,578)
Gross profit		63,609	75,547	66,401	78,908
Operating income (expenses)					
Administrative expenses	20	(17,356)	(16,926)	(17,901)	(20,416)
Depreciation and amortization		(94,833)	(104,780)	(94,944)	(104,893)
Equity pickup	8	1,734	1,949	-	-
Other operating income (expenses)	13	(516,713)	169,378	(516,701)	169,005
		(627,168)	49,621	(629,546)	43,696
Income before financial income (expense) and taxes		(563,559)	125,168	(563,145)	122,604
Financial income (expenses)	21				
Financial income		333,697	1,833	334,951	2,159
Financial expenses		(240,071)	(114,742)	(240,143)	(115,659)
		(93,626)	(112,909)	(94,808)	(113,500)
Income before income taxes		(469,933)	12,259	(468,337)	9,104
Income and social contribution taxes	16	-	-	-	-
Income (loss) for the year		(469,933)	12,259	(468,337)	9,104

See accompanying notes.

Porto Sudeste do Brasil S.A.

Statement of comprehensive income (loss)
Six-month period ended June 30, 2018 and 2017
(In thousands of reais)

	Parent Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Profit (loss) for the year	(469,933)	12,259	(468,337)	9,104
Cumulative translation adjustments	69,583	(63,302)	(70,343)	(62,033)
Total comprehensive income (loss)	(400,350)	(51,043)	(397,994)	(52,629)

See accompanying notes.

Porto Sudeste do Brasil S.A.

Condensed statements of changes in equity - Consolidated
Six-month period ended June 30, 2018 and 2017
(In thousands of reais)

	Consolidated				
	Capital	Future capital contribution	Cumulative translation adjustment	Accumulated losses	Total
Balances at December 31, 2016	2,254,296	169,874	(139,714)	(2,395,661)	(101,205)
Capital increase through capitalization of future capital contribution	-	(74,333)	-	-	(74,333)
Capital increase	169,874				169,874
Cumulative translation adjustments (CTA)	-	-	(62,033)	-	(62,033)
Loss for the year	-	-	-	9,110	9,110
Balances at June 30, 2017	2,424,170	95,541	(191,747)	(2,386,551)	(58,587)
Balances at December 31, 2017	2,424,170	325,241	(191,880)	(2,061,370)	496,161
Capital increase through capitalization of future capital contribution	-	99,462	-	-	99,462
Capital increase	325,240	(325,240)	-	-	-
Cumulative translation adjustments (CTA)	-	-	70,343	-	70,343
Loss for the year	-	-	-	(468,337)	(468,337)
Balances at June 30, 2018	2,729,410	99,463	(121,537)	(2,529,707)	197,629

See accompanying notes.

Porto Sudeste do Brasil S.A.

Cash flow statement

Six-month period ended June 30, 2018 and 2017

(In thousands of reais)

	Parent Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Cash flows from operating activities				
Income (loss) for the period before taxes	(469,933)	12,259	(468,337)	9,105
Non-cash P&L items				
Write off of fixed asset	68	-	68	-
Depreciation and amortization	94,831	147,265	94,944	147,259
Transaction cost	12,595	-	12,595	-
Other amortization	4,272	-	4,468	-
Equity pickup	(1,734)	(2,349)	-	-
Monetary variation and interest	745,386	479,400	745,157	475,221
Other provisions/reversals	1,742	1,226	1,711	1,160
Changes in assets and liabilities				
Accounts receivable	(7,902)	(14,545)	(30,932)	-
Accounts receivable with related parties	(7,030)	-	-	-
Sundry advances	(2,933)	(22,349)	(3,433)	(6,049)
Inventories	(5,427)	(854)	10,556	8,849
Restricted deposits	361	3,954	361	3,954
Judicial deposits	(1,603)	(3,864)	(2,795)	(3,869)
Taxes recoverable	(5,848)	(11,986)	(5,890)	(12,171)
Advances from customers	164	3,367	269	52
Advances from related parties	-	-	19,502	9,532
Trade accounts payable	5,566	(1,854)	(2,327)	(34,289)
Taxes and contributions payable	4,369	8,277	4,956	8,222
Obligation to third parties	(11)	(303,946)	(12)	(303,945)
Transactions with related parties	(2,492)	(167)	(692)	(10)
Other assets	(1,069)	(1,367)	(1,068)	(1,368)
Salaries and compensations	(517)	(274)	(517)	(274)
Interest paid	(20,342)	(53,612)	(20,342)	(53,612)
Net cash used in operating activities	342,513	238,581	358,242	247,767
Cash flow from investing activities				
Acquisition of property and equipment	(4,746)	(10,809)	(4,746)	(10,809)
Advance for future capital increase	(180)	-	-	-
Net cash used in investing activities	(4,926)	(10,809)	(4,746)	(10,809)
Cash flows from financing activities				
Advance for future capital increase	99,463	95,511	99,463	95,541
Transaction cost	(13,688)	(26,449)	(13,688)	(26,449)
Borrowings settled	(76,564)	(45,785)	(76,564)	(45,785)
Net cash provided by financing activities	9,211	23,277	9,211	23,307
Exchange differences, net				
Foreign exchange differences	(337,192)	(268,701)	(342,962)	(263,062)
Decrease in cash and cash equivalents	9,607	(17,752)	19,745	(2,797)
Statement of increase (decrease) in cash and cash equivalents				
At beginning of year	24,345	38,682	30,408	52,556
At end of year	33,952	20,930	50,153	49,759
Increase (decrease) in cash and cash equivalents	9,607	(17,752)	19,745	(2,797)

See accompanying notes.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2018

(In thousands of reais, unless otherwise stated)

1. Operations

Porto Sudeste do Brasil S.A. (“Porto Sudeste” or the “Company”) was established on November 7, 2007, to develop the logistics and integrated operations in the port sector, notably the implementation and operation of a Port Terminal named Porto Sudeste (“Terminal” or “Porto Sudeste”).

The Company is composed of its parent company and its subsidiaries Pedreira Sepetiba Ltda. (“Pedreira”), Terminal de Contêineres Sepetiba Ltda. (“TCS”), Porto Sudeste VM S.A. (“Porto VM”) and Porto Sudeste Exportação e Comércio S.A.

Porto Sudeste Exportação e Comércio Ltda. was transformed into a society organized by stocks and now will be called Porto Sudeste Exportação e Comércio S.A. The transformation occurred on October 2, 2017.

Restructuring and change of controlling shareholder

In February 2014, a transaction was completed between the Company’s former parent company, MMX Mineração e Metálicos (“MMX”), and Trafigura Pte. Ltd. (“Trafigura”) and Mubadala Development Company PJSC (“Mubadala”), through investees in Brazil, by which Trafigura and Mubadala acquired shared control over the Company. On the transaction completion date, Trafigura and Mubadala made a capital contribution to the Company amounting to US\$400 million. In addition, as part of the agreement Porto Sudeste assumed: (i) all bank debt of MMX Sudeste Mineração S.A. (an MMX subsidiary), amounting to R\$1,3 billion; and (ii) the obligations stemming from royalty-based floating rate securities under the terms described in Note 13.

As a result of this restructuring and assumption of debt by the Company, the port operation license that had been recorded to MMX was also transferred to Porto Sudeste.

Upon completion of these transactions, Trafigura and Mubadala became joint holders of 65% ownership interest in the Company, through PSA Fundo de Investimento e Participações.

In February 2014, the controlling shareholders Trafigura and Mubadala executed the Shareholders’ Agreement, which provides for the rights and obligations of each controlling shareholder, and MMX right to appoint a member to the Company’s Board of Directors while it holds at least 10% of the capital.

Additional acquisition of interest by controlling shareholders

On August 13, 2015, by means of a capital increase, which entailed the issue of 11,241,101,754 new common registered no-par-value shares, fully subscribed by the investment fund *PSA Fundo de Investimento em Participações* (a Trafigura and Mubadala investment vehicle in Brazil). Accordingly, MMX was diluted and the controlling shareholders hold 94.58% interest.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

Additional acquisition of interest by controlling shareholders (Continued)

In March 2017, the amount of US\$ 50,000 equivalent to R\$ 169,874 received as an advance for future capital increase in May and July of 2016, through the PSA Fundo de Investimento e Participações. After this capital increase, MMX was diluted to a 1.54% interest in the Company and the controllers then held 98.24%.

In May 2018, the amount of 100,000 equivalent to R\$ 325,241 received as an advance for future capital increase in May, July and November of 2017, through the PSA Fundo de Investimento e Participações. After this capital increase, MMX as diluted to a 0,93% interest in the Company and the controllers now hold 98,94%.

Company's financial position

At June 30, 2018, the Company records a consolidated working capital deficit of R\$ 378,114 thousand including the forecasted debt interest and principal amortization under the "Cash Sweep" concept of R\$ 436,331. Without considering the cash sweep, which is a payment obligation in 2018 whether there is cash available, the working capital deficit would be R\$ 58,217. See also note 12 for a description of the debt refinancing.

The Company also has a consolidated accumulated loss of R\$ 2,529,707 and a consolidated shareholder's equity of R\$ 197,629 for the year then ended. The Company closed the first quarter with a cash position consolidated of R\$ 50,153.

The Company started operations in January 2016. It will still depend on financial support from its shareholders and/or third-party funds, until the operations generate sufficient cash to continue operating as a going concern. Based on its business model, the Company has an additional need for cash in order to fund working capital of its operations over 2018, to meet future commitments, including debt service (payment of loans and interest in the short term).

Licenses

On July 15, 2010, the Company obtained from the Brazil's Water Transportation Regulatory Agency (ANTAQ) authorization for construction and implementation of the Maritime Terminal with capacity for shipping 50mt/a, located in Ilha da Madeira, Itaguaí, Rio de Janeiro. This concession is valid for 25 years, renewable for another 25 years. In 2014, after completing the first phase of the implementation works of the Terminal and obtaining the respective environmental operation license, the Company received from ANTAQ the Operating Release Term (TLO) and the Qualification for International Maritime Traffic (HTMI), whereupon the Company has been fully authorized by this regulatory agency to operate the first phase of the

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

Licenses (Continued)

Terminal. In addition to the release from the regulatory agency, the first phase of the terminal is properly bonded and able to receive goods intended for export. Regarding the offshore access, the dredging and submerged rocks blasting of the access channel to the Terminal and the mooring basin were completed in early 2015.

As to the second phase of the terminal (50mt/a), the Company completed the assembly of equipment in the mid of 2015 and on November 12, 2015 was granted by ANTAQ TLO N°11/2015, authorizing the Company to move on with the partial operation of the Private Use Terminal, in accordance with ANTAQ standards and regulations, considering the adjustments of the New Ports Law.

As regards the Brazilian IRS, the areas of yard 06, tunnel, pier and yard 32 are within a customs area. This is an important milestone in the technical commissioning and completion process and enables the Company to achieve its full capacity of 50MT/year.

The Company obtained approval regarding extension of the Customs of yard 32 on April 22, 2016. This is an important milestone in the technical commissioning and completion process and enables the Company to achieve its full capacity of 50MT/year.

2. Basis of preparation and presentation of Individual and consolidated interim condensed financial information

a) Individual and consolidated interim condensed financial information

The preparation of the individual and consolidated interim condensed financial information relied on various basis of evaluation used in the accounting estimates. The accounting estimates involved in the preparation of the interim condensed financial information were supported by objective and subjective factors, based on the management judgment to determine the appropriate value to be recorded in the individual and consolidated interim condensed financial information. Significant items subject to these estimates and assumptions include the selection of useful lives of property and equipment and their recoverability in the operations, valuation of financial assets at fair value and under the present value adjustment method, measurement of royalties, recoverability of deferred taxes, credit risk analysis to determine the allowance for doubtful accounts, as well as the analysis of the other risks to determine other provisions, including for contingencies.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

2. Basis of preparation and presentation of Individual and consolidated interim condensed financial information (Continued)

a) Individual and consolidated interim condensed financial information (Continued)

The settlement of transactions involving these estimates may result in amounts materially different from those recorded in the financial information due to uncertainties inherent in the estimation process. The Company reviews its estimates at least on an annual basis.

The individual and consolidated interim condensed financial information have been prepared in accordance with CPC 21 (R1) - Interim Financial Reporting.

On August 13, 2018 the Company management authorized the conclusion and disclosure of this individual and consolidated interim condensed financial information.

b) Basis of preparation and measurement

The individual and consolidated condensed financial information were prepared considering the historical cost, except for financial instruments measured at fair value.

c) Functional currency

With its startup on January 1, 2016, the Company and its subsidiaries began to earn revenues denominated in US dollars. Therefore, the functional currency was changed from Brazilian real to US dollar. Pursuant to Brazilian legislation and Accounting Pronouncement CPC 2 - Effects of changes in exchange rates and translation of financial statements, these financial information are presented in Brazilian reais (R\$), converting the functional currency (US dollars) to the reporting currency (Brazilian reais). Assets and liabilities are translated to the closing exchange rate in the period; P&L accounts are stated at the exchange rate on the date of the event; and equity at historical buildup cost. The effect of conversion into reporting currency is stated in equity under "Cumulative translation adjustments".

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

2. Basis of preparation and presentation of Individual and consolidated interim condensed financial information (Continued)

d) Consolidation

The consolidated financial information include the Company and the following subsidiaries:

	Interest - %				Head office	Main activity
	Capital		Voting capital			
	2018	2017	2018	2017		
Direct subsidiaries						
Pedreira	99,98%	99,98%	99,98%	99,98%	Brazil	Extraction of stones
TCS	99,98%	99,98%	99,98%	99,98%	Brazil	Logistics
Porto VM	100%	100%	100%	100%	Brazil	Currently inoperative
Porto Sudeste Exportação	100%	100%	100%	100%	Brazil	Purchase and sale of ore

Significant consolidation procedures are:

- (i) Elimination of asset and liability balances between consolidated companies;
- (ii) Elimination of balances of investment accounts and corresponding interests in capital and retained earnings (accumulated losses) of subsidiaries;
- (iii) Elimination of balances of revenues and expenses as well as unrealized profits arising from intercompany transactions. Unrealized losses are also eliminated, but only to the extent that there is no evidence of impairment of the related assets;
- (iv) Balances of intercompany transactions of shared control are eliminated and interests of other shareholders are disclosed in the statement of financial position and P&L;
- (v) Changes in the percentage interest in subsidiaries that do not result in loss and/or gain of control are recorded in equity.

3. Summary of significant accounting practices and estimates

The accounting practices adopted when preparing the interim condensed financial information is consistent with that when preparing the financial statements at December 31, 2017.

The new pronouncements that went into effect on January 1, 2018, as disclosed in the financial statements at December 31, 2017, did not generate any significant effects on the Company's interim condensed financial information. The possible impacts of the accounting pronouncements that will take effect from 1 January 2019 are being analyzed by the company.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

4. Cash and cash equivalents and marketable securities

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Cash and cash equivalents				
Cash and banks	2,440	15,856	2,789	16,050
Cash equivalents - CDB	31,512	8,489	47,364	14,359
	33,952	24,345	50,153	30,409

The Company invests in funds administered by Banco Bradesco S.A., on which investments are made in corporate bonds (Bank Deposit Certificates - CDB) issued by top-tier companies and financial institutions, all subject to floating rates, with an average remuneration pegged to the DI CETIP rate (Interbank Deposit Certificate - CDI), without grace period and readily convertible to cash.

The Bank Deposit Certificates (CDBs) are issued by top-tier financial institutions and are mostly remunerated at 100% of the Interbank Deposit Certificate (CDI) variation.

5. Accounts receivables

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Port fee	14,619	13,259	14,619	13,259
	14,619	13,259	14,619	13,259

The balance on June 30, 2018 was totally received in July 2018, thus not requiring the recording of a provision for estimated losses.

6. Inventory

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Gravel	-	-	1,635	1,403
Iron ore	-	-	25,914	41,187
Storeroom	31,602	22,611	31,918	22,882
	31,602	22,611	59,467	65,472

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

7. Restricted deposits

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Trustee ACC Itaú BBA (*)	10,003	10,107	10,003	10,107
	10,003	10,107	10,003	10,107

(*) Temporary freezing of part of short-term investments (Trustee Account) related to the acquisition of land for Porto Sudeste expansion. This amount will be realized upon execution of the land definitive deed.

8. Investments

The Company has the following investments:

Pedreira Sepetiba Ltda.

Incorporated on June 21, 1989, this company is engaged in the exploration and utilization of mineral deposits in Brazil and consequent sale of their by-products; sale of construction materials in general; and the provision of cargo transportation, civil engineering, development and construction services.

TCS - Terminal de Contêineres Sepetiba Ltda.

Incorporated on January 31, 1989, this company is engaged in the rendering of all services related to a container terminal, intended for cargo concentration and distribution and the respective handling of loading, unloading and shipment to their final destinations; rendering of transportation services of containers of ships; the charter or rent of ships, barges and national or foreign equipment; as well as the rendering of services inherent in the customs area to be implemented in the terminal area through concession from tax authorities.

Porto Sudeste V.M S.A.

Incorporated on July 16, 2013, this company is engaged in holding interest in capital of other companies, both in Brazil or abroad, as an owner, shareholder or member, either permanently or temporarily, as a parent company or noncontrolling interest. Porto V.M. was created with the main purpose of receiving part of royalty-based securities as part of the purchase transaction of the Port by its current shareholders, as described in Note 13.

Porto Sudeste Exportação e Comércio S.A. (formerly known as Porto Sudeste Exportação e Comércio Ltda.)

Is engaged in the export and import of iron ore, iron pellets, pig iron and by-products.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

8. Investments (Continued)

Changes in investments

	Parent Company				06/30/2018
	12/31/2017	Equity pickup	Future capital contribution	Effect of conversion into Brazilian reais	
Pedreira	8,547	(521)	-	(154)	7,872
TCS	18,528	(89)	180	3,076	21,695
Porto VM	92	(89)	-	(3)	-
Porto Sudeste Exportação	6,670	2,503	-	(1,282)	7,891
	33,837	1,804	180	1,637	37,458

	Parent Company				12/31/2017
	12/31/2016	Equity pickup	Future capital contribution	Effect of conversion into Brazilian reais	
Pedreira	9,401	(1,065)	-	211	8,547
TCS	18,264	(339)	330	273	18,528
Porto VM	-	(279)	400	(29)	92
Porto Sudeste Exportação	1,304	3,385	-	1,981	6,670
	28,969	1,702	730	2,436	33,837

Ownership interest and summary of investees

	Ownership interest	Number of shares/units of interest (thousand)	06/30/2018				Net revenue	P&L for the year
			Assets	Liabilities	Equity			
Pedreira	99.98%	49,001	11,493	301	13,061	-	(1,868)	
TCS	99.98%	3,447	1,824	-	1,921	-	(97)	
Porto VM	100.00%	-	39,218	39,269	(51)	-	(152)	
Porto Sudeste Exportação	100.00%	-	89,171	82,348	6,823	367,511	3,213	

	Ownership interest	Number of shares/units of interest (thousand)	12/31/2017				Net revenue	P&L for the year
			Assets	Liabilities	Equity			
Pedreira	99.98%	49,001	11,603	14,913	11,395	6	(1,169)	
TCS	99.98%	3,447	1,480	2,126	1,480	-	(339)	
Porto VM	100.00%	-	31,707	32,000	108	-	(279)	
Porto Sudeste Exportação	100.00%	-	58,235	57,716	5,754	932,943	3,325	

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

9. Property and equipment

	Consolidated							
	Facilities	Machinery and equipment	Land	Advance to suppliers	Construction in progress	Other	Buildings and improvements	Total
Net balance at December 31, 2016	73,222	636,397	98,422	31,987	705,512	17,125	3,431,479	4,994,144
Additions	-	-	-	-	12,856	3,033	15,764	31,653
Transfers	69,623	360,820	-	(38,356)	(839,759)	(976)	448,648	-
Depreciation for the year	(7,735)	(15,880)	-	-	-	(723)	(129,748)	(154,086)
Effect of conversion into Brazilian reais	(7,147)	(42,528)	1,476	6,369	130,328	2,353	7,807	98,658
Net balance at December 31, 2017	127,963	938,809	99,898	-	8,937	20,812	3,773,950	4,970,369
Additions	21	170	-	-	3,919	661	-	4,771
Write off	-	-	-	(26)	-	(68)	-	(94)
Transfers	-	-	-	26	-	397	-	423
Transfers of assets	(38)	1,053	-	-	(4,745)	399	3,331	-
Depreciation for the period	(3,472)	(8,529)	-	-	-	(361)	(61,219)	(73,581)
Effect of conversion into Brazilian reais	21,176	155,759	16,544	-	1,028	3,617	625,415	823,539
Net balance at June 30, 2018	145,653	1,087,261	116,442	-	9,138	25,456	4,341,477	5,725,427
Accumulated balances								
Cost	162,438	1,137,263	117,922	-	8,907	28,327	4,692,576	6,147,433
Accumulated depreciation	(12,949)	(30,165)	-	-	-	(4,901)	(248,739)	(296,754)
Effect of conversion into Brazilian reais	(21,526)	(168,290)	(18,024)	-	30	(2,614)	(669,886)	(880,310)
Net balance at December 31, 2017	127,963	938,808	99,898	-	8,937	20,812	3,773,951	4,970,369
Cost	162,421	1,138,486	117,922	-	8,081	29,716	4,695,907	6,152,533
Accumulated depreciation	(16,421)	(38,694)	-	-	-	(5,262)	(309,958)	(370,335)
Effect of conversion into Brazilian reais	(350)	(12,531)	(1,480)	-	1,058	1,003	(44,471)	(56,771)
Net balance at June 30, 2018	145,650	1,087,261	116,442	-	9,139	25,457	4,341,478	5,725,427

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Impairment test for property and equipment

Throughout the first semester of 2018, the Company assessed whether there were indications that any asset could be recorded above its recoverable amount, and after tests carried out it did not verify the need to recognize any provision for impairment of its assets.

The discounted cash flow method employed by the Company is based on concepts that consider financial resources which will be generated in the future by the cash-generating unit, discounted to present value, to reflect the time, opportunity cost and associated risks. The discount rate used in the Company's financial models was 12.50%.

10. Intangible

	<u>Port license</u>
Balance at December 31, 2016	7,475,391
Amortization	(39,064)
Effect of conversion into Brazilian reais	118,134
Balance at December 31, 2017	<u>7,554,461</u>
Amortization	(21,363)
Effect of conversion into Brazilian reais	1,251,274
Balance at June 30, 2018	<u>8,784,372</u>

The license is amortized over the concession period of the port for a period of 50 years taking in to account the volume operated.

The cost of the license was calculated based on the cost of acquisition, and the floating rate securities (royalties) is the main component of the purchase price, as described in Note 13.

Impairment test for intangible assets

Throughout the first semester of 2018, the Company assessed whether there were any indicators that the license could be above its recoverable amount. After the tests conducted as mentioned in Note 9, the Company did not identify the need to recognize any provision for impairment of its intangible assets.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

10. Intangible (Continued)

Impairment test for intangible assets (Continued)

The discount rate used in the Company's financial models was 12.50%.

11. Accounts payable

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Iron ore	-	-	25,496	34,175
Rail freight	-	-	1,529	783
Electricity expenses	882	473	882	473
Security	-	471	-	471
Maintenance	-	820	-	820
Foreign supplier	11,182	9,677	11,182	9,677
Others	5,274	7,025	7,212	8,939
	17,338	18,466	46,301	55,338

12. Loans and financing

Loans per currency

	Parent Company and Consolidated			
	Current liabilities		Noncurrent liabilities	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Taken out in US dollars				
Indexed to Libor	105,361	103,990	2,617,791	2,395,780
Charges	2,013	11,228	277,664	69,400
	107,374	115,218	2,895,455	2,465,180
Taken out in Brazilian reais				
Indexed to TJLP	337,660	182,343	1,945,266	2,013,856
Charges	14,288	16,740	82,314	32,442
	351,948	199,083	2,027,580	2,046,298
	459,322	314,301	4,923,035	4,511,478

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

Loans per financial institution

Bank	Index/ interest	Currency	Maturity	06/30/2018	12/31/2017
BNDES - FINAME Nº 09.2.1353.1	4,5% a.a.	BRL	2020	14,358	18,894
BNDES FINEM - Nº 10.2.0265.1	2,18% a.a. + TJLP	BRL	2029	963,040	924,489
BNDES FINEM - Nº12.2.1174.1 - Subcrédito A, B.	2,40% a.a. + TJLP	BRL	2029	518,757	497,102
BNDES FINEM - Nº12.2.1174.1 - Subcrédito C.	2,40% a.a. + 4,15% + Cesta de Moedas	BRL	2029	191,482	163,612
BNDES FINEM - Nº 4.003.109-P - Repasse AB	3,40% a.a. + TJLP	BRL	2029	505,924	483,141
BNDES FINEM - Nº 4.003.109-P - Repasse C	3,40% a.a. + 4,15% + Cesta de Moedas	BRL	2029	185,967	158,142
Deutsche Bank	4% a.a. + libor 6 months	USD	2023	755,550	633,882
Banco do Brasil	3,4% a.a. + libor	USD	2018	-	57,249
Panamericano	4,85% a.a.	USD	2019	12,599	21,622
Bradesco/Itaú	2,00% a 7,5%a.a.	USD	2029	2,234,680	1,867,645
				5,382,357	4,825,779
Transaction costs				(165,827)	(146,282)
				5,216,530	4,679,497

The portions classified in non-current liabilities have the following payment schedule:

Year of maturity	Consolidated	
	06/30/2018	12/31/2017
2018	-	-
2019	386,820	335,726
2020 onwards	4,536,215	4,175,752
	4,923,035	4,511,478

At June 3, 2018, the annual interest rates on debts are as follows:

	Consolidated
Debts in US\$ up to 5,0%	3,002,829
Debts in R\$ up to 6%	14,358
Debts in R\$ from 6,1% to 9,3%	1,987,721
Debts in R\$ above 9,3%	377,449
	5,382,357

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

Effect of conversion into Brazilian reais

The Brazilian real depreciated 16.6% in the period against the US dollar, from R\$3,3080 at December 31, 2017 to R\$3,8558 at June 30, 2018, influencing the balance of foreign currency debt that, at June 30, 2018, accounted for 56% of total indebtedness.

Transaction costs

The debt issue costs refer to outside counsel fees and commissions of guarantee and were recorded as reduction of liabilities.

Refinancing of the Senior Debt

In June 2017, the company completed the refinancing of its senior debt. The refinancing includes, among others, (a) until May 2020, the deferral of principal and interest payments on the refinanced debt until the following quarter if Porto Sudeste does not have cash available to pay the debt service; (b) a quarterly cash sweep mechanism through May 2020 through which any available cash will be used to pay off the debt owed by the respective date (including that portion of Senior Debt deferred up to that date); and (c) an adjustment to interest rates for Brazilian senior creditors.

13. Variable income securities

As a consequence of the completion of the Company's acquisition in February 2014, as described in Note 1, the Company assumed the obligations relating to floating rate MMXM11 securities issued in 2011 in connection with the acquisition of Porto Sudeste by MMX. To enable the transfer of that obligation, the Company issued floating rate securities (similar to MMXM11 securities), under similar terms as those for MMXM11 securities through two different vehicles:

- FIP-IE Porto Sudeste Royalties: an infrastructure investment fund, the portfolio of which would comprise solely Port11 Securities, and each Security Port11 held by FIP-IE would correspond to one share. The FIP-IE shares would be offered to holders of MMXM11 Securities not falling under the classification of qualified investors under the terms of the CVM regulation and not having any restrictions to hold FIP-IE shares.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

13. Variable income securities (Continued)

- Porto Sudeste V.M. S.A.: a joint-stock corporation registered with CVM under category 'B', which issued a new royalty-based floating rate security similar to Security MMXM11 ("PSVM11 Securities"), listed on BM&FBOVESPA (in contrast with Port11 Securities, which are not allowed for trading on the stock exchange). PSVM11 Securities were offered to the holders of MMXM11 Securities (i) not falling under the classification of qualified investors, or (ii) not having any regulatory restrictions to hold FIP-IE shares.

This security barter transaction did not generate any impacts on the Company's financial statements given that the payment obligation had already been recognized in the covenants with the end holders of the original securities (MMXM11).

Given the conclusion of the security barter transaction, the Company has a payment obligation with those investment vehicles, which, in turn, have the obligation to pay the holders of shares/securities exchanged.

The aforementioned holders of these securities are entitled to quarterly floating rate remuneration, calculated since January 1, 2013, based on the iron ore metric tonnage or on the value per ton for other cargo, as the case may be, as follows:

$$R = [(TMMF \times VpTMF) + (TMOG \times VpTDC)] \times FP$$

Where:

R = royalties due in relation to each quarter of the fiscal year

TMMF = Iron Ore Measured Tonnage shipped in the Port in the respective quarter

TMOG = Measured Tonnage of Other Cargo shipped in the Port in the respective quarter

VpTMF = Value per Ton for Iron Ore (as defined below)

VpTDC = Value per Ton of Other Cargo (as defined below)

FP = Proportional Factor

The royalties relating to iron ore cargo shipped in the Port in a given quarter will be calculated considering the value of US\$5.00 per iron ore ton ("value per ton for iron ore"). This amount will be (i) annually restated by reference to US PPI variation calculated since September 2010; and (ii) converted into Brazilian reais based on the exchange rate closed at the end of the business day immediately prior to its effective payment date.

Royalties relating to cargo other than iron ore (excluding non-dry cargo such as supply activities) conducted at the Port Terminal will be calculated based on the cargo margin ("value per ton for other cargo"). "Cargo margin": (a) means the difference between the average cost per ton (excluding all non-cash items) incurred in relation to the services rendered by Porto Sudeste related to the applicable cargo and the average value per ton effectively charged by Porto Sudeste for the services rendered in relation to such cargo; and (b) will be limited, under any circumstances, to US\$5.00 per ton shipped.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

13. Variable income securities (Continued)

The adjusted limit amount of US\$5.00 per ton for the cargo margin will be (i) annually restated by reference to US PPI variation calculated since September 2010; and (ii) converted into Brazilian reais based on the exchange rate closed at the end of the business day immediately prior to its effective payment date.

Every year, in the fourth quarter of each fiscal year, the amount of metric tons effectively shipped in the Port over the respective year ("measured tonnage") will be compared to: (a) in relation to years between 2013 and 2016, the take-or-pay volumes indicated in the table below; and (b) in relation to subsequent years, the number of metric tons to be shipped through the Port in the respective year in accordance with all take-or-pay agreements entered into between Porto Sudeste or its subsidiaries effective in the respective fiscal year ("take-or-pay tonnage"):

	2013	2014	2015	2016	2017	2018
Tm	13,6	31,9	36,8	36,8	-	-

If the value of the take-or-pay tonnage less the value of the measured tonnage is positive, the royalties due in relation to the fourth quarter of each fiscal year will be increased by the amount corresponding to the multiplication of such number by the value per ton for iron ore or for the value per ton for other cargo, as the case may be.

If in a given quarter, upon payment of the then current royalties, the sum of free cash held by the issuer and that held by Porto Sudeste exceeds (a) US\$25,000 in fiscal years between 2013 and 2017, or (b) US\$10,000 ("minimum cash reserve"), the issuer should use the amounts that exceed the minimum cash reserve ("available free cash") to pay royalties effectively accumulated to the holders of securities until the last day of such calendar quarter.

"Free cash" means the amount corresponding to (i) the sum of (a) all amounts available in cash of Porto Sudeste as a whole, and (b) positive balances of all bank accounts of the issuer and of Porto Sudeste as a whole less (ii) the sum of (a) any amounts contributed by the shareholders of Porto Sudeste through capital increase or loan from shareholders, to the extent that such amounts remain as available cash of Porto Sudeste, (b) reserve account of Senior debt service of BNDES and reserve account of senior debt service of CESCE, and (c) the cash amounts provisioned by Porto Sudeste for income and social contribution taxes and other obligations that require provisioning.

Royalties will be cumulative, i.e. if in a given quarter the cash available for royalties determined by the issuer is not sufficient to enable payment, fully or partially, of royalties until then determined, these unpaid royalties will be added to the amount of the royalties for the subsequent quarter.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

13. Variable income securities (Continued)

On November 24, 2016, 8,351,200 royalty securities were transferred through the exchange of Port11 by PSVM11 securities. These securities were transferred to the FIP-IE Porto Sudeste Royalties. After this transfer, the Company currently holds a total of 4,188,602 securities.

On June 30, 2018, the Company's parent carried out the financial calculations with the purpose of identify the existence of available net cash and concluded that the available cash is a creditor on this date and therefore does not require the settlement of the royalties.

Securities are measured in accordance with IAS 37 - Provisions, Contingent Assets and Contingent Liabilities based on projected cash flows from future security related payments discounted at an annual rate of 12.50%. At June 30, 2018, o the present value of discounted future cash flow amounted to US\$ 2,387,427, which converted into Brazilian reais totaled R\$ 9,205,442 (US\$ 2,242,111, which converted into Brazilian reais totaled R\$ 7,416,903 at December 31, 2017). Of this balance, the value correspondent to the adjustment to present value of these securities was US\$ 145,316, which converted into reais amounted to R\$ 520,136. This amount added to the amount of R\$ 3,437, totals the balance of (R\$516,701) of other operating expenses and revenues recorded in the Statement of Income.

Transaction costs

Debt issue costs of variable-yield securities totaling R\$10,400 at June 30, 2018 (R\$8,922 at December 31, 2017), referring to outside legal counsel fees and commissions of guarantee were recorded as reduction of liabilities.

14. Taxes and contributions payable

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Service Tax (ISS)	3,806	3,960	4,356	3,965
Social Security Tax (INSS) - third parties	272	125	274	127
State Value-Added Tax (ICMS)	97	79	97	81
Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL)	365	726	365	833
Social Contribution Tax for Intervention in the Economic Order (CIDE) on import	-	161	-	161
Contribution Tax on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) on import	1,688	1,746	1,672	1,751
Other	4	27	23	26
	6,232	6,824	6,787	6,944

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

15. Related parties

On June 30, 2018, the Company's shared control was exercised by Trafigura and Mubadala through PSA Fundo de Investimento e Participações, and those companies held 98.94% interest.

The Company maintains agreements for sharing operational and financial costs entered into with Impala Terminals Group B.V. (a subsidiary of Trafigura Pte. Ltd.). The costs of activities subject to sharing are measured based on time sheets, which are charged through debt notes, whose payments are made as agreed upon by the parties.

Related parties balance

Assets with related parties are summarized as follows:

	Parent Company			
	Assets			
	06/30/2018		12/31/2017	
	Debit note	Accounts receivable	Debit note	Accounts receivable
Porto Exportação	2,244	7,030	2,244	-
	2,244	7,030	2,244	-

Liabilities with related parties are summarized as follows:

	Parent Company			
	Liability			
	06/30/2018		12/31/2017	
	Debit note	Accounts receivable	Debit note	Accounts receivable
Pedreira	-	(7,571)	-	(9,371)
Impala Terminals (shared costs)	(467)	-	(1,107)	-
	(467)	(7,571)	(1,107)	(9,371)

	Consolidated	
	Liabilities - Debit notes	
	06/30/2018	12/31/2017
Impala Terminals	(467)	(1,107)
	(467)	(1,107)

	Consolidated	
	Asset - Account receivable	
	06/30/2018	12/31/2017
Trafigura PTE	2,164	-
	2,164	-

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

15. Related parties (Continued)

	Consolidated	
	Liabilities - advances	
	06/30/2018	12/31/2017
Trafigura PTE	-	(5,717)
	-	(5,717)

The effect on P&L from transactions with related parties is as follows:

	P&L			
	Parent Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Impala Terminals	-	-	370,727	756,243
Trafigura PTE	(1,094)	(2,176)	(1,094)	(2,176)
	(1,094)	(2,176)	369,633	754,067

16. Income and social contribution taxes

a) Deferred income and social contribution taxes

Deferred income and social contribution tax assets were calculated at the rate of 34%. Brazilian tax legislation allows tax losses to be offset against future taxable income for an indefinite term, however, such offset is limited to 30% of the taxable income for each reporting period.

The balance at June 30, 2018 is broken down as follows:

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Deferred tax assets (liabilities)				
Tax losses	360,444	246,768	360,444	246,768
Social contribution tax losses	129,760	88,836	129,760	88,836
Provision - take-or-pay contract	-	-	-	-
Pre-operating expenses treated as deferred assets for tax purposes	305,456	325,819	305,456	325,819
Amortization of license	21,729	16,669	21,729	16,669
Present value adjustment of royalties	22,350	(102,821)	22,350	(102,821)
Effect on property and equipment and intangible assets arising from change of functional currency (a)	56,718	762,311	56,441	763,487
Exchange gains/losses on royalties and loans (b)	(65,179)	(643,148)	(65,691)	(640,774)
Other	846	1,742	846	1,742
Provision of unrecognized DTA (a)	(832,124)	(696,176)	(831,335)	(699,726)
	-	-	-	-

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

16. Income and social contribution taxes (Continued)

a) Deferred income and social contribution taxes (Continued)

(a) Considering the fact that the Company changed its functional currency to the US Dollar and the current increase of the US Dollar against the Brazilian real in 2018, the tax base of property and equipment and intangible assets was higher than the respective accounting base, thus generating a deferred consolidated tax credit in the total amount of R\$56,441 (R\$763,487 at December 31, 2017) and the amount of R\$56,718 on the parent company (R\$762,311 at December 31, 2017) considering that the port is still in the beginning of operations and expects to start the ramp-up period, management conservatively elected to recognize the deferred tax asset at the limit of the deferred tax liability. Thus, we did not have credit on the consolidated figures and of the parent company until June 30, 2018.

(b) This refers to the difference between the accounting and tax base of variable income securities. Although the Company's functional currency is the US Dollar, for tax purposes, the Company recognizes the corresponding foreign exchange differences, whose income, or deductible expense, will be taxed upon settlement of the obligation.

b) P&L for the period

The reconciliation of the expense calculated by the application of the nominal rates versus the expense recorded in the years is shown as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/2018</u>	<u>06/30/2017</u>	<u>06/30/2018</u>	<u>06/30/2017</u>
Gain (Loss) before income and social contribution taxes	(469,933)	12,259	(468,337)	9,104
Income and social contribution tax assets at statutory rate (34%)	(159,777)	4,168	(159,235)	3,095
Adjustments for reconciliation of the statutory rate to the effective rate				
Equity pickup	(590)	(663)	-	-
Thin capitalization (limit for deductibility of interest on loans taken out abroad)	10,434	7,166	10,434	7,166
Difference between the tax and accounting bases of property, plant and equipment and intangible assets	(691,354)	(91,355)	(691,149)	(91,355)
Other	(253)	3	608	861
Provision for loss due to non-realization	841,540	80,681	839,342	80,233
Income and social contribution tax credit (expense) for the year	-	-	-	-
Current	-	-	-	-
Deferred	-	-	-	-

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

17. Equity

a) Capital

Porto Sudeste's capital is broken down as follows:

<u>Shareholders</u>	<u>Number of shares</u>	<u>R\$</u>	<u>%</u>
PSA Fundo de Investimentos e Participações Porto Sudeste Participações S.A. ("Grupo MMX")	676.384.137	2.720.400	98,94%
Gaboard Participações Ltda.	6.336.766	25.486	0,93%
Total	876.275	3.524	0,13%
	683.597.178	2.749.410	100%

In February 2014, as part of the restructuring described in Note 1, a loan of R\$103,334, and future capital contributions amounting to R\$348,381 were capitalized. On that same date, the Company merged its parent company, generating a capital increase of R\$1,442,530, and immediately after the merger, canceled the shares corresponding to its equity amounting to R\$1,074,801. In addition, in August 2014, shareholders Trafigura and Mubadala made a capital contribution in the amount of R\$45,508, of which R\$29,580 was paid by PSA Fundo de Investimentos e Participações, and R\$15,928 through investee Gaboard Participações Ltda. After these capital increases, the MMX Group was diluted to 30.75%.

In August 2015, shareholders Trafigura and Mubadala made a capital contribution through PSA Fundo de Investimentos e Participações amounting to R\$408,029. After this capital increase, MMX Group was diluted to 4.76% interest in the Company.

In March 2017 the Company paid up US\$50,000 equivalent to R\$169,874 received as a future capital contribution in May and July 2016 through PSA Fundo de Investimento e Participações. After such capital increase, the MMX Group was diluted and held a 1.54% interest in the Company.

In May 2018, the Company paid up US\$100,000 equivalent to R\$325,241 received as a future capital contribution in May, July and November 2016 through PSA Fundo de Investimento e Participações. After such capital increase, the MMX Group was diluted and began holding a 0,93%% interest in the Company.

b) Advance for future capital increase

In May 2018, shareholders Trafigura and Mubadala made a capital contribution through PSA Fundo de Investimentos e Participações, amounting to R\$99,463.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

17. Equity (Continued)

c) Cumulative Translation Adjustments (CTA)

Represented by the accounting record of the foreign exchange differences of the Company and its subsidiaries, the amounts of R\$119,884 in the Parent Company and R\$121,537 in the Consolidated were recorded at June 30, 2018, in compliance with Accounting Pronouncement CPC 02.

18. Service revenue, net

	Parent Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Gross revenue	130,349	162,479	446,057	806,640
(-) Sales deductions				
ISS	(6,517)	(8,124)	(6,517)	(8,124)
ICMS	(2,151)	(2,681)	(2,151)	(2,681)
PIS	(9,907)	(12,348)	(9,907)	(12,349)
COFINS	-	-	(3,215)	-
Others	-	-	-	-
Net revenue	111,774	139,326	424,267	783,486

19. Costs of sales and services

	Parent Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Costs of sales (*)	-	-	(307,894)	(642,279)
Cost of materials	(5,771)	(4,309)	(5,770)	(4,303)
Utilities	(6,615)	(11,411)	(6,615)	(11,411)
Rent of equipment	(4,592)	(3,555)	(4,592)	(3,555)
Insurance	(3,967)	(4,005)	(4,059)	(4,005)
External services	(6,670)	(25,530)	(8,246)	(24,714)
Payroll	(17,577)	(12,646)	(17,601)	(11,831)
Other	(2,973)	(2,323)	(3,089)	(2,480)
	(48,165)	(63,779)	(357,866)	(704,578)

(*)This substantially refers to iron ore purchased for resale plus direct costs such as freight.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

20. Administrative expenses by nature

	Parent Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Materials	(262)	(117)	(262)	(124)
Rent and lease	(155)	(177)	(154)	(198)
Third-party services	(6,302)	(6,388)	(6,771)	(8,705)
Payroll	(7,998)	(6,360)	(8,013)	(7,194)
Maintenance	(356)	(677)	(356)	(760)
Communication	(66)	(48)	(66)	(70)
Rent and lease	(44)	(44)	(44)	(49)
Taxes and fees	(2,173)	(3,115)	(2,236)	(3,316)
	(17,356)	(16,926)	(17,902)	(20,416)

21. Finance income

	Parent Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Financial costs				
Interest	(239,406)	(224,481)	(239,426)	(224,757)
Foreign exchange differences (*)	-	110,718	-	110,167
Tax on Financial Transactions (IOF)	(12)	(88)	(18)	(311)
Taxes on finance income	-	-	-	-
Other	(653)	(891)	(699)	(758)
	(240,071)	(114,742)	(240,143)	(115,659)
Finance income				
Short-term investment yield	832	1,833	1,109	2,620
Foreign exchange differences (*)	332,433	-	333,410	-
Interest	-	-	-	-
Other	432	-	432	(461)
	333,697	1,833	334,951	2,159
Finance income (costs), net	93,626	(112,909)	94,808	(113,500)

(*) The effect of foreign exchange differences on P&L refers to the debt denominated in Brazilian reais, considering that the Company's functional currency was changed to the US Dollar in January 2016.

22. Commitments assumed

The Company and its subsidiaries entered into contracts with suppliers of goods and services of projects and operating bases in the approximate amount of R\$33,397, mainly represented by contracts for acquisition of equipment and civil construction works related to current investment projects.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

June 30, 2018

(In thousands of reais, unless otherwise stated)

Board of Directors	Executive Board
Oscar Pekka Fahlgren - Vice Chairman (and Acting Chairman)	Guilherme Caiado - Chief Operations Officer
Nicolas Konialidis - Member	Nicolau Gaeta - Chief Financial and Investor Relations Officer
Edward Wygand - Member	
Hani Barhoush - Member	
Jesús Fernandez Lopez - Member	
Matthew John Hurn - Member	



Alexandre Carvalho de Andrade
Accountant
CRC-RJ 114354/O-4