

Rumo S.A.

Interim financial statements
March 31, 2017 and review report of the
independent auditors thereon

(A free translation of the original in Portuguese)

Rumo S.A.

Interim financial statements

March 31, 2017

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Independent auditor's report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Rumo S.A. ("Company"), included in the Quarterly Information Form - ITR for the quarter ended March 31, 2017, which comprise the balance sheet as of March 31, 2017, the statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes.

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

Scope of review

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

Conclusion on the individual interim financial information

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

Other matters - Statements of value added

The individual and consolidated interim financial information related to the Statements of value added (DVA) for the three-month period ended March 31, 2017, prepared under the responsibility of the Company's management, presented herein as supplementary information for IAS 34 purposes, have been subject to review procedures jointly performed with the review of the Company's interim financial information – ITR. In order to form our conclusion, we assessed whether those statements are reconciled with the interim financial information and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement CPC 09 – *Demonstração do valor adicionado*. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Curitiba, May 10, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6 F-PR
Original in Portuguese signed by
João Alberto Dias Panceri
Contador CRC PR-048555/O-2

Rumo S.A.

Balance sheets

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

	Note	Parent Company		Consolidated	
		March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Assets					
Cash and cash equivalents	3	2,844	3,039	2,588,133	260,527
Marketable securities	4	1,009	59,703	541,752	916,593
Accounts receivable	5	15,708	43,385	295,417	417,156
Derivative financial instruments	26	2,512	2,883	2,512	2,883
Inventories	6	455	481	248,385	284,579
Related parties	8	114,281	130,444	24,459	28,814
Current income taxes		4,412	43,037	48,101	165,956
Other recoverable taxes	7	7,650	1,786	122,935	84,009
Other assets		30,908	39,632	164,007	140,236
Current		179,779	324,390	4,035,701	2,300,753
Accounts receivable	5	14,305	14,305	14,305	14,305
Restricted cash	4	3,345	3,288	225,144	200,999
Deferred income tax	14	-	-	1,169,717	1,160,968
Related parties	8	46,256	1,428	-	-
Current income taxes		27,789	14,618	199,768	121,376
Other recoverable taxes	7	-	-	662,013	660,805
Judicial deposits	16	16,492	16,757	310,812	299,876
Derivative financial instruments	26	586	786	586	786
Other non-current assets		10,384	10,492	101,105	106,191
Equity method investments	9	8,833,355	8,783,397	41,742	46,847
Property and equipment	10	139,177	109,303	10,544,803	10,337,119
Intangible assets	11	456,926	467,182	7,746,230	7,781,289
Non-current		9,548,615	9,421,556	21,016,225	20,730,561
Total Assets		9,728,394	9,745,946	25,051,926	23,031,314

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

Rumo S.A.

Balance sheets

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

	Note	Parent Company		Consolidated	
		March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Liabilities					
Current portion of long-term debt	12	1,502,698	487,928	1,586,100	1,467,725
Finance leases	17	2,114	2,564	415,476	472,632
Real estate credit certificates	19	25,423	26,995	108,780	105,422
Derivative financial instruments	26	-	-	2,788	4,535
Accounts payable - suppliers	15	39,117	50,371	499,946	564,942
Salaries payable		3,722	16,772	103,879	117,150
Current income tax		237	23,219	16,330	35,990
Other taxes payable	13	5,671	7,625	28,812	32,757
Dividends payable		5,250	5,250	14,595	6,729
Leases and concessions	18	-	-	27,822	27,662
Related parties	8	414,435	426,786	151,243	106,710
Deferred income		2,802	2,802	17,404	14,167
Other financial liabilities	26.b	-	-	172,512	177,569
Other current liabilities		69,651	36,319	289,336	259,352
Current		<u>2,071,120</u>	<u>1,086,631</u>	<u>3,435,023</u>	<u>3,393,342</u>
Long-term debt	12	890,289	1,927,518	9,289,436	7,055,450
Finance leases	17	632	752	839,798	924,911
Real estate credit certificates	19	-	4,810	62,467	90,323
Derivative financial instruments	26	-	-	16,480	7,768
Other taxes payable	13	-	-	17,016	17,056
Provision for judicial demands	16	29,606	29,915	513,763	507,022
Leases and concessions	18	-	-	2,674,490	2,580,144
Provision for capital deficiency	9	1,443,656	1,158,192	-	-
Related parties	8	30,889	25,179	-	-
Deferred income tax	14	48,079	48,999	2,395,191	2,397,528
Deferred income		26,617	27,317	63,954	62,207
Other current liabilities		<u>30,246</u>	<u>31,938</u>	<u>319,107</u>	<u>320,276</u>
Non-current		<u>2,500,014</u>	<u>3,254,620</u>	<u>16,191,702</u>	<u>13,962,685</u>
Total liabilities		<u>4,571,134</u>	<u>4,341,251</u>	<u>19,626,725</u>	<u>17,356,027</u>
Equity					
Common stock	20	7,014,897	7,014,897	7,014,897	7,014,897
Capital reserve		2,494,938	2,493,670	2,494,938	2,493,670
Other equity		6,919	6,489	6,919	6,489
Profit reserve		253,659	253,599	253,659	253,599
Accumulated losses		<u>(4,613,153)</u>	<u>(4,363,960)</u>	<u>(4,613,153)</u>	<u>(4,363,960)</u>
Equity attributable to:					
Owners of the Company		5,157,260	5,404,695	5,157,260	5,404,695
Non-controlling interests		-	-	267,941	270,592
Total equity		<u>5,157,260</u>	<u>5,404,695</u>	<u>5,425,201</u>	<u>5,675,287</u>
Total liabilities and equity		<u>9,728,394</u>	<u>9,745,946</u>	<u>25,051,926</u>	<u>23,031,314</u>

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

Rumo S.A.

Statements of income

(In thousands of Brazilian Reals – R\$, except earnings per share)

	Note	Parent Company		Consolidated	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net revenue from services	23	141,337	10,157	1,199,174	1,018,479
Cost of services		(111,148)	(10,050)	(930,852)	(901,907)
Gross profit		30,189	107	268,322	116,572
Selling, general and administrative		(7,749)	(3,119)	(65,170)	(65,152)
Other, net	25	(1,830)	2,720	(2,194)	(2,396)
Operating expenses		(9,579)	(399)	(67,364)	(67,548)
Income (loss) before financial results, equity income on investments and income taxes		20,610	(292)	200,958	49,024
Equity income on investments					
Equity income on investments	9	(196,538)	(207,918)	1,746	3,557
		(196,538)	(207,918)	1,746	3,557
Income (loss) before financial results and income taxes		(175,928)	(208,210)	202,704	52,581
Financial expenses		(74,184)	(70,476)	(488,364)	(349,364)
Financial income		2,401	2,191	43,431	21,558
Foreign exchange, net		(2,402)	10,248	494	(74)
Derivatives		-	(9,525)	(6,965)	(9,543)
Financial result, net	24	(74,185)	(67,562)	(451,404)	(337,423)
Loss before income taxes		(250,113)	(275,772)	(248,700)	(284,842)
Income (expense) tax and social contribution benefit	14				
Current		-	-	(10,979)	(10,331)
Deferred		920	-	11,082	20,857
		920	-	103	10,526
Loss for the period		(249,193)	(275,772)	(248,597)	(274,316)
Income (loss) attributable to:					
Owners of the Company		(249,193)	(275,772)	(249,193)	(275,772)
Non-controlling interest		-	-	596	1,456
Basic and diluted loss earning per share:				(R\$0.1861)	(R\$0.2698)

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

Rumo S.A.

Statements of comprehensive income

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

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Loss for the period	(249,193)	(275,772)	(248,597)	(274,316)
Other comprehensive income - items that are subsequently reclassified to profit				
Currency translation adjustment	490	3,362	490	3,362
Other comprehensive income net of income tax and social contribution	490	3,362	490	3,362
			-	-
Total comprehensive loss	(248,703)	(272,410)	(248,107)	(270,954)
Comprehensive income attributable to:				
Owners of the Company	(248,703)	(272,410)	(248,703)	(272,410)
Non-controlling interest	-	-	596	1,456

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

Rumo S.A.

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

	Attributable to shareholders of the Company											Total	Non-controlling interest	Total equity
	Capital reserve				Profit reserve		Other equity							
	Common stock	Capital reserve	Funding cost	Granted options recognized	Non-controlling transaction results and goodwill	Tax incentives	Loss for the period	Cumulated currency translation adjustment	Attributable Cost	Pension plan				
At March 31, 2017	7,014,897	2,177,550	(19,439)	53,485	282,074	253,599	(4,363,960)	4,116	3,527	(1,154)	5,404,695	270,592	5,675,287	
Loss for the period	-	-	-	-	-	-	(249,193)	-	-	-	(249,193)	596	(248,597)	
Currency translation adjustment	-	-	-	-	-	-	-	490	-	-	490	-	490	
Attributable cost reflection adjustment of associates	-	-	-	-	-	-	60	-	(60)	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	-	(249,133)	490	(60)	-	(248,703)	596	(248,107)	
Stock option plan	-	-	-	1,268	-	-	-	-	-	-	1,268	-	1,268	
Dividends	-	-	-	-	-	-	-	-	-	-	-	(3,247)	(3,247)	
Total transactions with owners of the Company	-	-	-	1,268	-	-	-	-	-	-	1,268	(3,247)	(1,979)	
At March 31, 2017	7,014,897	2,177,550	(19,439)	54,753	282,074	253,599	(4,613,093)	4,606	3,467	(1,154)	5,157,260	267,941	5,425,201	

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

Rumo S.A.

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

	Attributable to shareholders of the Company											Total	Non-controlling interest	Total equity
	Capital reserve				Profit reserve		Other equity							
	Common stock	Funding cost	Granted options recognized	Non-controlling transaction results and goodwill	Tax incentives	Loss for the period	Resources for capital increase	Cumulated currency translation adjustment	Attributable Cost	Marking to market Hedge				
At January 1, 2016	3,448,283	(19,439)	53,484	281,977	253,599	(3,300,999)	1,320,111	(2,072)	3,600	484	2,039,028	209,745	2,248,773	
Loss for the period	-	-	-	-	-	(275,772)	-	-	-	-	(275,772)	1,456	(274,316)	
Currency translation adjustment	-	-	-	-	-	-	-	3,362	-	-	3,362	-	3,362	
Attributable cost reflection adjustment of associates	-	-	-	-	-	90	-	-	(90)	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	(275,682)	-	3,362	(90)	-	(272,410)	1,456	(270,954)	
Capital increase	66,000	-	-	-	-	-	-	-	-	-	66,000	-	66,000	
Capital increase by advance for future capital increase	1,320,111	-	-	-	-	-	(1,320,111)	-	-	-	-	-	-	
Total transactions with owners of the Company	1,386,111	-	-	-	-	-	(1,320,111)	-	-	-	66,000	-	66,000	
At March 31, 2016	4,834,394	(19,439)	53,484	281,977	253,599	(3,576,681)	-	1,290	3,510	484	1,832,618	211,201	2,043,819	

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

Rumo S.A.

Statements of cash flows

(In thousands of Brazilian Reais - R\$)

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cash flows from operating activities				
Loss before income taxes and social contribution	(250,113)	(275,772)	(248,700)	(284,842)
Adjustments to:				
Depreciation and amortization	24,683	12,597	289,903	296,523
Equity pick-up	196,538	207,918	(1,746)	(3,557)
Provision for profit sharing	2,633	(2,527)	10,850	599
Loss on disposal of fixed assets and intangible	-	-	(4,106)	7,092
Provision for losses on judicial demands	2,266	1,596	13,921	1,092
Provision for losses on doubtful accounts	232	-	(1,371)	(1,215)
Stock option plan	1,268	-	1,268	-
Lease and concessions	-	-	49,474	48,753
Interest, indexation charges and exchange variations, net	63,622	66,226	413,905	323,749
Other	(886)	(702)	(4,231)	2,466
	40,243	9,336	519,167	390,660
Changes in:				
Accounts receivable	26,853	(89)	94,645	(40,407)
Judicial deposits	372	3,323	(7,878)	(1,709)
Net, related parties	4,637	-	48,922	116,008
Other recoverable taxes	20,570	1,500	26,642	(6,008)
Taxes payable	(25,279)	(315)	(40,480)	(20,677)
Inventories	26	-	36,181	6,827
Salaries payable	(15,683)	-	(28,406)	(13,140)
Accounts payable	(11,179)	593	(60,028)	51,502
Lease and concessions payable	-	-	(28,096)	(25,996)
Judicial demands	(2,487)	(6,751)	(16,052)	(16,561)
Other financial liabilities	-	-	(15,498)	(104,451)
Other asset and liabilities, net	(8,575)	(1,278)	17,307	(9,328)
	(10,745)	(3,017)	27,259	(63,940)
Net cash generated from (used in) operating activities	29,498	6,319	546,426	326,720
Cash flow from investing activities				
Capital increase in subsidiary	-	(46,016)	-	-
Marketable securities	59,952	2,266	396,276	213,463
Restricted cash	(57)	-	(24,145)	19,018
Dividends received	76,000	-	2,464	1,743
Related parties - Mutual	(40,000)	(20,984)	-	-
Purchase of property, plant and equipment and intangible assets	(32,137)	(18)	(471,883)	(247,320)
Cash received on disposal of other fixed assets	-	-	7,000	-
Net cash generated from (used in) investing activities	63,758	(64,752)	(90,288)	(13,096)
Cash flow from financing activities				
Proceeds from debt	-	-	2,388,495	133,896
Repayments of principal	(49,102)	(10,473)	(313,619)	(342,264)
Payments of interest	(45,124)	(1,381)	(219,962)	(168,626)
Amortization of advance of real estate credits	-	-	(31,705)	(31,176)
Derivative financial instruments	775	(3,086)	775	(262)
Related parties - Mutual	-	7,545	-	-
Capital increase	-	66,000	-	66,000
Net cash generated from (used in) financing activities	(93,451)	58,605	1,823,984	(342,432)
Impact of exchange variation on cash and cash equivalents	-	-	47,484	-
Increase (decrease) in cash and cash equivalents	(195)	172	2,327,606	(28,808)
Cash and cash equivalents at beginning of period	3,039	3,523	260,527	35,832
Cash and cash equivalents at end of period	2,844	3,695	2,588,133	7,024
Supplemental disclosure of cash flow information:				
Income taxes paid	-	-	685	-

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

Rumo S.A.

Statements of value added

(In thousands of Brazilian Reais - R\$)

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Revenue				
Sale of services	150,413	11,192	1,288,222	1,089,615
Other operating revenue	275	192	13,507	6,185
Allowance for doubtful accounts	(232)	-	1,371	1,215
	<u>150,456</u>	<u>11,384</u>	<u>1,303,100</u>	<u>1,097,015</u>
Raw materials acquired from third				
Cost of services rendered	(81,051)	-	(252,583)	(351,100)
Materials, energy, third party services, other	(9,622)	(2,480)	(227,254)	(112,262)
Loss / recovery of assets	-	-	-	347
Other	-	4,825	-	(8,597)
	<u>(90,673)</u>	<u>2,345</u>	<u>(479,837)</u>	<u>(471,612)</u>
Gross value added	<u>59,783</u>	<u>13,729</u>	<u>823,263</u>	<u>625,403</u>
Retention				
Depreciation and amortization	(24,683)	(12,597)	(289,903)	(296,523)
	<u>(24,683)</u>	<u>(12,597)</u>	<u>(289,903)</u>	<u>(296,523)</u>
Net value added	<u>35,100</u>	<u>1,132</u>	<u>533,360</u>	<u>328,880</u>
Value added transferred in				
Equity pick-up in investees	(196,538)	(207,918)	1,746	3,557
Financial income	2,401	12,439	43,431	21,558
	<u>(194,137)</u>	<u>(195,479)</u>	<u>45,177</u>	<u>25,115</u>
Value added to be distributed	<u>(159,037)</u>	<u>(194,347)</u>	<u>578,537</u>	<u>353,995</u>
Distribution of value added				
Personnel	4,508	-	165,846	118,343
Direct remuneration	3,892	-	132,658	93,708
Benefits	550	-	25,793	18,468
FGTS	66	-	7,395	6,167
Taxes and contributions	8,078	1,034	76,355	67,146
Federal	8,118	1,034	60,694	54,926
State	254	-	12,312	10,480
City	(294)	-	3,349	1,740
Third party capital remuneration	77,570	80,391	584,933	442,822
Interest	76,586	80,001	494,835	358,981
Leasing	984	390	90,098	83,841
Equity capital remuneration	(249,193)	(275,772)	(248,597)	(274,316)
Non-controlling interests	-	-	596	1,456
Losses	(249,193)	(275,772)	(249,193)	(275,772)
	<u>(159,037)</u>	<u>(194,347)</u>	<u>578,537</u>	<u>353,995</u>

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

Rumo S.A.

Notes to the interim financial statements

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

1 Operations

Rumo S.A. ("The Company" or "Rumo"), is a publicly traded company with its shares traded on the São Paulo stock exchange ("BM&FBOVESPA") under the code RAIL3, and has its headquarters in the city of Curitiba, State of Paraná, Brazil. The Company is a direct subsidiary of Cosan Logística S.A. ("Cosan Logística"), which owns 28.37% of its capital.

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

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

On December 19, 2016, Rumo Logística Operadora Multimodal S.A. ("Rumo Logística") and the Company approved the operation of Incorporation of Rumo Logística by the Company ("Incorporation"), pursuant to the "Protocol and Justification of Incorporation". The accounting operation incurred on December 31, 2016 and consisted of the corporate reorganization through the reverse incorporation of Rumo Logística by the Company and consequent extinction of the first, with succession of all its assets, rights and obligations by the Company, under the terms of Articles 224 to 227 of 6,404/76 ("Brazilian Corporation Law"). In addition, following the event described in the previous paragraph, the Company contributed the assets and liabilities related to the port operations that previously occurred in the direct subsidiary Rumo Logística into the new indirect subsidiary of the segment, Elevações Portuárias through capital increase amounting R\$672,396. Additionally, the Company contributed assets (rail cars and locomotives) amounting R\$895,727 in the indirect subsidiary Rumo Malha Norte.

On February 23, 2017, TPG VI Fundo de Investimento em Participações ("TPG"), shareholder of the Company, exercised its right to substitute 12,831,102 shares issued by the Company - all of its shares related to the Company's shareholders' agreement, celebrated by Cosan S.A. Indústria e Comércio ("Cosan"), Cosan Logística, GIF Rumo Fundo de Investimento em Participações ("GIF"), TPG and Cosan Limited ("CZZ") on 2010, as amended ("Shareholders' Agreement"), for shares issued by Cosan and shares issued by Cosan Logística, with settlement as agreed between the shareholders. After settlement of the substitution obligations, the Shareholders' Agreement will automatically terminate.

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Notes to the interim financial statements

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

On March 7, 2017, in compliance with Instruction No. 358 of the Brazilian Securities Commission of January 3, 2002, the Company approved at the Extraordinary General Meeting held on December 19, 2016, the replacement of each common share issued by Rumo Logística by one share issued by the Company. Beginning on March 13, 2017, which was made in connection with the incorporation of Rumo Logística by the Company. The Company started trading with the common shares issued by the Company under the code RAIL3 and name of the Company RUMO S.A. listed by BMF&BOVESPA in its special segment of the “Novo Mercado”.

Management has made an assessment of the entity’s ability to continue operating in the foreseeable future. On March 31, 2017, the Company had a consolidated working capital of R\$600,678 and a consolidated loss of R\$248,597. In addition, its generated consolidated operating cash flow of R\$546,426 and made investments in modernizing its rolling stock and improving the railway network of R\$471,883, in line with its business plan. The capital increase plus the debt reprofiling implemented in 2016, as well as the issue of Senior Notes 2024 in 2017 (note 12), fully equated the risk of the Company's operational continuity.

The consolidated financial position and results of operations of the Company for the current period and for the periods subsequent to this reorganization are not necessarily comparable with the information presented in previous periods.

a) The concession of railway operation and port terminal

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

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

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

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

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Notes to the interim financial statements

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

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

- Return to the government all the rights and privileges transferred to the subsidiaries, together with leased assets and those resulting from investments that are considered reversible by the Federal Government as being necessary to the continuous provision of the granted service.
- The reversible assets would be indemnified by the Federal Government at the residual cost, calculated based on the accounting records of the subsidiaries, considering depreciation; such costs would be subject to technical and financial analysis by the Federal Government. Any and all improvements made to the permanent track superstructure would not be considered as investments for indemnification purposes.

2 Basis of preparation and significant accounting policies

2.1 Statement of compliance

The individual and consolidated interim financial statements have been prepared in accordance with CPC 21 (R1) - Interim Financial Reporting and the International Accounting Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and are presented in accordance with the rules of the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly information (ITR) and do not include all the information required in the annual financial statements.

These interim financial statements have been prepared following the basis of preparation and accounting policies consistent with those adopted in the preparation of the financial statements of December 31, 2016 and should be read together. The information notes that no significant changes were not repeated in full in these financial statements. All relevant information from financial statements is being evidenced, and these correspond to those used by the Board in its management.

On May 04, 2017, the Board of Directors authorized the issuance of the financial statements.

2.2 Presentation of Information by segment

Operating segment information is presented consistently with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments is the Executive Board, also responsible for making the strategic decisions of the Company and its subsidiaries.

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Notes to the interim financial statements

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

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

2.3 Basis of consolidation

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

	<u>Directly and indirectly</u>	
	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Subsidiaries		
<i>Direct</i>		
Logisport Armazéns Gerais S.A.	51.00%	51.00%
Elevações Portuárias S.A.	100.00%	100.00%
Rumo Luxembourg Sarl	100.00%	100.00%
ALL Intermodal S.A.	100.00%	100.00%
Rumo Malha Oeste S.A.	100.00%	100.00%
Rumo Malha Paulista S.A.	100.00%	100.00%
Rumo Malha Sul S.A.	100.00%	100.00%
Rumo Malha Norte S.A.	99.52%	99.48%
Boswells S.A.	100.00%	100.00%
Brado Holding S.A.	100.00%	100.00%
ALL Serviços Ltda.	99.99%	99.99%
ALL Argentina S.A.	90.96%	90.96%
Paranaguá S.A.	99.90%	99.83%
ALL Rail Management Ltda.	50.01%	50.01%
<i>Indirect</i>		
ALL Armazéns Gerais Ltda.	100.00%	100.00%
Portofer Ltda.	100.00%	100.00%
Brado Logística e Participações S.A.	61.71%	62.22%
Brado Logística S.A.	61.71%	62.22%
ALL Mesopotâmica S.A.	70.56%	70.56%
ALL Central S.A.	73.55%	73.55%
PGT S.A.	100.00%	100.00%

Investment in associates (equity of investees)

Associates are those entities in which the Company has significant influence but not control or joint control over their financial and operating policies. Significant influence supposedly occurs when the Company, directly or indirectly, holds between 20% and 50% of the voting power of the entity.

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

The following associates are accounted for under the equity method:

	<u>Directly and indirectly</u>	
	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Associates (Equity)		
Rhall Terminais Ltda.	30.00%	30.00%
Termag S.A. (i)	19.85%	19.85%
TGG S.A. (i)	9.92%	9.92%
Terminal XXXIX S.A.	49.62%	49.62%

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

Investments in associates are accounted for using the equity method and are initially recorded at cost. The investment costs include the costs of transaction.

Under the equity method, the portion attributable to the Company on the net income or loss for the year of these investments is recorded in the statement of income under "Equity in subsidiaries and associates". All intra-group balances, revenues and expenses and unrealized gains and losses arising from intra-group transactions are fully eliminated. Other comprehensive income of subsidiaries is recorded directly in the Company's equity under "Other comprehensive income".

2.4 Statement of value added

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

2.5 Cash Flow – non cash transactions

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

During the period ended March 31, 2017, the Company made the following transaction not involving cash and therefore is not reflected in the consolidated statement of cash flows:

- Lease of locomotives, rail cars and other assets through operation accounted characterized as capital leases in the amount of R\$1,732.

2.6 New standards and interpretations not yet effective

- *IFRS 9 Financial Instruments*

We have identified a change in the policy for the provision for doubtful accounts and we have started a study on the possible impacts, without conclusion to date.

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

- *IFRS 15 Revenue from Contracts with Customers*

The standard is applicable for years beginning on or after January 1, 2018, but we do not expect material adjustments in revenue recognition. We continue to evaluate possible impacts of IFRS 15 on the disclosures in explanatory notes and in the policies applied in the control of revenue.

- *IFRS 16 Leasing (Leases)*

The Company began an initial assessment of the potential impact on its financial statements. So far, the most significant impact is that the Company will recognize new assets and liabilities for its operating leases of assets related to concessions.

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

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

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Notes to the interim financial statements

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

3 Cash and cash equivalent

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Reais				
Cash and bank accounts	2,838	3,039	2,404,319	85,107
Financial investments	6	-	183,814	175,420
	2,844	3,039	2,588,133	260,527

The financial investments were as below:

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Bank investments				
Bank deposit certificates - CDB	-	-	149,962	145,348
Repurchase transactions	-	-	29,832	26,719
Other investments	6	-	4,020	3,353
	6	-	183,814	175,420

4 Marketable securities and restricted cash

Marketable securities	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
CDB investments linked to BNDES loans	-	-	-	283,372
Government bonds	1,009	59,703	541,752	633,221
	1,009	59,703	541,752	916,593

Restricted cash	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Investments linked to loans	-	-	89,816	63,474
Securities pledged as collateral	3,345	3,288	135,328	137,525
	3,345	3,288	225,144	200,999

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Notes to the interim financial statements

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

5 Accounts receivable

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Domestic – Brazilian Reais	31,867	59,211	298,263	434,543
Export – Foreign currency	57	158	28,685	15,504
Allowance for doubtful accounts	(1,911)	(1,679)	(17,226)	(18,586)
	30,013	57,690	309,722	431,461
Current	15,708	43,385	295,417	417,156
Non-current	14,305	14,305	14,305	14,305

6 Inventories

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Parts and accessories	-	376	225,461	244,453
Fuels and lubricants	-	5	7,559	7,397
Other	455	100	15,365	32,729
	455	481	248,385	284,579

7 Other recoverable taxes

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Contribution to social security financing ("COFINS")	6,403	1,433	211,202	188,824
Social Integration program ("PIS")	1,203	311	50,417	45,425
Tax on circulation of goods, transport services and communication ("ICMS") (i)	1	-	341,763	331,960
ICMS - CIAP (ii)	-	-	174,858	174,221
Other	43	42	6,708	4,384
	7,650	1,786	784,948	744,814
Current	7,650	1,786	122,935	84,009
Non-Current	-	-	662,013	660,805
	7,650	1,786	784,948	744,814

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

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

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Notes to the interim financial statements

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

8 Related parties

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

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Current asset				
Commercial operations				
Cosan S.A. Indústria e Comércio	228	282	341	440
Rumo Malha Norte S.A.	1,176	27,500	-	-
Rumo Malha Paulista S.A.	102,419	91,886	-	-
Rumo Malha Sul	170	2,513	-	-
Raízen Energia S.A.	1,983	2,083	8,850	14,261
Raízen Combustíveis S.A.	149	149	15,179	12,412
Brado Logística S.A.	4,365	5,606	-	-
Elevações Portuárias S.A.	1,745	-	-	-
Outros	2,046	425	89	1,701
	<u>114,281</u>	<u>130,444</u>	<u>24,459</u>	<u>28,814</u>
Non-current assets				
Commercial operations				
ALL - Argentina	5,649	1,428	-	-
	<u>5,649</u>	<u>1,428</u>	<u>-</u>	<u>-</u>
Non-current assets				
Financial operations				
Elevações Portuárias S.A.	40,607	-	-	-
	<u>40,607</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>46,256</u>	<u>1,428</u>	<u>-</u>	<u>-</u>
Total	<u>160,537</u>	<u>131,872</u>	<u>24,459</u>	<u>28,814</u>

Rumo S.A.

Notes to the interim financial statements

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

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Current liabilities				
Commercial operations				
Rumo Malha Norte S.A.	1,236	76	-	-
Rumo Malha Sul S.A.	4,001	1,818	-	-
Rumo Malha Paulista S.A.	355,810	398,029	-	-
Rumo Malha Oeste S.A.	857	-	-	-
Portofer Transporte Ferroviário Ltda.	975	-	-	-
Raízen Energia S.A.	11,381	7,021	27,480	18,431
Cosan S.A. Indústria e Comércio	17,458	17,378	19,238	17,407
Cosan Lubrificantes e Especialidades S.A.	354	356	2,399	1,854
Raízen Combustíveis S.A.	1	1	99,543	68,151
Logispot Armazéns Gerais S.A.	678	761	-	-
ALL - Argentina	1,010	1,010	-	-
Elevações Portuárias S.A.	18,865	-	-	-
Other	1,809	336	2,583	867
	414,435	426,786	151,243	106,710
Current liabilities				
Commercial operations				
ALL Argentina	9,362	4,733	-	-
Boswells	21,450	20,369	-	-
Other	77	77	-	-
	30,889	25,179	-	-
Total	445,324	451,965	151,243	106,710

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

b) Summary of transactions with related parties:

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Operating income				
Raízen Energia S.A. and subsidiaries	55,475	-	73,982	5,317
Raízen Combustíveis S.A.	-	-	32,862	24,641
Rumo Logística Operadora Multimodal S.A.	-	-	-	40,686
Rumo Malha Norte S.A.	3,000	3,000	-	-
Rumo Malha Paulista S.A.	63,382	7,492	-	-
Other	-	-	-	23
	121,857	10,492	106,844	70,667
Purchases of products / inputs				
Raízen Combustíveis S.A.	-	-	(203,716)	(201,094)
Logisport Armazéns Gerais S.A.	(269)	-	-	-
Rumo Logística Operadora Multimodal S.A.	-	-	-	(55,494)
Rumo Malha Paulista S.A.	(17,283)	-	-	-
Cosan Lubrificantes e Especialidades S.A.	-	-	(6,584)	(15,985)
Other	-	-	-	(23)
	(17,552)	-	(210,300)	(272,596)
Shared expenses				
Cosan S.A. Indústria e Comércio	(131)	-	(2,416)	-
Raízen Energia S.A.	(274)	-	(6,869)	(4,620)
	(405)	-	(9,285)	(4,620)
Financial result				
Elevações Portuárias S.A.	607	-	-	-
Rumo Malha Oeste S.A.	-	(3,735)	-	-
Rumo Malha Paulista S.A.	(13,366)	(12,159)	-	-
Rumo Malha Sul S.A.	-	(509)	-	-
Rumo Malha Norte S.A.	(20,050)	(24,035)	-	-
Outros	-	(219)	-	-
	(32,809)	(40,657)	-	-

c) Officers and directors remuneration

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

	March 31, 2017	March 31, 2016
Regular remuneration	3,005	1,367
Stock option recognized (Note 22)	1,268	-
Bonus and other variable remuneration	986	826
	5,259	2,193

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Notes to the interim financial statements

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

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

a) Parent Company

	Total shares of the investee	Shares held by the Company	Percentage of interest (%)	Balance at January 1 ^o , 2017	Equity pick-up	Comprehensive income	Change in interest in subsidiary	Capital increase	Stock option plan	Balance at March 31, 2017
<u>Subsidiaries</u>										
Elevações Portuárias	672,397,254	672,397,254	100.00%	654,719	8,142	-	-	-	-	662,861
ALL Intermodal	91,064,313	91,064,313	100.00%	63,447	2,249	(451)	(11)	-	-	65,234
ALL Serviços	100,000	99,999	99.99%	9,538	(464)	-	-	-	-	9,074
Rumo Malha Norte	1,189,412,363	1,183,698,555	99.52%	7,593,140	73,882	(22,897)	-	-	(7,408)	7,636,717
Boswells	3,265,000	3,265,000	100.00%	20,679	-	-	(575)	-	-	20,104
Rail Management	20,000	10,001	50.01%	96	(96)	-	-	-	-	-
Brado Holding	500	500	100.00%	360,073	863	(3,949)	-	-	-	356,987
Paranaguá S.A.	6,119,802	6,113,851	99.90%	6,456	(112)	-	1,168	-	-	7,512
Logispot	2,040,816	1,040,816	51.00%	75,091	(225)	-	-	-	-	74,866
Others	-	-	-	158	-	-	-	(158)	-	-
Total				8,783,397	84,239	(27,297)	582	(158)	(7,408)	8,833,355
<u>Provision for net capital deficiency in subsidiary</u>										
ALL Argentina	9,703,000	8,826,110	90.96%	(19,463)	(1,724)	-	(92)	-	-	(21,279)
Rumo Luxembourg Sarl	500,000	500,000	100.00%	-	(23,975)	-	-	158	-	(23,817)
Rail Management	20,000	10,001	50.01%	-	(17)	-	-	-	-	(17)
Rumo Malha Oeste	478,460,074	478,460,074	100.00%	(680,636)	(57,711)	-	-	-	-	(738,347)
Rumo Malha Paulista	90,826,624,247	90,826,624,247	100.00%	(73,383)	(41,625)	-	-	-	(4,753)	(119,761)
Rumo Malha Sul	6,677,710,494,907	6,677,710,494,907	100.00%	(384,710)	(155,725)	-	-	-	-	(540,435)
				(1,158,192)	(280,777)	-	(92)	158	(4,753)	(1,443,656)
				7,625,205	(196,538)	(27,297)	490	-	(12,161)	7,389,699

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Notes to the interim financial statements

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

b) Consolidated

Affiliates	Total shares of investee	Shares held by the Company	Percentage of interest (%)	Balance at January 1°, 2017	Equity pick-up	Dividends	Balance at March 31, 2017
Rhall Terminais	28,580	8,574	30.00%	3,645	(89)	-	3,556
Termag S.A.	500,000	99,246	19.85%	7,669	987	-	8,656
TGG S.A.	79,747,000	7,914,609	9.92%	18,535	279	(4,000)	14,814
Terminal XXXIX	200,000	99,246	49.62%	16,998	569	(2,851)	14,716
Total				46,847	1,746	(6,851)	41,742

c) Non-controlling interests

	Total shares of investee	Shares held by the Company	Percentage of interest (%)	Balance at January 1°, 2017	Equity pick-up	Dividends	Balance at March 31, 2017
Logisport	2,040,816	1,000,000	49.00%	36,089	(216)	-	35,873
Brado Holding	12,962,963	8,000,000	61.71%	218,637	569	(2,403)	216,803
Rumo Malha Norte	1,189,412,363	5,709,179	0.48%	15,770	356	(844)	15,282
Rail Management	20,000	9,999	49.99%	96	(113)	-	(17)
Total				270,592	596	(3,247)	267,941

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Notes to the interim financial statements

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10 Property and equipment

	Consolidated							Parent Company
	Land, buildings and improvements	Machinery, equipment and facilities	Freight cars and locomotives (i)	Construction in progress	Track structure (i)	Other	Total	Total
Cost:								
At December 31, 2016	866,974	553,889	7,478,023	668,562	6,353,604	767,992	16,689,044	139,728
Additions	-	-	6,455	462,881	3,729	288	473,353	32,137
Disposals	(1,709)	(1,926)	-	-	-	(7,752)	(11,387)	-
Transfers	957	(1,833)	269,162	(335,234)	44,036	19,618	(3,294)	(20)
At March 31, 2017	866,222	550,130	7,753,640	796,209	6,401,369	780,146	17,147,716	171,845
Depreciation:								
At December 31, 2016	(280,141)	(237,086)	(2,975,976)	-	(2,396,583)	(462,139)	(6,351,925)	(30,425)
Additions	(7,134)	(13,450)	(118,781)	-	(95,799)	(16,035)	(251,199)	(2,263)
Disposals	166	471	-	-	-	3,354	3,991	-
Transfers	(893)	(1)	9,334	-	(12,612)	392	(3,780)	20
At March 31, 2017	(288,002)	(250,066)	(3,085,423)	-	(2,504,994)	(474,428)	(6,602,913)	(32,668)
At December 31, 2016	586,833	316,803	4,502,047	668,562	3,957,021	305,853	10,337,119	109,303
At March 31, 2017	578,220	300,064	4,668,217	796,209	3,896,375	305,718	10,544,803	139,177

(i) Leasehold improvements and finance leases included.

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

11 Intangible assets

	Consolidated					Parent Company
	Goodwill (i)	Concession Rights (ii)	Right of way and operating license	Other	Total	Total
Cost:						
At December 31, 2016	100,451	7,662,964	343,177	196,336	8,302,928	617,796
Additions	-	-	-	262	262	-
Transfers	-	-	-	3,663	3,663	(5,065)
At March 31, 2017	100,451	7,662,964	343,177	200,261	8,306,853	612,731
Amortization						
At December 31, 2016	-	(310,958)	(108,429)	(102,252)	(521,639)	(150,614)
Additions	-	(12,345)	(20,817)	(5,820)	(38,982)	(10,256)
Transfers	-	-	-	(2)	(2)	5,065
At March 31, 2017	-	(323,303)	(129,246)	(108,074)	(560,623)	(155,805)
At December 31, 2016	100,451	7,352,006	234,748	94,084	7,781,289	467,182
At March 31, 2017	100,451	7,339,661	213,931	92,187	7,746,230	456,926

- (i) Goodwill arising from business combination, of which R\$62,922 of previously direct subsidiary Teaçú Armazéns Gerais S.A., merged by the Company, and R\$37,529 of direct subsidiary Logispot presented only in consolidated balances.
- (ii) The expense is recognized in the income statement in cost of services, as depreciation and amortization.

Intangible (other than goodwill)	Annual rate of amortization - %	March 31, 2017	December 31, 2016
Software	20%	26,400	27,158
Operating license and customer base	3.70%	213,931	234,748
Concession rights	1.59%	7,339,661	7,352,006
Other		65,788	66,926
Total		7,645,780	7,680,838

The Company annually tests the recoverable amounts of goodwill arising from business combinations operations. Property and equipment and intangible assets with definite lives are subject to depreciation and amortization is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Rumo S.A.

Notes to the interim financial statements

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

12 Loans and borrowings

Description	Financial charges		Parent Company		Consolidated		Maturity date
	Index	Average interest rate	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	
Loans and borrowings							
Commercial banks	Pre-fixed (USD)	6.33%	-	-	91,078	86,140	2021
	CDI + 4.91% p.a.	17.64%	-	-	147,521	163,815	2019
Finame (BNDES)	Pre-fixed	5.11%	684,831	711,229	1,257,492	1,232,984	2025
	URTJLP	11.40%	-	-	-	17	2017
Finem (BNDES)	Pre-fixed	3.91%	-	-	3,748	3,930	2024
	URTJLP	9.32%	238,736	257,464	2,522,483	2,663,459	2029
	IPCA	12.13%	-	-	3,557	3,453	2021
	Selic	13.65%	-	-	4,985	5,277	2020
Senior Notes	Pre-fixed (USD)	7.38%	-	-	2,375,478	-	2024
	CDI + 3.50% p.a.	16.05%	-	-	295,102	294,516	2018
	CDI + 3.47% p.a.	16.02%	-	-	81,453	80,486	2017
	112% of CDI	13.68%	-	-	124,230	120,069	2018
	129.62% of CDI	16.00%	-	-	574,571	552,576	2023
			923,567	968,693	7,481,698	5,206,722	
Debentures							
Non-convertible debentures	108% of CDI	13.16%	-	-	338,020	350,852	2018
	Pre-fixed	13.13%	-	-	169,012	163,862	2020
	CDI + 1.30% p.a.	13.59%	290,000	300,183	290,000	300,183	2017
	CDI + 3.50% p.a.	16.05%	-	-	2,443,137	2,347,271	2023
	CDI + 2.05% p.a.	14.43%	153,669	154,235	153,669	154,285	2018
Privated	CDI + 2.05% p.a.	15.96%	1,025,751	992,335	-	-	2018
			1,469,420	1,446,753	3,393,838	3,316,453	
Total			2,392,987	2,415,446	10,875,536	8,523,175	
Current			1,502,698	487,928	1,586,100	1,467,725	
Non-current			890,289	1,927,518	9,289,436	7,055,450	

Senior Notes 2024

On February 9, 2017, through its subsidiary, Rumo Luxembourg Sarl ("Rumo Luxembourg"), the Company issued debt securities in the international market, Senior Notes due 2024 ("Notes 2024") in the total amount of US\$750,000, with maturity in February 2024 and interest of 7.375% per annum, paid semi-annually.

The 2024 Notes were rated BB- by the rating agencies Standard & Poor's and Fitch Ratings. The Company will use the net proceeds from this funding for early settlement of debt as part of the Company's capital structure management process, with one of the objectives being to diversify the sources of financing of the Company's investment plan.

Unused credit lines

At March 31, 2017, the Company and its subsidiaries had lines of credit for financing from BNDES, which were not used, totaling of R\$553,190 (R\$541,639 on December 31, 2016).

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

Covenants

The Company is subject to certain restrictive contractual clauses, relating to the level of leverage and debt service coverage, in some of its contracts. The more restrictive provisions have yearly verification at year-end and refer to net comprehensive indebtedness. Net comprehensive indebtedness includes bank debts, debentures, commercial leases, Real Estate Receivables Certificates and derivative instruments linked to credit operations, deducted from securities, as well as cash and cash equivalents. As of 12/31/2017 the covenants were defined for a maximum leverage of 4.3x (net comprehensive debt / EBITDA LTM) and minimum interest coverage ratio of 1.4x EBITDA / Financial Result.

The Company also has quarterly inspections of certain indices that consist of: (i) consolidated net banking debt / EBITDA (earnings before interest, taxes, depreciation and amortization, in Portuguese); (ii) EBITDA / consolidated financial result (only interest on debentures, loans / financing and derivative operations are considered). Net bank debt includes bank debt, as well as securities and derivative instruments linked to credit operations. The agreed ratio is up to 5.5x net banking debt / EBITDA and minimum interest coverage ratio of 2.0x EBITDA / financial result, limits that were being met by the Company on March 31, 2017.

On March 31, 2017, the Company did not have loans with the BNDES subject to covenants. This requirement has been replaced by bank guarantees.

13 Other taxes payable

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Tax on circulation of goods, transport services and communication ("ICMS")	220	181	1,315	2,407
National social security institute ("INSS")	1,526	1,768	4,551	5,930
Social integration program ("PIS")	460	467	1,271	988
Contribution to social security financing ("COFINS")	2,128	2,778	5,922	5,293
Tax amnesty and refinancing program ("Refis") (i)	902	902	22,094	23,709
Tax on services	-	-	3,369	3,364
Financial transaction tax	-	-	1,708	2,992
Other	435	1,529	5,598	5,130
	<u>5,671</u>	<u>7,625</u>	<u>45,828</u>	<u>49,813</u>
Current	<u>5,671</u>	<u>7,625</u>	<u>28,812</u>	<u>32,757</u>
Non-current	<u>-</u>	<u>-</u>	<u>17,016</u>	<u>17,056</u>

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

14 Income tax and social contribution

a) Reconciliation of income tax and social contribution expenses.

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2017
Loss before income taxes	(250,113)	(275,772)	(248,700)	(284,842)
Income tax and social contribution expense at nominal rate (34%)	85,038	93,762	84,558	96,846
<i>Adjustments to determine the effective rate</i>				
Equity pick-up	(66,823)	(70,692)	594	1,209
Permanent differences	-	231	(31)	353
Unrecognized NOLs and temporary differences (i)	(16,864)	(23,301)	(93,561)	(98,059)
Exploration profit - tax incentive	-	-	4,035	10,691
Other	(431)	-	4,508	(514)
Income (expense) tax and social contribution	920	-	103	10,526
Effective rate - %	0.37%	0.00%	0.04%	3.70%

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

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

	Parent Company				December 31, 2016
	Basis	March 31, 2017			
		IRPJ	CSLL	Total	
Tax losses:					
Tax losses carry forwards - income tax	1,020,912	255,228	-	255,228	239,086
Tax losses of social contribution	1,141,278	-	102,715	102,715	96,904
Temporary differences:					
Business combination - Fixed assets	1,973	493	178	671	(473)
Business combination - Intangible assets	(224,035)	(56,009)	(20,163)	(76,172)	(77,170)
Impairment provision	89,983	22,496	8,098	30,594	30,327
Provision for judicial demands	39,986	9,997	3,599	13,596	12,122
Provision for profit sharing	2,633	658	237	895	4,628
Allowance for doubtful accounts	2,361	590	213	803	831
(-) Unrecognized credits	(1,153,657)	(288,414)	(103,829)	(392,243)	(370,457)
Other	46,571	11,643	4,191	15,834	15,203
Total deferred liabilities taxes	968,005	(43,318)	(4,761)	(48,079)	(48,999)

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

	Consolidated				December 31, 2016
	March 31, 2017			Total	
	Basis	IRPJ	CSLL		
Tax losses:					
Tax losses carry forwards - income tax	6,423,354	1,605,839	-	1,605,839	1,503,707
Tax losses of social contribution	6,538,588	-	588,473	588,473	560,005
Temporary differences:					
Tax goodwill amortized	(59,658)	(14,915)	(5,369)	(20,284)	(19,715)
Review of useful life	961,924	240,481	86,573	327,054	296,430
Business combination - Fixed assets	474,876	118,719	42,739	161,458	172,769
Business combination - Intangible assets	(7,553,040)	(1,888,260)	(679,774)	(2,568,034)	(2,579,247)
Impairment provision	905,173	226,293	81,466	307,759	290,470
Provision for judicial demands	628,698	157,175	56,583	213,758	212,068
Provision for non-performing tax	71,650	17,913	6,449	24,362	22,274
Provision for profit sharing	25,164	6,291	2,265	8,556	17,401
Capitalization of interest on loans	(5,215)	(1,304)	(469)	(1,773)	(325)
Allowance for doubtful accounts	52,383	13,096	4,714	17,810	18,123
(-) Unrecognized credits	(7,953,969)	(1,384,320)	(498,383)	(1,882,703)	(1,753,070)
Other	(22,791)	(5,698)	(2,051)	(7,749)	22,550
Total net liability	487,137	(908,690)	(316,784)	(1,225,474)	(1,236,560)
Deferred income tax – Assets				1,169,717	1,160,968
Deferred income tax – Liabilities				(2,395,191)	(2,397,528)
Total net deferred taxes				(1,225,474)	(1,236,560)

c) Changes in deferred taxes (net)

	Parent Company	Consolidated
At December 31, 2016	(48,999)	(1,236,560)
Income statement	920	11,082
Other	-	4
At March 31, 2017	(48,079)	(1,225,474)

15 Accounts payable - suppliers

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Material and services	28,797	38,890	373,725	404,657
Fuels and lubricants	-	-	3,421	706
Other	10,320	11,481	123,373	160,147
Total	39,117	50,371	500,519	565,510
Current	39,117	50,371	499,946	564,942
Non-current (i)	-	-	573	568

(i) Presented in the balance sheet under "other liabilities" in non-current liabilities.

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

16 Provision for judicial demands and judicial deposits

	Provision for judicial demands			
	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Taxes	2,349	2,595	75,455	74,472
Civil, regulatory and environmental	2,214	1,947	155,412	154,187
Labor	25,043	25,373	282,896	278,363
	29,606	29,915	513,763	507,022

	Judicial deposits			
	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Tax	5,294	5,642	25,431	25,115
Civil, regulatory and environmental	896	1,220	155,020	154,035
Labor	10,302	9,895	130,361	120,726
	16,492	16,757	310,812	299,876

Changes in the provision were:

	Parent Company			
	Taxes	Civil, regulatory and environmental	Labor	Total
At March 31, 2017	2,595	1,947	25,373	29,915
Additions	-	147	2,523	2,670
Settlement / Write-offs	(296)	(3)	(4,679)	(4,978)
Monetary restatement	50	123	1,826	1,999
At March 31, 2017	2,349	2,214	25,043	29,606

	Consolidated			
	Taxes	Civil, regulatory and environmental	Labor	Total
At March 31, 2017	74,472	154,187	278,363	507,022
Additions	283	963	14,899	16,145
Settlement / Write-offs	(297)	(3,134)	(17,697)	(21,128)
Monetary restatement	997	3,396	7,331	11,724
At March 31, 2017	75,455	155,412	282,896	513,763

Rumo S.A.

Notes to the interim financial statements

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

(a) Tax

Judicial claims deemed as probable losses:

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
ICMS - Credit materials	-	-	53,995	53,261
Compensation of PIS and COFINS	-	297	1,847	2,115
Other	2,349	2,298	19,613	19,096
	2,349	2,595	75,455	74,472

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Foreign financial operations	-	-	1,003,449	986,179
Capital gain Rumo S.A.	492,374	483,723	492,374	483,723
Isolated fine federal tax	407,131	397,441	407,131	397,441
ICMS - Export	-	-	195,994	189,313
MP 470 installment debts	-	-	121,601	120,132
PIS/COFINS Mutual Traffic	-	-	40,646	38,285
Intermodal	-	-	82,604	81,247
PIS and COFINS	-	-	3,355	3,280
Withholding income tax ("IRRF") Swap	-	-	69,626	68,382
Stock option plan	54,327	53,426	63,300	62,216
Social Security Contributions	-	-	44,440	43,764
ICMS Armazéns Gerais	-	-	61,530	60,029
IOF on loan	4,651	1,911	49,927	54,896
IRPJ and CSLL	131,563	130,328	287,581	283,678
ICMS TAD	71	70	59,751	58,236
ICMS Rumo Malha Paulista (i)	-	-	155,860	-
Compensation with credit award	-	-	39,372	38,505
Other	33,343	31,514	212,191	202,292
	1,123,460	1,098,413	3,390,732	3,171,598

- (i) **ICMS Rumo Malha Paulista:** Tax assessment notice issued by the São Paulo State Treasury Department, against Rumo Malha Paulista S.A., covering the period from February 2011 to July 2015, with the indication of infractions for alleged lack of Payment of ICMS on railroad services for export; Undue credit of ICMS for alleged bookkeeping in the Book of Entries of amounts higher than those found in the Tax Books; Undue crediting of ICMS for acquisitions supposedly framed as use and consumption. Also included were fines of 50% of the value of the tax and 100% of the amount of the credit considered undue.

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(b) Civil, regulatory and environmental

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Civil	305,983	297,854	1,559,267	1,513,003
Regulatory	1,022	1,193	472,559	397,414
Environmental	4,059	2,440	367,394	351,915
	311,064	301,487	2,399,220	2,262,332

(c) Labor

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Labor	127,538	126,821	725,015	712,973
	127,538	126,821	725,015	712,973

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

17 Leases

Finance leases

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

	March 31, 2017				December 31, 2016
	Less than a year	Between one and five years	More than five years	Total	Total
<u>Future minimum lease</u>	531,860	803,863	318,029	1,653,752	1,837,441
Rolling stock	502,321	716,449	221,957	1,440,727	1,616,719
Terminal	23,400	82,580	96,072	202,052	207,950
Other	6,139	4,834	-	10,973	12,772
<u>Interest in the installment</u>	(116,384)	(214,484)	(67,610)	(398,478)	(439,898)
Rolling stock	(100,748)	(173,688)	(46,586)	(321,022)	(358,158)
Terminal	(14,702)	(40,087)	(21,024)	(75,813)	(79,611)
Other	(934)	(709)	-	(1,643)	(2,129)
Present value of minimum	415,476	589,379	250,419	1,255,274	1,397,543
Current liabilities				415,476	472,632
Non-current liabilities				839,798	924,911

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

Operating leases

	March 31, 2017				December 31, 2016
	Total future minimum lease payments				Total
Assets	Up to 1 year	From 1 to 5 years	Over 5 years	Total	Total
Locomotives	573	1,616	-	2,189	2,346
Rail cars	7,645	27,864	9,356	44,865	47,120
Total	8,218	29,480	9,356	47,054	49,466

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

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

18 Lease and concessions

	March 31, 2017			December 31, 2016
	Leases	Concessions	Total	Total
<u>Amounts payables:</u>				
Rumo Malha Sul	41,293	30,957	72,250	73,707
Rumo Malha Paulista	31,944	20,242	52,186	52,979
	<u>73,237</u>	<u>51,199</u>	<u>124,436</u>	126,686
<u>Amounts under judicial discussions:</u>				
Rumo Malha Paulista	1,280,498	118,820	1,399,318	1,345,722
Rumo Malha Oeste	1,107,930	70,628	1,178,558	1,135,398
	<u>2,388,428</u>	<u>189,448</u>	<u>2,577,876</u>	2,481,120
Total	<u><u>2,461,665</u></u>	<u><u>240,647</u></u>	<u><u>2,702,312</u></u>	<u><u>2,607,806</u></u>
Current liabilities			<u>27,822</u>	<u>27,662</u>
Non-current liabilities			<u>2,674,490</u>	<u>2,580,144</u>
			<u><u>2,702,312</u></u>	<u><u>2,607,806</u></u>

Amounts under judicial discussion

The Company is challenging in court the economic and financial unbalance of certain leases and concession contracts.

In April 2004, Rumo Malha Paulista filed an interlocutory injunction and subsequently a Declaratory Action before the 21th Federal Court of Rio de Janeiro questioning the economic and financial unbalance of the Lease and Concession Agreements, due to the high disbursement incurred by the Company for the payment of labor judicial proceedings and other expenses involved, which are the responsibility of Rede Ferroviária Federal S.A., as expressed in the bidding documents.

Rumo Malha Paulista required an injunction to suspend payment of installments of the concession and lease agreements, due and falling, and to offset the credit balance resulting from labor amounts paid by the Company with the amount charged by the Union. In April 2005, the injunction was granted, suspending the enforceability of installments for 90 days by determining the completion of expertise. In July 2005, the suspension was extended for another 90 days. In September 2005, the injunction was overturned by the Federal Court of Rio de Janeiro. In January 2006, the suspension of payment of installments was granted, by means of judicial deposit. The amount related to the lease installments was being deposited in court until October 2007, when the Company obtained a court order to replace the judicial deposits for bank guarantee. In October 2015 decision was handed down that partially upheld the action recognizing the occurrence of economic and financial unbalance of the agreements, allowing the Company to perform the part of compensation of the amounts claimed in the match against presented debt. Nevertheless, the Company believes that all amounts discussed shall be offset against payables based in clauses 7 and 10 of the bidding documents.

Management, supported by the opinion of its legal counsel, assesses the chances of success as probable regarding the value of the award granted and as possible in relation to the severance payments, but maintains the registration of the debt because it is a contractual obligation.

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Rumo Malha Oeste also claims the reestablishment of the economic-financial balance, lost by the cancellation of transportation contracts existing at the time of privatization, change in the regulatory environment and conditions set forth in the Privatization Tender; additionally, the growth forecasts that defined the value of the business did not materialize. The lawsuit is filed with the 16th Federal Court of Rio de Janeiro. To proceed with the legal discussion the Company offered government securities (Treasury Bills - LFT) as an execution guarantee. In March 2008, the Company was authorized to replace the guarantee with a bank guarantee and in May 2008 the Company redeemed the treasury bills. In December 2014, a decision was handed down that upheld the action recognizing the occurrence of economic and financial balance of the contracts, pending now the expert measurement of the amount of balance and related aspects. In December 2015 the claim for replacement of guarantee letters presented by the Company with an insurance policy was accepted.

Management, supported by the opinion of its legal counsel, assesses the chances of success as probable, but the financial liability remains recognized as it is a contractual obligation not yet discharged and because the balance still depends offsetting with the Company's reimbursement rights.

Judicial deposits at March 31, 2017 concerning the above claims totaled:

	<u>March 31, 2017</u>
Malha Paulista	118,820
Malha Oeste	19,940
	<u>138,760</u>

Judicial deposits are recorded in the line "regulatory" under Note 16.

19 Real estate credit certificates

The Company and its subsidiaries entered into rental contracts of terminals that have been securitized and transferred the rights of these credits, the balance of which is:

Terminal	Rate	Maturity	Start date	Parent Company		Consolidated	
				March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Terminal Intermodal de Tatuí-SP	12.38% p.a.	March 31, 2018	February 29, 2008	25,423	31,805	25,423	31,805
Terminal de Alto Araguaia-MT	CDI + 2.6% p.a.	November 30, 2018	November 28, 2008	-	-	145,824	163,940
				<u>25,423</u>	<u>31,805</u>	<u>171,247</u>	<u>195,745</u>
Current liabilities				25,423	26,995	108,780	105,422
Non-current liabilities				-	4,810	62,467	90,323

Non-current real estate credit securities have the following maturities:

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
13 to 24 months	-	4,810	62,467	90,323
	-	4,810	62,467	90,323

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

20 Equity

a. Common stock

The common stock may be increased by up to 7,000,000,000 new shares, regardless of statutory reform, by resolution of the Board of Directors, which has the power to determine the number of shares to be issued, the issue price and other subscription and payment conditions of the shares within the authorized capital.

The subscribed and fully paid-in capital on March 31, 2017 is R\$7,014,897 and is represented by 1,339,015,898 common shares nominative, without nominal value.

b. Other equity

	December 31, 2016	Comprehensive income		March 31, 2017
		Base	Net	
Foreign currency translation differences - equity - accounted investee	4,116	490	490	4,606
Defined benefit plan actuarial loss	(1,154)	-	-	(1,154)
Attributed cost	3,527	(60)	(60)	3,467
Total	6,489	430	430	6,919

c. Tax incentives – SUDAM

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

The tax benefit includes a reduction of 75% on IRPJ and additional non-refundable income on operating profit up to 2024. The effect of the reduction of 75% on IRPJ and additional non-refundable calculated up to March 31, 2017 on the operating profit was R\$4,035 in this period, recorded as a reduction of the Income Tax and Social Contribution expense of the subsidiary Rumo Malha Norte.

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

21 Earnings per share

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

The table below shows the calculation of earnings per share (in thousands, except per share amounts) for the periods ended March 31, 2017 and 2016:

Basic and diluted

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Numerator		
Loss attributable to controlling shareholders	(249,193)	(275,772)
Denominator		
Weighted average number of common share	1,339,016	1,022,047
Basic and diluted loss per ordinary share	<u>(R\$0.1861)</u>	<u>(R\$0.2698)</u>

Antidilutive instruments

The non-controlling interest of the indirect subsidiary Brado have the right to exercise a Liquidity option provided for in the shareholders' agreement signed on August 05, 2013. This option would exchange all Brado shares held by such minority shareholders by shares of the Company. The exchange ratio shall take into account the economic value for both Brado and the Company shares. At the Company's exclusive discretion, an equivalent cash payment is also possible.

22 Stock option plan

2016 Plan

On December 21, 2016, a new share-based compensation model was approved at the Shareholders' Meeting, which became effective as of the granting, on January 2, 2017.

1,513,180 shares of the Stock-Based Remuneration Plan were issued, which will be transferred in full and free of charge after 5 years, from the approval of the grant, in a quantity adjusted by the number proportional to the dividends paid in the period, conditioned to the exercise of the functions of the beneficiary in the Company, under the terms of each Share granting Program.

The Black and Scholes methodology was used to calculate the fair value of the shares granted under the terms of the Stock-Based Compensation Plan, reflecting the determination of Technical Pronouncement CPC 10 - Share-based Payment. Given the characteristics of the Plan, the fair value is equivalent to the value of the share on the grant date (R\$6.10).

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

2015 Program

On October 2, 2015, the Board of Directors approved the creation of the Stock Option Plan or Share Subscription - Year 2015 Calendar.

A total of 4,485,238 options were granted at an exercise price of R\$6.30 (to be corrected by the IPCA until the exercise date). This plan has a vesting period only 5 years and can exercise the options be done between October 1, 2020 and 2022. The fair value of the options was estimated at R\$2.83 using the Black and Scholes model.

The Options under the Stock Option Plan granted in 2015 were replaced by 1,517,143 shares based on the Stock-Based Remuneration Program (additional to the 2016 program), granted on January 2, 2017, which will be delivered to the end of the original program (September 2020).

Previous plan (ALL old plan)

With the acquisition of Rumo by Rumo Logística, the stock option plan based on their existing stock was canceled and assumed by Rumo Logística. With that the fair value of the existing options assumed by Rumo was recalculated on the date of the acquisition on April 1, 2015. The total of 1,478,659 options were assumed by Rumo to fair value per option R\$0.18 calculated by the binomial method.

The amount of R\$1,905 was recognized as an expense in the period ended March 31, 2017 (R\$ 635 on March 31, 2016) related to the appropriation of the 2015 and 2016 programs. There were no cancellations and exercises in the period.

23 Gross revenue

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Gross revenue from sales of services	150,413	11,192	1,288,222	1,089,615
Taxes and deductions over sales of services	(9,076)	(1,035)	(89,048)	(71,136)
Net revenue	141,337	10,157	1,199,174	1,018,479

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

24 Financial result

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cost of gross debt				
Interest on debts	(62,899)	(59,899)	(281,619)	(148,524)
Net exchange rate changes on debts	(1,508)	10,248	(50,307)	(74)
Losses from derivatives on debts	-	(9,525)	(6,965)	(9,543)
	(64,407)	(59,176)	(338,891)	(158,141)
Income from financial investments and exchange variation on cash	1,409	58	80,088	7,751
	1,409	58	80,088	7,751
Cost of debt, net	(62,998)	(59,118)	(258,803)	(150,390)
Other charges and monetary variations				
Interest on other receivables	991	2,132	10,827	13,806
Lease and concessions	-	-	(73,128)	(73,408)
Finance leases	(813)	-	(34,246)	(50,511)
Banking expenses and other	(9,758)	(2,074)	(51,153)	(15,636)
Real credit certificate	(860)	-	(7,002)	(12,005)
Interest on contingencies and commercial	87	(204)	(19,790)	(29,953)
Other charges and monetary variations	(834)	(8,298)	(18,109)	(19,326)
	(11,187)	(8,444)	(192,601)	(187,033)
Finance result, net	(74,185)	(67,562)	(451,404)	(337,423)
Financial expenses	(74,184)	(70,476)	(488,364)	(349,364)
Financial income	2,401	2,191	43,431	21,558
Foreign exchange, net	(2,402)	10,248	494	(74)
Derivatives	-	(9,525)	(6,965)	(9,543)
Finance result, net	(74,185)	(67,562)	(451,404)	(337,423)

25 Other income (expenses), net

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Reversion (provision) for judicial demand	(2,266)	1,596	(13,920)	(1,092)
Rental and leases revenue	-	-	1,495	-
Result on disposals of fixed assets and intangible assets	-	-	4,106	(7,092)
Insurance claims recovery	-	-	1,181	-
Other income, net	436	1,124	4,944	5,788
	(1,830)	2,720	(2,194)	(2,396)

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

26 Financial instruments

Financial risk management

Overview

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

- (i) Credit risk;
- (ii) Liquidity risk; and
- (iii) Market risk

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

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

	March 31, 2017	December 31, 2016
Assets		
Available for sale		
Marketable securities	-	283,372
Fair value through profit or loss		
Marketable securities (Government bonds)	541,752	633,221
Derivate financial instruments	3,098	3,669
	544,850	636,890
Loans and receivables		
Cash and cash equivalents	2,588,133	260,527
Accounts receivable	309,722	431,461
Related parties	24,459	28,814
Restricted cash	225,144	200,999
	3,147,458	921,801
Total	3,692,308	1,842,063
Liabilities		
Liabilities from amortized cost		
Long-term debts	10,784,458	8,523,175
Finance leases	1,255,274	1,397,543
Real estate credit certificates	171,247	195,745
Accounts payable - suppliers	499,946	564,942
Other financial liabilities	172,512	177,569
Related parties	151,243	106,710
Dividends payable	14,595	6,729
Debt payment in installments - REFIS	22,094	23,709
	13,071,369	10,996,122
Fair value through profit or loss		
Long-term debts	91,078	-
Derivative financial instruments	19,268	12,303
	110,346	12,303
Total	13,181,715	11,008,425

During the period, there was no reclassification between the categories listed above.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

Structure of risk management

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

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

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

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

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

On March 31, 2017 and December 31, 2016, the fair values related to transactions involving derivative financial instruments to hedge risk exposure of the Company are presented next:

	Notional		Fair value	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Interest rate risk				
Swap contracts (interest / FX)	559,992	-	(13,959)	-
Swap contracts (interest)	168,997	171,606	(2,211)	(8,634)
	728,989	171,606	(16,170)	(8,634)
Total financial instruments	728,989	171,606	(16,170)	(8,634)
Assets			3,098	3,669
Liabilities			(19,268)	(12,303)

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

(a) Credit risk

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Cash and cash equivalents (ii)	2,588,133	260,527
Marketable securities (ii)	541,752	916,593
Restricted cash (ii)	225,144	200,999
Account receivables (i)	309,722	431,461
Related parties (i)	24,459	28,814
Derivative financial instruments (ii)	3,098	3,669
	<u>3,692,308</u>	<u>1,842,063</u>

- (i) The risk of customer credit is managed centrally by each business segment, subject to the procedures, controls and policy established by the Company in relation to this risk. Credit limits are established for all customers based on internal rating criteria. Customer credit quality is evaluated based on an internal procedure of extensive credit rating. The outstanding customer receivables are monitored frequently. The need for a valuation allowance for impairment is analyzed at each reporting date on an individual basis for major clients. In addition, a large number of receivables with smaller balances are grouped into homogenous groups and in such cases; the recoverable loss is assessed collectively. The calculations are based on actual historical data.
- (ii) The risk of credit balances with banks and financial institutions is managed by the Company's treasury in accordance with the policy established by. Excess funds are invested only with approved counterparties and within the limits assigned to each. The counterparty credit limit is reviewed annually and may be updated throughout the year. These limits are designed to minimize the concentration of risks and therefore mitigate financial loss in the event of a potential failure of counterparty. The maximum the Company's exposure to credit risk in relation to the balance sheet components as of March 31, 2017 and December 31, 2016 is the value recorded, as shown in Note 13 except for financial guarantees and derivative financial instruments. The maximum exposure with respect to financial guarantees and derivative financial instruments is presented in the liquidity table below.

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

	<u>March 31, 2017</u>
AAA	438,920
AA+	541,897
AA	2,377,310
At March 31, 2017	3,358,127

(b) Liquidity risk

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

The non-derivative financial liabilities of the Company sorted by due dates (based on undiscounted cash flows contracted) are as follows:

Rumo S.A.

Notes to the interim financial statements

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

	March 31, 2017				December 31, 2016	
	Up to 1 year	1 to 2 years	3 to 5 years	Over 5 years	Total	Total
Long-term debt	(2,439,656)	(2,364,047)	(5,641,707)	(4,837,795)	(15,283,205)	(11,975,013)
Accounts payable - suppliers	(499,946)	-	-	-	(499,946)	(564,942)
Other financial liabilities (i)	(172,512)	-	-	-	(172,512)	(177,569)
Debt payment in installments - REFIS	(7,069)	(6,945)	(6,626)	(1,156)	(21,796)	(25,083)
Finance leases	(649,901)	(364,182)	(560,733)	(355,996)	(1,930,812)	(1,824,890)
Real estate credit certificates	(127,530)	(66,721)	-	-	(194,251)	(243,628)
Related parties payable	(151,243)	-	-	-	(151,243)	(106,710)
Dividends payable	(14,595)	-	-	-	(14,595)	(6,729)
Derivate financial instruments	(28,925)	(23,141)	(61,149)	(19,212)	(132,427)	(21,289)
	(4,091,377)	(2,825,036)	(6,270,215)	(5,214,159)	(18,400,787)	(14,945,853)

- (i) As of March 31, 2017, the consolidated balance anticipated by our suppliers with financial institutions was R\$172,512 (R\$177,569 on December 31, 2016). All these operations were with Banco Itaú at an average interest rate of 15.96%. The average term of these operations, which are recorded at their present values at the interest rate previously mentioned, is three months.

(c) Market risk

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

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

• Foreign exchange risk

On March 31, 2017 and December 31, 2016, the Company and its subsidiaries had the following net exposure to exchange rates on assets and liabilities denominated in US Dollars:

	March 31, 2017	December 31, 2016
Cash and cash equivalents	2,376,750	16
Advance to suppliers	-	58,627
Accounts payable - suppliers	-	(21,707)
Long-term debts	(2,466,557)	(86,140)
Derivative financial instruments (notional)	559,992	-
Foreign exchange exposure, net	470,185	(49,204)

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

Sensitivity analysis of changes in exchange rates:

The probable scenario was defined based on the U.S. Dollar market rates as at March 31, 2017, which determines the fair values of the derivatives at that date. Stressed scenarios (positive and negative effects, before tax effects) were defined based on changes of a 25% and 50% to the U.S. Dollar exchange rates used in the probable scenario.

Based on the financial instruments denominated in U.S. Dollars at March 31, 2017, the Company performed a sensitivity analysis by increasing and decreasing the exchange rate for R\$/US\$ by 25% and 50%. The probable scenario considers the estimated exchange rates at the due date of the transactions for the companies with functional currency Real (positive and negative, before tax effects), as follows:

	Exchange rate sensitivity analysis (R\$/US\$)					
	March 31, 2017	Probable	25%	50%	-25%	Scenarios -50%
US Dollars	3.1684	3.3300	4.1625	4.9950	2.4975	1.6650

The external source used by the Company for market projections is Consultoria Tendências.

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

Instrument	Risk factor	Scenarios				
		Probable	25%	50%	-25%	-50%
Cash and cash equivalents	USD fluctuation	121,223	745,716	1,370,209	(503,270)	(1,127,763)
Derivative financial instruments (notional)	USD fluctuation	559,992	175,700	322,838	(118,577)	(265,715)
Long-term debt	USD fluctuation	(125,803)	(773,894)	(1,421,984)	522,287	1,170,377
Impacts on profit or loss		555,412	147,522	271,063	(99,560)	(223,101)

• Interest rate risk

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

Sensitivity analysis of changes in interest rates:

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

Exposure interest rate ⁽ⁱ⁾	March 31, 2017				
	Balance	25%	50%	-25%	-50%
Cash and cash equivalents, Marketable securities and Restricted cash	84,854	21,213	42,427	(21,213)	(42,427)
Long-term debt	(750,798)	(187,961)	(375,881)	187,961	375,881
Derivative financial instruments	(14,692)	(3,673)	(7,346)	3,673	7,346
Real estate credit certificates	(20,183)	(5,046)	(10,091)	5,046	10,091
Finance leases	(62,431)	(15,608)	(22,384)	15,608	22,384
Impacts on profit or loss	(763,250)	(191,075)	(373,275)	191,075	373,275

(i) The rates of CDI and TJLP considered: 12.13% p.a. and 7.5% p.a., respectively, were obtained from information provided by the market.

The external source used by the Company for the sensitivity analysis is Consultoria Tendências.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

Fair value of financial instruments

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

- The Cash and cash equivalents, accounts receivable, accounts payable and other short-term liabilities approximate their carrying amount largely due to the short-term maturity of these instruments.
- The fair value of bonds and marketable bonds is based on price quotations at the balance sheet date. The fair value of non-negotiable instruments, bank loans and other financial debts, obligations under finance leases as well as other non-current financial liabilities is estimated by means of future cash flows discounted using rates currently available for debt or deadlines and the like remaining.
- The market value of the Senior Notes Due 2024 is listed on the Luxembourg Stock Exchange is based on their quoted market price as of March 31, 2017, of 103.22% of the face nominal value. The fair value of other loans and financing, the respective market values substantially approximate the amounts recorded due to the fact that these financial instruments are subject to variable interest rates, see details in note 12.

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

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

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

	Book value		Assets and liabilities measured at fair value					
			March 31, 2017			December 31, 2016		
	March 31, 2017	December 31, 2016	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets								
Marketable securities (Government bonds)	541,752	633,221	-	541,752	-	-	633,221	-
Derivative financial instruments	3,098	3,669	-	3,098	-	-	3,669	-
Total	544,850	636,890	-	544,850	-	-	636,890	-
Liabilities								
Long-term debts	(91,078)	-	-	(91,078)	-	-	-	-
Derivative financial instruments	(19,268)	(12,303)	-	(19,268)	-	-	(12,303)	-
Total	(110,346)	(12,303)	-	(110,346)	-	-	(12,303)	-

Capital management

The administration's policy is to maintain a strong capital base to keep the confidence of investors, creditors and the market and the future development of the business. Management monitors the return on adequate capital to each of its businesses, which the Company defines as result from operating activities divided by total shareholders' equity.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

27 Operating segment information

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

Operational segments

(i) North Operations: comprised of the railway operations, road operations, transshipment and port elevation in the areas of the Company concession, Elevações Portuárias, Rumo Malha Norte and Rumo Malha Paulista.

(ii) South Operations: comprised of the railway and transshipment in the concession area of Rumo Malha Sul and Rumo Malha Oeste.

(iii) Container Operations: comprised by the group company that focuses on container logistics either by rail or road transport and other container operations results.

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

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

Period:	March 31, 2016			
Results by segment	North Operations	South Operations	Container Operations	Consolidated
Net revenue	728,474	224,871	65,134	1,018,479
Cost of services	(540,969)	(280,719)	(80,219)	(901,907)
Gross profit	187,505	(55,848)	(15,085)	116,572
Gross margin (%)	25.7%	-24.8%	-23.2%	11.4%
Selling, general and administrative	(33,937)	(15,235)	(15,980)	(65,152)
Other income and equity	1,447	(1,659)	1,373	1,161
Depreciation and amortization	221,483	60,030	15,010	296,523
EBITDA	376,498	(12,712)	(14,682)	349,104
Margin EBITDA (%)	51.68%	-5.65%	-22.54%	34.28%

EARNINGS RELEASE 1Q17

São Paulo, May 10, 2017 – RUMO S/A (*BM&FBovespa: RAIL3*) (“Rumo”) and COSAN LOGÍSTICA S.A. (*BM&FBovespa: RLOG3*) (“Cosan Logística”) today announce its results for the first quarter of 2017 (1Q17). The results are consolidated in accordance with the accounting criteria adopted in Brazil and the International Financial Reporting Standards (IFRS).

Rumo Highlights in 1Q17

- EBITDA reached R\$493 million in 1Q17, up 11% from 1Q16, mainly due to efficiency gains (variable costs reduction and fixed costs + selling, general and administrative expenses increase below inflation) deriving from investments made, thus, leading to expansion of the EBITDA margin.
- Total volume transported reached 10 billion RTK, in line with the strong comparison basis of 1Q16, when there was an unusual demand for corn transportation.
- A total of 2.5 million tons were loaded at Rumo’s terminals at the Port of Santos (SP) in 1Q17. The 12% decrease reflects higher sugar shipments in the second and third quarters of 2016.
- CAPEX totaled R\$472 million in 1Q17 focused on capacity expansion initiatives, as assets acquisition and rail stretches revamp, in line with the investment plan.

Summary of Financial Information - Rumo Consolidated (Amounts in R\$ MM)	1Q17	1Q16 Pro forma ¹	Chg. %
Net Revenue	1,199.2	1,185.9	1.1%
Gross Profit	268.3	314.8	-14.8%
Gross Margin (%)	22.4%	26.5%	-4.2 p.p.
Selling Expenses, General and Administrative Expenses	(65.2)	(85.9)	-24.1%
Other Operating Revenues (Expenses) and Equity Pickup	(0.4)	5.8	n.a.
Operational Profit	202.7	234.8	-13.7%
Depreciation and Amortization	289.9	209.8	38.2%
EBITDA	492.7	444.6	10.8%
EBITDA Margin (%)	41.1%	37.5%	3.6 p.p.
Net profit (loss)	(248.6)	(185.1)	34.3%
Margin (%)	-20.7%	-15.6%	-5.1 p.p.
Capex	471.9	406.0	16.2%

Note 1: Proforma results refer to Rumo S.A.’s results added by results of Rumo Logística S.A., a company resulting from reverse merger occurred on 12/31/2016.

Conference Call

Portuguese – 2:00 p.m. (Brasília time)

May 11, 2017 (Thursday)

Phone: + 55 11 3193 1001

+ 55 11 2820 4001

Code: RUMO

English – 3:00 p.m. (Brasília time)

May 11, 2017 (Thursday)

Phone (BR): + 55 11 3193 1001

+ 55 11 2820 4001

Phone (USA): +1 786 924 6977

Code: RUMO

Investor Relations

E-mail: ir@rumolog.com

Phones: +55 41 2141-7459

+55 11 3897-9797

Website: ri.rumolog.com



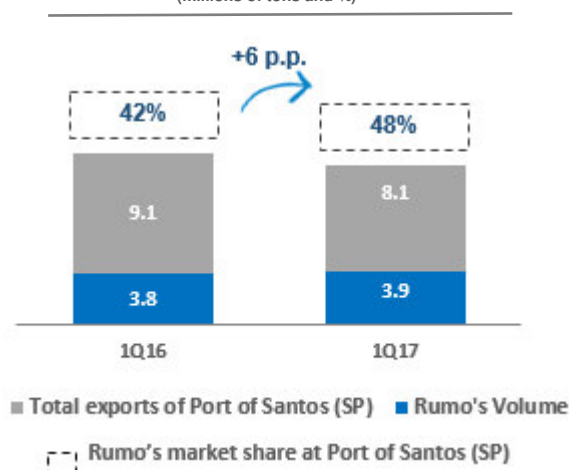
1. Executive Summary of 1Q17

Rumo's EBITDA was up 10.8% to R\$493 million in 1T17 year-on-year. Even though the unusual demand for corn transportation in 1Q16 was not seen again in 1Q17, Rumo recorded EBITDA growth as a result of implementation of the investment plan. Variable costs decreased and fixed costs added to selling, general and administrative expenses increased below inflation, on top of tariff contractual adjustments. As a result, EBITDA margin climbed from 38% in 1Q16 to 41% in 1Q17.

Volume transported in 1Q17 came in line with the same period last year, recording 10 billion RTK. The year-on-year comparison was very strong for the period due to the unusual demand for corn transportation in January 2016, as a function of 2015 strong crop. In addition, soybean crop shipments were concentrated in February and March that year, making the Company to operate at the limit of its capacity. In 2017, however, there was no demand for corn transportation, due to the 2016 second crop shortfall, and soybean transportation only started in February. Even so, with increased capacity, in 1Q17 Rumo recorded almost the same total volume transported in 1Q16.

Rumo gained market share on grain transportation to the Port of Santos (+6 p.p.) in 1Q17. Grain exports in January 2017 maintained the historical trend, therefore, below the volume seen in 2016. The months of February and March revealed a demand similar to the same period last year. Increased transportation capacity generated by the investments allowed market share gain in these two months, offsetting lower demand seen in January.

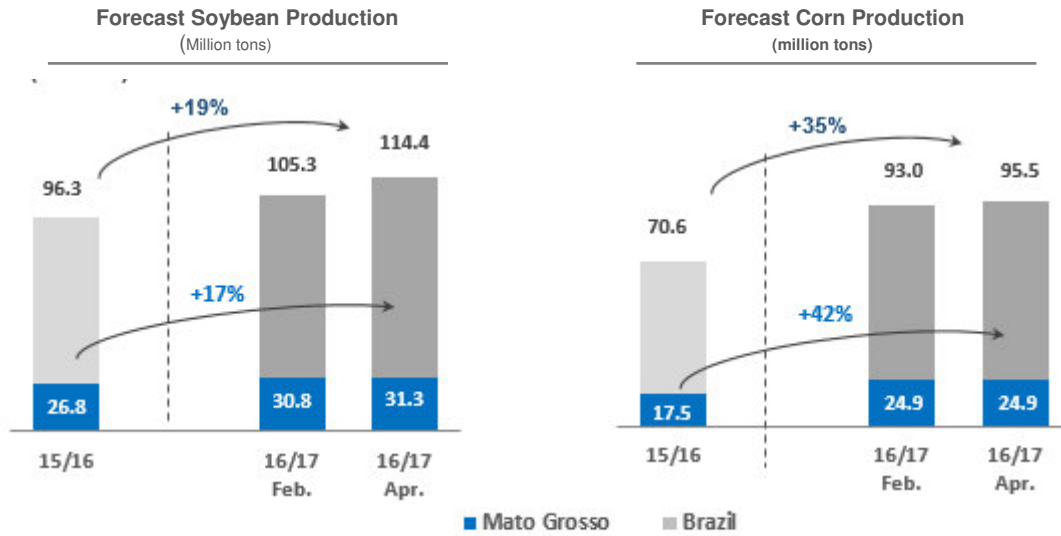
Rumo Market Share Evolution at the Port of Santos (SP)
(millions of tons and %)



Net loss in 1Q17 was R\$248.6 million and leverage as measured by broad net debt/EBITDA LTM reached 4.4 times. Despite EBITDA growth, higher financial expenses, due to higher debt costs as a result of debt reschedule process, and higher depreciation and amortization resulted in net loss in the quarter. Leverage in the quarter came in line with 4Q16.

In 1Q17, Rumo issued bonds in the international market totaling US\$750 million with maturity in February 2024 and 7.375% annual interest rates. The use of proceeds is part of a liability management and liquidity increase plan, in addition to the constitution of guarantees necessary to access BNDES credit lines, for which Rumo's projects were previously classified as eligible.

Expectation for the upcoming quarters remains positive, especially referring to soybean and corn crops. The soybean harvest already confirmed a substantial volume of product for transportation this year, while corn planting happened at a favorable period for productivity. Recent projections of soybean and corn crops are shown in the graphs below.



Source: Agroconsult

All the comments in this report refer to the consolidated results of Rumo. However, the 1Q17 financial information related to Cosan Logística is available in the appendixes.

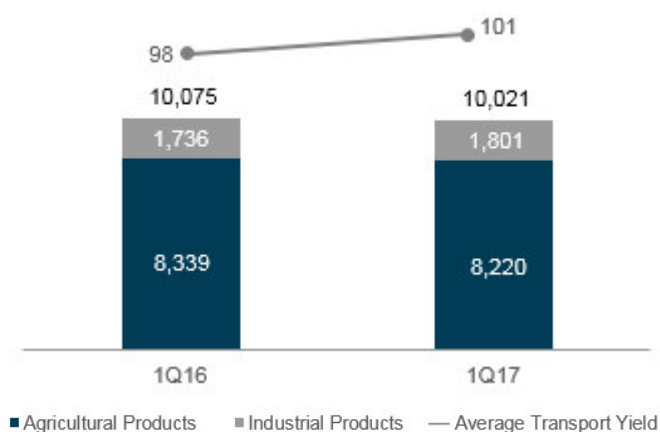
2. Consolidated Operating and Financial Indicators

Operational and Financial Figures (Amounts in R\$MM)	1Q17	1Q16 Pro forma	Chg. %
Transported Volume (millions RTK)	10,021	10,075	-0.5%
Agricultural Products	8,220	8,339	-1.4%
Industrial Products	1,801	1,736	3.8%
Average Transportation Yield (R\$/000 RTK)	100.7	98.2	2.5%
Volume Loaded (TU '000)	2,502	2,855	-12.4%
Average Loading Yield (R\$/TU)	24.1	21.5	11.9%
Net Operating Revenue	1,199.2	1,185.9	1.1%
Rail Operations	1,008.8	989.4	2.0%
Port Elevation	60.3	61.4	-1.9%
Other ³	130.1	135.0	-3.7%
Depreciation and Amortization	289.9	209.8	38.2%
Total EBITDA	492.7	444.6	10.8%
EBITDA Margin (%)	41.1%	37.5%	3.6 p.p.
Fixed Costs + Selling Expenses, General and Adm. Expenses - Depreciation	427.7	432.3	-1.1%

Note 2: Includes revenue from right of way of other railways, revenue from sugar transportation using other railways or road transportation and revenue from volumes contracted but not executed according to commercial agreements (take or pay).

Rumo Consolidated Transported Volume

Transported Volume (millions RTK) and Average Railroad Transportation Yield (R\$/000 RTK)



Operational Figures	1Q17	1Q16 Pro forma	Chg. %
Transported Volume (millions RTK)	10,021	10,075	-0.5%
Agricultural Products	8,220	8,339	-1.4%
Soybean	6,002	4,697	27.8%
Soybean meal	1,328	1,099	20.8%
Corn	120	1,857	-93.5%
Sugar	505	570	-11.4%
Fertilizers	132	67	98.4%
Wheat	132	46	n.a.
Rice	-	3	n.a.
Industrial Products	1,801	1,736	3.8%
Fuels	1,047	963	8.7%
Wood, Pulp and Paper	182	156	16.9%
Containers	348	445	-21.8%
Construction	181	133	35.9%
Steel and Mining	43	39	11.2%

Results by Business Unit

Business Units

The business units (reporting segments) are organized as follows:

- **North Operation** North Network, Paulista Network and Port Operation in Santos
- **South Operation** West Network and South Network
- **Container Operation** Container operations including Brado Logística

Results by Business Unit 1Q17	North Operation	South Operation	Containers Operation	Consolidated
Net Revenue	914,2	237,1	47,9	1.199,2
Costs of Services	(552,4)	(306,9)	(71,5)	(930,9)
Gross Profit (Loss)	361,7	(69,8)	(23,6)	268,3
Gross Margin(%)	39,6%	-29,4%	-49,3%	22,4%
Selling Expenses, General and Administrative Expenses	(43,5)	(16,3)	(5,4)	(65,2)
Other Operating Revenues (Expenses)	(0,5)	(2,3)	2,3	(0,4)
Depreciation and Amortization³	183,2	90,7	16,1	289,9
EBITDA	501,0	2,3	(10,6)	492,7
EBITDA Margin (%)	54,8%	1,0%	-22,2%	41,1%

Note 3: Depreciation and amortization are allocated as cost of services provided and as general and administrative expenses.

North Operation

Operational Figures	1Q17	1Q16 Pro forma	Chg. %
Transported Volume (millions RTK)	7,068	7,003	0.9%
Agricultural Products	6,442	6,475	-0.5%
Soybean	4,812	3,566	34.9%
Soybean meal	1,246	1,010	23.3%
Corn	95	1,551	-93.8%
Sugar	289	347	-16.9%
Industrial Products	626	528	18.7%
Fuels	626	500	25.3%
Wood, Pulp and Paper	-	28	n.a.
Average Transportation Yield (R\$/000 RTK)	103.8	100.6	3.2%
Volume Loaded (TU '000)	2,502	2,855	-12.4%
Average Loading Yield (R\$/TU)	24.1	21.5	11.9%

Total volume transported in the North Operation was 7.1 billion RTK in 1Q17, up 0.9% year-on-year. This increase is due to the growth of industrial products transportation, as well as the flat volume of agricultural products in line with 1Q16.

The transportation of agricultural products came to 6.4 billion RTK in 1Q17. The investments made in 2016 resulted in capacity increase, thus, allowing the capture of higher volumes in February and March 2017, offsetting lower demand for transportation in January (interharvest period). 1Q16 represents a strong basis of comparison, since January was marked by an unusual corn volume transported, deriving from 2015 strong crop. In addition, the commercial strategy consolidation sustained Rumo's higher market share in grain transportation to the Port of Santos (SP), which increased from 42% in 1Q16 to 48% in 1Q17. Sugar transportation declined due to the priority given to grains, besides higher volumes transported in early 2016 resulting in lower volumes in 1Q17.

Transportation of industrial products increased 18.7% in 1Q17 to 626 million RTK. This quarterly result is due to higher fuel transportation. The anticipated harvest of the record soybean crop demanded higher diesel consumption from agricultural machinery, leading to higher demand for fuel transportation in the Mid-West region.

Port loading volume was 2.5 million tons in 1Q17, down 12.4% from 1Q16. Such decrease reflects a scenario of higher sugar shipments during second and third quarters of 2016.

Financial Results (Amounts in R\$ MM)	1Q17	1Q16 Prof orma	Chg. %
Net Operating Revenue	914.2	895.9	2.0%
Transportation	733.6	704.4	4.1%
Agricultural Products	676.3	658.8	2.7%
Industrial Products	57.3	45.6	25.6%
Port Elevation	60.3	61.4	-1.9%
Other Net Revenues ⁴	120.3	130.1	-7.5%
Cost of Services	(552.4)	(510.1)	8.3%
Variable Costs	(195.4)	(220.6)	-11.4%
Fixed Costs	(175.9)	(156.4)	12.5%
Depreciation and Amortization	(181.1)	(133.1)	36.1%
Gross (Loss) Profit	361.7	385.7	-6.2%
Gross Margin (%)	39.6%	43.1%	-3 p.p.
Selling, General and Administrative Expenses	(43.5)	(54.6)	-20.4%
Other Operational Revenues (Expenses) and Equity Pickup	(0.5)	6.1	n.a.
Depreciation and Amortization	183.2	134.4	36.3%
Total EBITDA	501.0	471.7	6.2%
EBITDA Margin (%)	54.8%	52.6%	2 p.p.

Note 4: Includes revenue from the right of way of other railways, revenue from sugar transportation using other railways or road transportation and revenue from volumes contracted but not executed according to commercial agreements (take or pay).

Net revenue from North Operation totaled R\$914.2 million in 1Q17, up 2.0% from 1Q16. Such increase is chiefly due to higher tariffs practiced in transportation and port loading, as well as higher industrial volumes transported.

The cost of services provided totaled R\$552.4 million in the quarter, up 8.3% from 1Q16. Variable costs decreased 11.4% to R\$195.4 million, mainly due to: (i) higher efficiency of new locomotives acquired, resulting in lower fuel consumption (liters/GTK: -7.0%) and (ii) higher utilization of own fleet in comparison with road transportation and other railways, which contributed to reduce freight cost with third parties. Fixed costs totaled

R\$175.9 million in 1Q17, up 12.5% from 1Q16, mainly due to outsourcing and advisory services contracted for operational efficiency projects. Depreciation and amortization also increased in 1Q17, due to higher investments made over the last two years.

EBITDA reached R\$501.0 million in 1Q17, up 6.2% from 1Q16. This result was benefited by efficiency gains generated from investments made, in addition to higher average yield deriving from inflation and diesel contractual adjustments.

South Operation

Operational Figures	1Q17	1Q16 Pro forma	Chg. %
Transported Volume (millions RTK)	2,605	2,627	-0.8%
Agricultural Products	1,778	1,864	-4.6%
Soybean	1,191	1,131	5.3%
Soybean meal	82	89	-7.5%
Corn	25	306	-91.9%
Sugar	217	223	-2.8%
Fertilizers	132	67	98.4%
Wheat	132	46	n.a.
Rice	-	3	n.a.
Industrial Products	827	763	8.4%
Fuels	421	463	-9.1%
Wood, Pulp and Paper	182	128	42.2%
Construction	181	133	35.9%
Steel and Mining	43	39	11.2%
Average Transportation Yield (R\$/000 RTK)	87.3	83.7	4.3%

The South Operation transported a total volume of 2.6 billion RTK in 1Q17, down 0.8% from 1Q16. 1Q17 results reflect lower agricultural volumes, mainly due to corn not transported in 1Q17 in view of 2016 crop shortfall which was partially offset by higher industrial volumes transported.

The volume of agricultural products fell 4.6% to 1.8 billion RTK in 1Q17, due to lower corn volumes transported compared to the atypical scenario in 1Q16. The quarterly result was partially offset by higher capacity, which allowed to capture higher soybean volumes in February and March. Besides that, additional volumes of fertilizers and wheat contributed to results in the period.

Transportation of industrial products increased 8.4% to 827 million RTK in the quarter. In 1Q17 pulp volume grew 42.2%, due to supply made to Klabin's new plant in Ortigueira, Paraná. Fuel volume dropped 9.1%, due to the change in Petrobras' pricing policy which privileged marketplaces outside Rumo's influence area.

Financial Results (Amounts in R\$ MM)	1Q17	1Q16 Prof orma	Chg. %
Net Operating Revenue	237.1	224.9	5.4%
Transportation	227.3	219.9	3.4%
Agricultural Products	146.2	149.7	-2.4%
Industrial Products	81.1	70.2	15.6%
Other Net Revenues ⁵	9.8	5.0	97.0%
Cost of Services	(306.9)	(280.7)	9.3%
Variable Costs	(62.4)	(67.7)	-7.8%
Fixed Costs	(153.9)	(153.3)	0.3%
Depreciation and Amortization	(90.6)	(59.7)	51.8%
Gross (Loss) Profit	(69.8)	(55.8)	25.0%
Gross Margin (%)	-29.4%	-24.8%	-4.6p.p.
Selling, General and Administrative Expenses	(16.3)	(15.2)	7.1%
Other Operational Revenues (Expenses) and Equity Pickup	(2.3)	(1.7)	36.8%
Depreciation and Amosrtization	90.7	60.0	51.0%
Total EBITDA	2.3	(12.7)	n.a.
EBITDA Margin (%)	1.0%	-5.7%	6.6 p.p.

Note 5: Includes revenue from volumes contracted and not executed according to commercial agreements (take or pay).

Net revenue from the South Operation amounted to R\$237.1 million in 1Q17, up 5.4% from 1Q16. Increase in the quarter was mainly due to higher industrial volumes transported. In addition, increase in the average yield practiced in the quarter, deriving from contractual adjustments, contributed to such result.

In 1Q17, cost of services provided increased 9.3% to R\$306.9 million. Variable costs went down 7.8% to 62.4 million due to higher efficiency in fuel consumption of new locomotives (liters/GTK: -5.1%). Fixed costs totaled R\$153.9 million, in line with 2016.

EBITDA from the South Operation was R\$2.3 million in 1Q17. EBITDA growth compared to 1Q16 is mainly due to the cost-saving efforts, higher industrial products transported and higher tariffs practiced in the period.

Container Operation

Operational Figures	1Q17	1Q16 Pro forma	Chg. %
Total Volume (Containers '000)	13,619	15,799	-13.8%
Average Yield (R\$ '000/containers)	2,5	2,7	-8.3%
Total Volume (millions RTK)	348	445	-21.8%

Volume of containers transported decreased by 13.8% in 1Q17 to 13.6 thousand containers. In 1Q17, volume was mainly impacted by rationalization of non-profitable routes, especially in the Rio Grande do Sul and Mercosur corridors. In addition, demand for refrigerated products transportation dropped in the period.

Financial Results (Amounts in R\$ MM)	1Q17	1Q16 Prof orma	Chg. %
Net Operating Revenue ⁶	47.9	65.1	-26.4%
Cost of Services	(71.5)	(80.2)	-10.8%
Variable Costs	(20.4)	(26.5)	-23.0%
Fixed Costs	(35.4)	(39.7)	-11.0%
Depreciation and Amortization	(15.8)	(14.0)	12.9%
Gross (Loss) Profit	(23.6)	(15.1)	56.6%
Gross Margin (%)	-49.3%	-23.2%	-26.2 p.p.
Selling, General and Administrative Expenses	(5.4)	(16.0)	-66.3%
Other Operational Revenues (Expenses) and Equity Pickup	2.3	1.4	65.6%
Depreciation and Amosrtization	16.1	15.3	5.3%
Total EBITDA	(10.6)	(14.4)	-26.2%
EBITDA Margin (%)	-22.2%	-22.1%	-0.1 p.p.

Note 6: Includes revenue from service units.

In the quarter, net revenue fell by 26.4% to R\$47.9 million. The lower volume of containers handled (-13.8%) and lower average yield (-8.3%) practiced in the period, due to the mix of transported products, contributed to such quarterly result.

The cost of services provided totaled R\$71.5 million in 1Q17, down 10.8% in the period. The reduced number of containers transported, besides higher efficiency of fuel consumption at railway operations, contributed to reduce variable costs by 23.0% to R\$20.4 million.

EBITDA from the Container Operation was a loss of R\$10.6 million in 1Q17. Despite the negative result, the 26% EBITDA growth year-on-year is mainly due to the rationalization of non-profitable routes and cost savings.

3. Other Result Items

Breakdown of Costs of Services Provided

Consolidated Costs (Amounts in R\$MM)	1Q17	1Q16 Pro forma	Chg.%
Consolidated Costs	(930.9)	(871.1)	6.9%
Variable costs	(278.3)	(314.8)	-11.6%
Fuel	(160.4)	(175.8)	-8.8%
Own Logistic costs ⁷	(40.5)	(41.1)	-1.4%
Third Parties freight costs ⁸	(77.3)	(97.9)	-21.0%
Fixed Costs	(652.6)	(556.3)	17.3%
Depreciation and Amortization	(287.4)	(206.7)	39.0%
Maintenance	(48.4)	(61.5)	-21.2%
Payroll Expenses	(137.3)	(110.7)	24.0%
Leasings and Concessions	(51.4)	(50.8)	1.1%
Operational Leasings	(15.3)	(20.0)	-23.6%
Third Parties Services	(57.6)	(54.1)	6.4%
Other Operational Costs	(55.2)	(52.4)	5.3%

Note 7: Own logistics costs include sand, right of way, terminals and other variable costs

Note 8: Third-party freight costs include contracts for road and rail freights with other operators

Variable costs totaled R\$278.3 million, down 11.6% from 1Q16. Fuel expenses fell 8.8% in 1Q17, due to higher efficiency of new locomotives acquired. In addition, expenses with transportation through other rail lines and trucks decreased by 21.0%.

Fixed costs totaled R\$652.6 million, up 17.3% from 1Q16. Personnel expenses climbed 24.0%, mainly impacted by reversal of provision for variable compensation in 1Q16, besides the collective bargaining agreement applied in the period. In addition, maintenance expenses decreased, due to the fleet renovation plan, which requires a lower level of maintenance. The operational leasing also dropped due to devolution of locomotives during 2016. Also, depreciation and amortization were up 8.8%, due to the capitalization of investments made over the past years. Excluding depreciation and amortization, fixed costs increased 4.5%.

Financial Result

Financial Result (Amounts in R\$ MM)	1Q17	1Q16 Pro forma	Chg. %
Cost of Bank Debt ⁹	(291.4)	(245.3)	18.8%
Charges over Leasing	(34.2)	(50.7)	-32.5%
Charges on Certificates of Real Estate Receivables	(7.0)	(12.0)	-41.7%
Financial Invest Income	32.6	19.8	64.4%
(=) Sub-total: Cost of Net Bank Debt	(300.1)	(288.2)	4.1%
Monetary Variation on Liabilities of Concessions	(73.1)	(73.4)	-0.4%
Rates on contingencies and contracts	(19.8)	(29.7)	-33.4%
Other Variations	(58.4)	(39.3)	48.6%
(=) Net Financial	(451.4)	(430.6)	4.8%

Note 9: It includes interest rates, foreign exchange variation, monetary variation, net result from derivatives and other debt charges

The financial result in 1Q17 was a net expense of R\$451.4 million, up 4.8% from 1Q16. Gross bank debt cost was up 18.8% to R\$291.4 million in 1Q17, due to the marginal increase both of cost and the average balance of debts in the period, and mainly due to the debt reschedule process concluded in 2Q16. Charges over leasing and real estate receivables certificates recorded a significant drop due to the amortizations occurred in these instruments, without new relevant funding. Such increase in the broad gross debt cost was offset by financial investments yields due to higher cash position. Monetary variation on lease and concession agreements reflects the adjustment (SELIC) of the unpaid concession amounts of West and Paulista Networks, which are currently under litigation. The 33.4% decrease recorded under interest rates on contingencies and contracts mainly refers to the drop of inflation adjustment indexes of provisions for contingencies, added to the drop in the balances of contingencies in such period. Other financial expenses include costs with bank-issued guarantees, which increased due to the contract and renewal of letters of credit at a higher cost and other financial operations.

Income Tax and Social Contribution

Income Tax and Social Contribution (Amounts in R\$ MM)	1Q17	1Q16 Pro forma	Chg. %
Income (loss) before IR / SC	(248.7)	(195.8)	27.0%
<i>Theoretical rate IR / SC</i>	34%	34%	0.0%
Income (Expenses) Theoretical with IR / SC	84.6	66.6	27.0%
Adjustments to calculate the effective rate			
Tax losses not recognized ¹⁰	(93.6)	(69.8)	34.0%
Tax incentives arising from the North Network ¹¹	4.0	10.7	-62.3%
Equity Pickup	0.6	1.2	-50.5%
Other Effects	4.5	2.1	n.a
Income (Expenses) with IR / SC	0.1	10.8	-99.0%
<i>Theoretical rate IR / SC</i>	0.0%	-5.5%	5.5 p.p.
IR/SC current	(11.0)	(10.3)	6.3%
IR/SC deferred	11.1	21.1	-47.5%

Note 10: We did not record deferred income tax and social contribution on tax losses and temporary differences in certain companies, due to the lack of prospects for future taxable income

Note 11: North Network enjoys the Amazon Development Office (SUDAM) benefit that entitles it to a 75% reduction in corporate income tax (rate of 25%) until 2023

4. Loans and financing

Total broad gross debt at the end of 1Q17 was R\$12.3 billion, up 21.6% from 4Q16. Leverage came in line at 4.4x (broad net debt/EBITDA), considering EBITDA of R\$2.1 billion in the last 12 months. The 2.7% increase in the balance of broad net debt is mainly due to the execution of the Capex plan, which consumed part of the cash in the period. All the foreign currency denominated debt of Rumo is hedged for exchange variations.

Total Indebtness (Amounts in R\$ MM)	1Q17	4Q16 Pro forma	Chg. %
Commercial Banks	238.6	250.0	-4.5%
NCE	1,075.4	1,047.6	2.6%
BNDES	3,792.3	3,909.1	-3.0%
Debentures	3,393.8	3,316.5	2.3%
Senior Note 2024	2,375.5	-	n.a.
Total Bank Debt	10,875.6	8,523.2	27.6%
Leases	1,255.3	1,397.5	-10.2%
Certificate of Real Estate Receivables	171.2	195.7	-12.6%
Total Gross Broad Debt	12,302.1	10,116.5	21.6%
Cash and Cash Equivalents and Securities ¹²	(3,217.9)	(1,263.0)	n.a.
Net Derivative Instruments	16.2	8.6	87.6%
Total Net Broad Debt	9,100.3	8,862.1	2.7%
EBITDA LTM	2,076.7	2,028.6	2.4%
Leverage (Net Broad Debt / EBITDA LTM)	4.38x	4.37x	0.3%

Note 12: In 4Q16 includes restricted cash related to bank debts in the amount of R\$85.9 million. 1Q17 includes restricted cash related to bank debts totaling R\$88.0 million.

The following table gives a breakdown of the items that impacted the Rumo's consolidated debt.

Bank Gross Indebtness (Amounts in R\$ MM)	1Q17
Inicial balance of consolidated bank net debt (Net of MTM)	8,862.1
Cash and Cash Equivalents and marketable securities	(1,263.0)
Net derivative instruments	8.6
Inicial Consolidated Bank Gross Debt	10,116.5
Itens with impact on cash	1,823.2
Funding	2,388.5
Amortization of principal	(344.5)
Amortization of interest rates	(220.8)
Itens without impact on cash	362.4
Provision for interest rates (accrual)	316.6
Net exchange variation of derivatives	45.8
Closing Balance of Consolidated Bank Gross Debt (in 03/31/2017)	12,302.1
Cash and Cash Equivalents and Marketable Securities	(3,217.9)
Net derivative Instruments	16.2
Closing Balance of Consolidated Bank Net Debt (Net of MTM)	9,100.3

Rumo is subject to certain restrictive covenants referring to the leverage level and debt service coverage, in a some of its contracts. Most restrictive provisions are verified at the year's end and refer to broad net debt. Broad net debt includes bank debts, debentures, leases, real estate receivables certificates and derivatives linked to credit operations, less marketable securities and cash and cash equivalents. For December 31, 2017, the covenants were defined for a maximum leverage of 4.3 times (broad net debt /EBITDA LTM) and minimum interest rate coverage index of 1.4 times EBITDA/Financial Result.

5. Capex

Investments (Amounts in R\$ MM)	1Q17	1Q16 Pro forma	Chg. %
Total Investments	471.9	406.0	16.2%
Recurring	164.4	148.0	11.1%
Expansion	307.5	258.0	19.2%

In 1Q17, Capex totaled R\$471.9 million, up 16.2% from 1Q16. Recurring Capex was up 11.1% to R\$164.4 million, in line with the investment plan. Expansion Capex totaled R\$307.5 million, reflecting higher investments in capacity expansion, such as: (i) the acquisition of 4 GE AC44 locomotives, 12 GE ES-43 locomotives and 62 HPT freight cars; (ii) revitalization of permanent way, by replacing tracks and sleepers and improving infrastructure, in order to remove restrictions and reduce the long-term maintenance needs and (iii) improvements at the terminals, aiming at optimizing the train dwell time and increasing operation's productivity.

6. Cash Flow Statement

The following statement shows Rumo's consolidated cash flow based on the balance reported in 4Q16 and the respective changes to arrive at the cash balance in 1Q17. Marketable securities were considered as cash and cash equivalents in this statement.

Indirect Cash Flow (Amounts in R\$ MM)	1Q17	1Q16 Pro forma	Chg. %
EBITDA	492.7	444.6	11%
Non-cash effects	64.0	44.7	n.a.
Working capital Variation	27.3	(114.9)	n.a.
Operational Financial Result	(16.1)	(20.4)	n.a.
(a) (=) Operating Cash Flow	567.9	354.0	60%
Total Capex	(471.9)	(284.9)	66%
(b) Recurring	(164.4)	(148.0)	11%
Expansion ¹³	(307.5)	(136.9)	125%
Sell of assets	7.0	-	100%
Dividendends Received	2.5	1.7	47%
(c) (=) Cash Flow from Investments	(462.4)	(283.2)	63%
Fundings	2.388.5	326.1	n.a.
Amortization of Principal	(344.5)	(408.1)	-16%
Amortization of Interest Rates	(220.8)	(244.8)	n.a.
Derivative Financial Instruments and others	0.8	(16.4)	n.a.
Restrict Cash	(24.1)	19.0	n.a.
(d) (=) Financial Cash Flow	1,799.9	(324.9)	n.a.
(e) Impact of exchange variation on cash and cash equivalents	47.5	-	n.a.
(=) Generation (Consumption) Total Cash	1,952.8	(253.5)	n.a.
(+) Total Cash (includes Cash and Marketable Securities) Inicial Rumo Consolidated	1,177.1	581.3	103%
(=) Total Cash (includes Cash and Marketable Securities) final Rumo Consolidated	3,129.9	327.1	n.a.
(=) Cash Generation after Recurring Capex (a+b)	403.5	206.0	96%
(=) Cash Generation after Cash from Invesments (a+c)	105.4	70.8	39%
(=) Generation (Consumption) total Cash (a+c+d+e)	1,952.8	(253.5)	n.a.
(=) Generation (Consumption) total Cash excluding Senior Note 2024	(346.0)	(253.5)	37%

Note 13: During 1Q16, 332 HPT freight cars and information technology equipment were acquired through operations characterized as financial leasing totaling R\$121.1 million. Considering these non-cash effects, the Expansion CAPEX came to R\$258.0 million in 1Q16.

7. Operating and Financial Performance Indicators

Below are the changes in the main operating and financial indicators.

Operational and Financial Performance Indicators	1Q16	2Q16	3Q16	4Q16	1Q17	1Q17	1Q16	Chg. %
Consolidated								
Unitary Rail Variable Cost (R\$/'000 TKU) ¹⁴	(20.1)	(19.6)	(18.9)	(21.1)	(19.0)	(19.0)	(20.1)	-6%
Unitary Fixed Cost + SG&A excluding depreciation (R\$/'000 TKU)	(42.9)	(41.0)	(37.4)	(57.7)	(42.7)	(42.7)	(42.9)	-1%
Operating ratio ¹⁵	86%	76%	75%	95%	83%	83%	86%	-3%
Diesel Consumption (Liters/ '000 GTK)	4.8	4.8	4.6	4.9	4.6	4.6	4.8	-4%
North Operation								
Grains from Rondonópolis (MT) to Port of Santos (SP)								
Average number freight cars loaded per day (units)	395	361	352	97	369	368	395	-7%
Transit time (hours)	100.2	101.4	105.6	96.7	107.1	107	100.2	7%
Cycle time of freight cars (days)	10.8	10.4	9.9	11.0	10.2	10.2	10.8	-5%
South Operation								
Grains from terminals in north of Paraná to port of Paranaguá (PR)								
Average number freight cars loaded per day (units)	355	352	175	36	277	277	355	-22%
Transit time (hours)	49.3	46.1	45.9	47.6	57.9	57.9	49.3	17%
Cycle time of freight cars (days)	8.4	7.4	7.7	7.8	7.6	7.6	8.4	-9%

Note 14: Considers only the variable costs of rail operations, excluding third party freight costs.

Note 15: The Operating Ratio calculation considers proportional allocation of part of the 4Q16 depreciation in the previous quarters of the same year.

Unitary Rail Variable Cost: The 11% decrease reflects the Company's higher efficiency assets, especially new locomotives' lower fuel consumption.

Unitary Fixed Cost + SG&A excluding Depreciation: The 1% drop is a result of fixed costs reductions achieved in 2016, partially offset by inflation in the period.

Operating Ratio: The ratio, which represents the portion of operating costs and expenses as a percentage of net revenue, improved year-on-year mainly due to Rumo's cost-saving efforts compared to 1Q16.

Diesel consumption: The 4% improvement in this index is a result of lower unitary diesel consumption of locomotives included in the operation, as well as lower sugar transportation in the North Operation, since the route of such commodity shows higher average diesel consumption/RTK, when compared to grains from Rondonópolis (MT).

Cycle time of freight cars: Reduced time of rail cars loading and unloading, resulting from better operation at terminals, caused an optimization of the cycle time of rail cars in the North and South operations.

Transit time: The index was affected by interruptions in the rail line for works in stretches of North and South operations, scheduled due to the expectation of lower volumes in this quarter in relation to the next periods

Rail cars loaded/day: The ratio reflects lower volume of grains transported in the quarter when compared to 1Q16, when Rumo carried an atypical corn volume in January due to record 2014/2015 crop. In addition, as a result of the fleet renewal process, railcars with a capacity of 50 tons were replaced by railcars with a capacity of 90 tons, allowing the same volume to be transported with fewer loaded railcars.

8. Guidance

This section contains the guidance ranges of some of the key parameters that influence the consolidated results of Rumo for 2017. Note that other sections of this Earnings Release may also contain projections. Such projections and guidance are mere estimates and indications, and should not be taken as a guarantee of future results.

		2017 Guidance
Rumo	EBITDA (R\$ MM)	2.600 ≤ Δ ≤ 2.800
	Total Capex(R\$ MM)	2.000 ≤ Δ ≤ 2.200
	Recurring Capex (R\$ MM)	700 ≤ Δ ≤ 800
	Expansion Capex (R\$ MM)	1.300 ≤ Δ ≤ 1.400

Disclaimer

This document contains forward-looking statements and information. These forward-looking statements and information are solely forecasts and are not guarantees of future performance. All stakeholders are advised that these forward-looking statements and information are and will be, as applicable, subject to risks, uncertainties and factors related to the operations and business environment of Cosan and its subsidiaries, and hence actual results of these companies could differ significantly from the future results expressed or implied by said forward-looking statements and information.

9. Attachments

9.1 Financial statements - Rumo

9.1.1 Balance Sheet

Balance Sheet (Amounts in R\$ MM)	Rumo	
	03.31.2017	12.31.2016 Pro forma
Current	4,035.7	2,300.8
Cash and Cash Equivalents	2,588.1	260.5
Securities	541.8	916.6
Trade Receivables	295.4	417.2
Derivative Financial Instruments	2.5	2.9
Inventories	248.4	284.6
Peer Company Receivables	24.5	28.8
Income Tax and Social Contribution	48.1	166.0
Other Taxes Recoverable	122.9	84.0
Other Assets	164.0	140.2
Non-Current	21,016.2	20,730.6
Trade Receivable	14.3	14.3
Restrict Cash	225.1	201.0
Deferred Income Tax and Social Contribution	1,169.7	1,161.0
Income Tax and Social Contribution	199.8	121.4
Other taxes recoverable	662.0	660.8
Judicial Deposits	310.8	299.9
Derivative and Financial Instruments	0.6	0.8
Other Assets	101.1	106.2
Investments in Associates	41.7	46.8
Property and Equipment	10,544.8	10,337.1
Intangible	7,746.2	7,781.3
Total Assets	25,051.9	23,031.3
Current	3,435.0	3,393.3
Loans, Financing and Debentures	1,586.1	1,467.7
Leases	415.5	472.6
Certified Real Estate Receivables - CRI	108.8	105.4
Derivative Financial Instruments	2.8	4.5
Trade Accounts Payable	499.9	564.9
Labor and Social Security Obligations	103.9	117.1
Income Tax and Social Contribution Taxes	16.3	36.0
Other Payable Taxes	28.8	32.8
Dividends Payables	14.6	6.7
Leases and Concessions	27.8	27.7
Payable to Related Parties	151.2	106.7
Deferred Revenue	17.4	14.2
Other Financial Liabilities	172.5	177.6
Other Payables	289.3	259.4
Non - Current	16,191.7	13,962.7
Loans, Financing and Debentures	9,289.4	7,055.5
Leases	839.8	924.9
Certified Real Estate Receivables - CRI	62.5	90.3
Derivative Financial Instruments	16.5	7.8
Other Payables	17.0	17.1
Provision for lawsuits	513.8	507.0
Leases and Concessions	2,674.5	2,580.1
Deferred Income Tax and Social Contribution	2,395.2	2,397.5
Deferred Revenues	64.0	62.2
Other Payables	319.1	320.3
Equity	5,425.2	5,675.3
Total Liabilities	25,051.9	23,031.3

9.1.2 Income Statement

Consolidated (Amounts in R\$ MM)	1Q17	1Q16 Pro forma	Chg. %
Net Operating Revenue	1,199.2	1,185.9	1.1%
Cost of Services	(930.9)	(871.1)	6.9%
Gross Profit	268.3	314.8	-14.8%
Sales, General and Administrative Expenses	(65.2)	(85.9)	-24.1%
Other Net Operating Income (Expenses)	(2.2)	2.3	n.a.
Net Financial Result	(451.4)	(430.6)	4.8%
Equity Pickup	1.7	3.6	-50.9%
Income Tax and Social Contribution	0.1	10.8	-99.0%
Net Profit (Loss)	(248.6)	(185.1)	34.3%

9.1.3 Cash Flow

Combined Cash Flow (Amounts in R\$ MM)	1Q17	1Q16
Cash Flow from Operating Activities		
Profit Before Income Tax and Social Contribution	(248.7)	(195.8)
Adjustments:		
Depreciation and Amortization	289.9	209.8
Amortization of Concessions		
Equity	(1.7)	(3.6)
Provision for profit sharing and bonuses	10.9	5.8
Result on disposals of fixed assets and intangible assets	(4.1)	4.5
Provision for lawsuits	13.9	2.4
Provision (reversal) for losses on doubtful accounts	(1.4)	(1.3)
Stock Option	1.3	0.6
Leases and Concessions	49.5	48.8
Differed Revenues	413.9	412.4
Interests, Monetary and Exchange Variation, Net	(4.2)	(16.6)
	519.2	467.0
Variation in:		
Accounts Receivable:	94.6	(22.9)
Judicial deposits	(7.9)	(1.0)
Related Parties, Net	48.9	30.7
Taxes and social contributions recoverable	26.6	(3.2)
Taxes and social contributions payable	(40.5)	(22.7)
Stocks	36.2	7.1
Wages and salaries payable	(28.4)	(18.7)
Providers	(60.0)	105.3
Leases and concessions payable	(28.1)	(26.0)
Lawsuits	(16.1)	(17.9)
Other financial liabilities	(15.5)	(104.5)
Other assets and liabilities, net	17.3	(39.1)
	27.3	(113.0)
Net cash provided by operating activities	546.4	354.0
Cash flows from investing activities		
Marketable securities	396.3	213.5
Restricted Cash	(24.1)	19.0
Dividends received from subsidiaries and associates	2.5	1.7
Additions to property, plant and equipment, software and other intangibles	(471.9)	(284.9)
Cash received from sales of other permanent assets	7.0	-
Net cash used in investing activities	(90.3)	(50.7)
Fundraising	2,388.5	326.1
Amortization of principal	(313.6)	(376.9)
Amortization of interest	(220.0)	(244.8)
Capital integralization	-	-
Amortization of advance of real estate credits	(31.7)	(31.2)
Derivative financial instruments	0.8	(17.1)
Related Parties - Mutual	-	-
Cash generated by (used in) financing activities	1,824.0	(343.9)
Net increase (decrease) in cash and cash equivalents	47.5	-
Beginning balance of cash and cash equivalents	2,327.6	(40.6)
Final balance of cash and cash equivalents	260.5	73.0
Cash generated by (used in) financing activities	2,588.1	32.0

9.2 Financial Statements - Cosan Logística

9.2.1 Balance Sheet

Balance Sheet (Amounts in R\$ MM)	Cosan Logística	
	03.31.2017	12.31.2016
Current	4,044.6	2,308.0
Cash and Cash Equivalents	2,591.7	260.5
Securities	541.8	920.4
Trade Receivables	295.4	417.2
Derivative Financial Instruments	2.5	2.9
Inventories	248.4	284.6
Peer Company Receivables	26.2	28.8
Income Tax and Social Contribution	51.7	169.4
Other Taxes Recoverable	122.9	84.0
Other Assets	164.0	140.2
Non-Current	21,018.1	20,730.0
Trade Receivable	14.3	14.3
Restrict Cash	225.1	201.0
Deferred Income Tax and Social Contribution	1,171.1	1,159.8
Income Tax and Social Contribution	199.8	121.4
Other taxes recoverable	662.0	660.8
Lawsuits	311.4	300.5
Derivative and Financial Instruments	0.6	0.8
Other Assets	101.1	106.2
Investments in Associates	41.7	46.8
Property and Equipment	10,544.8	10,337.1
Intangible	7,746.2	7,781.3
Total Assets	25,062.7	23,038.0
Current	3,437.2	3,395.5
Loans, Financing and Debentures	1,586.1	1,467.7
Leases	415.5	472.6
Certified Real Estate Receivables - CRI	108.8	105.4
Derivative Financial Instruments	2.8	4.5
Trade Accounts Payable	499.9	565.0
Labor and Social Security Obligations	103.9	117.2
Income Tax and Social Contribution Taxes	16.3	36.0
Other Payable Taxes	29.7	33.6
Dividends Payable	14.8	7.0
Leases and Concessions	27.8	27.7
Payable to Related Parties	151.3	106.7
Deferred Revenue	17.4	14.2
Other Financial Liabilities	172.5	177.6
Other Payables	290.4	260.4
Non - Current	16,191.8	13,960.2
Loans, Financing and Debentures	9,289.4	7,055.5
Leases	839.8	924.9
Certified Real Estate Receivables - CRI	62.5	90.3
Derivative Financial Instruments	16.5	7.8
Other Payables	17.0	17.1
Provision for lawsuits	513.8	507.0
Leases and Concessions	2,674.5	2,580.1
Deferred Income Tax and Social Contribution	2,395.2	2,395.1
Deferred Revenues	64.0	62.2
Other Payables	319.1	320.3
Equity	5,433.7	5,682.3
Total Liabilities	25,062.7	23,038.0

9.2.2 Income Statement

Consolidated (Amounts in R\$ MM)	1Q17	1Q16	Chg. %
Net Operating Revenue	1,199.2	1,185.9	1.1%
Cost of Services	(930.9)	(871.1)	6.9%
Gross Profit	268.3	314.8	-14.8%
Sales, General and Administrative Expenses	(65.7)	(88.0)	-25.3%
Other Net Operating Income (Expenses)	(2.2)	2.3	n.a.
Net Financial Result	(451.2)	(427.3)	5.6%
Equity Pickup	1.7	3.6	-52.2%
Income Tax and Social Contribution	0.2	10.3	-98.1%
Net Profit (Loss)	(248.8)	(184.4)	35.0%

9.2.3 Cash Flow

Combined Cash Flow (Amounts in R\$ MM)	Cosan Logística	
	1Q17	1Q16
Cash Flow from Operating Activities		
Profit Before Income Tax and Social Contribution	(249.0)	(194.7)
Adjustments:		
Depreciation and Amortization	289.9	209.8
Equity	(1.7)	(3.6)
Provision for profit sharing and bonuses	10.9	5.8
Result on disposals of fixed assets and intangible assets	(4.1)	4.5
Provision for lawsuits	13.9	2.4
Provision (reversal) for losses on doubtful accounts	(1.4)	(1.3)
Stock Option	1.4	0.8
Leases and Concessions	49.5	48.8
Interests, Monetary and Exchange Variation, Net	413.8	412.5
Others	(4.2)	(8.3)
	518.8	468.4
Variation in:		
Accounts Receivable:	94.6	(22.9)
Advances from Customers	63.0	(2.1)
Judicial deposits	(7.9)	(1.4)
Related Parties, Net	49.0	30.5
Taxes and Contributions Recoverable	26.6	2.1
Taxes and Contributions Payable	(40.5)	(28.9)
Inventories	36.2	7.1
Labor and Social Security Obligations	(28.4)	(18.7)
Trade Accounts Payable	(60.1)	105.4
Advances to suppliers	(16.4)	(4.7)
Leases and Concessions Payable	(28.1)	(26.0)
Derivative Financial Instruments	(16.1)	(17.9)
Lawsuits	(15.5)	(104.5)
Other Liabilities, Net	(29.3)	(31.5)
	27.3	(113.3)
Cash generated by (used in) operations	546.2	355.1
Cash Flow from investing activities		
Marketable securities	400.1	213.5
Restricted Cash	(24.1)	19.0
Dividends received from subsidiaries and associates	2.5	1.7
Additions to property, plant and equipment, software and other intangibles	(471.9)	(284.9)
Cash received from sales of other permanent assets	7.0	-
Net cash used in investing activities	(86.5)	(50.7)
Cash flows from financing activities		
Borrowings	2,388.5	326.1
Payment of borrowings	(313.6)	(376.9)
Payment of interest on Borrowings	(220.0)	(244.8)
Capital Internalization	-	-
Anticipation of real estate credits	(31.7)	(31.2)
Derivative financial instruments	0.8	(17.1)
Option on actions taken	-	-
Dividends paid	-	-
Net cash generated (used) in financing activities	1,824.0	(343.9)
Impact of exchange variation on cash and cash equivalents	47.5	-
Net increase (decrease) in cash and cash equivalents	2,331.2	(39.4)
Cash and cash equivalents at beginning of year	260.5	246.8
Cash and cash equivalents at end of period	2,591.7	207.4