Financial Statements

LLX Minas-Rio Logística Comercial Exportadora S.A.

December 31, 2014, 2013 and 2012
with Independent Auditors' Report
on Financial Statements

LLX Minas-Rio Logística Comercial Exportadora S.A.

Financial statements

December 31, 2014, 2013 and 2012

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Independent auditors' report on financial statements

The Shareholders, Board of Directors and Officers
LLX Minas-Rio Logística Comercial Exportadora S.A.
Rio de Janeiro - RJ

We have audited the accompanying financial statements of LLX Minas-Rio Logística Comercial Exportadora S.A. ("Company"), which comprise the balance sheet as at December 31, 2014 and the related statement of operations, statement of comprehensive income (loss), statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent auditors' report on financial statements (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LLX Minas-Rio Logística Comercial Exportadora S.A. as at December 31, 2014, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Emphasis of matters

As described in Note 3, due to a change in the presentation of the statements of cash flows for the years ended December 31, 2013 and 2012 and a reclassification in the balance sheet at December 31, 2012 from current to noncurrent assets, the corresponding figures were adjusted and were restated for comparative purposes, as provided for in CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion is not modified with respect to this matter.

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which discloses that, at December 31, 2014, the Company's current liabilities exceeded its current assets by R$ 23,431 thousand. The Company started its operations in October 2014. The construction of the port will be concluded by cash generated by its operations and, if necessary, by financial support from its shareholders' and / or third parties funding.

Rio de Janeiro, March 06, 2015.

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6-F-RJ

Wilson J. O. Moraes
Accountant CRC - 1RJ 107.211/O-1

LLX Minas-Rio Logística Comercial Exportadora S.A.

Balance sheets
December 31, 2014, 2013 and 2012
(In thousands of *reais*)

	Note	2014	2013	2012
Assets				(As restated)
Current assets				
Cash and cash equivalents	**4**	**14,590**	7,456	1,627
Related parties	**8**	**41,210**	-	
Inventories		**12,943**	-	-
Recoverable taxes		**4,677**	3,638	6,149
Prepaid expenses		**5,549**	13,080	13,748
Insurance credits		**9,272**	19,306	36,740
Other		**1,518**	3,547	4,950
Total current assets		**89,759**	47,027	63,214
Noncurrent assets				
Judicial deposits	**6**	**28,624**	26,771	25,419
Deferred income taxes	**5**	**144,973**	59,023	50,250
Related parties	**8**	**210,102**	193,767	191,749
Property and equipment	**7**	**1,962,047**	1,451,258	1,227,944
Intangible assets		**2,430**	3,169	1,069
Deferred charges		**6,387**	6,550	6,550
Total noncurrent assets		**2,354,563**	1,740,538	1,502,981
Total assets		**2,444,322**	**1,787,565**	1,566,195

	Note	2014	2013	2012
Liabilities and equity				(As restated)
Current liabilities				
Trade accounts payable		**89,852**	71,573	26,082
Taxes payable	**9**	**6,407**	2,748	869
Payroll and related charges		**11,750**	7,472	2,809
Related parties	**8**	**3,898**	1,140,977	-
Other		**1,283**	2,029	4,023
Total current liabilities		**113,190**	1,224,799	33,783
Noncurrent liabilities				
Taxes payable	**9**	**27,604**	25,898	24,599
Related parties	**8**	**1,828,591**	201,223	1,155191
Deferred revenue	**10**	**61,610**	62,159	62,159
Provision for legal proceedings	**11**	**941**	872	819
Other		**190**	190	190
Total noncurrent liabilities		**1,918,936**	290,342	1,242,958
Shareholders' equity	**12**			
Capital stock		**414,397**	385,985	385,985
Capital reserve		**94,589**	-	-
Accumulated losses		**(96,790)**	(113,561)	(96,531)
Total shareholders' equity		**412,196**	272,424	289,454
Total liabilities and shareholders' equity		**2,444,322**	1,787,565	1,566,195

See accompanying notes.

LLX Minas-Rio Logística Comercial Exportadora S.A.

Statements of operations
Years ended December 31, 2014, 2013 and 2012
(In thousands of *reais*)

	Note	2014	2013	2012
Net service revenue	**13**	**145,364**		-
Costs of service	**14**	**(34,544)**	-	-
Gross profit		**110,820**	-	-
Operating income (expenses)				
General and administrative expenses	**15**	**(35,959)**	(24,153)	(20,232)
Other operating income (expenses)	**16**	**17,325**	(369)	52,153
Income before financial income (expenses) and income taxes		**92,186**	(24,522)	31,921
Financial income (expenses)				
Financial income	**17**	**35**	186	229
Financial expenses	**17**	**(66,811)**	(1,467)	(459)
Income (loss) before income taxes		**25,410**	(25,803)	31,691
Income tax and social contribution	**5**	**(8,639)**	8,773	(10,775)
Net income (loss) for the year		**16,771**	(17,030)	20,916

See accompanying notes.

LLX Minas-Rio Logística Comercial Exportadora S.A.

Statements of comprehensive income (loss)
Years ended December 31, 2014, 2013 and 2012
(In thousands of *reais*)

	2014	**2013**	**2012**
Net income (loss) for the year	**16,771**	(17,030)	20,916
Other comprehensive income (loss)	**-**	-	-
Total comprehensive income (loss) for the year	**16,771**	(17,030)	20,916

See accompanying notes.

LLX Minas-Rio Logística Comercial Exportadora S.A.

Statements of changes in shareholders' equity
Years ended December 31, 2014, 2013 and 2012
(In thousands of *reais*)

	Note	Capital stock	Capital reserve	Accumulated losses	Total
Balances at January 1, 2012		385,985	-	(117,447)	268,538
Net income for the year		-	-	20,916	20,916
Balances at December 31, 2012		385,985	-	(96,531)	289,454
Net loss for the year		-	-	(17,030)	(17,030)
Balances at December 31, 2013		385,985	-	(113,561)	272,424
Capital increase	10	**28,412**	**-**	**-**	**28,412**
Tax credit originated from merger of jointly controlling shareholder	5 and 10	**-**	**94,589**	**-**	**94,589**
Net income for the year		**-**	**-**	**16,771**	**16,771**
Balances at December 31, 2014		**414,397**	**94,589**	**(96,790)**	**412,196**

See accompanying notes.

LLX Minas-Rio Logística Comercial Exportadora S.A.

Statements of cash flows
Years ended December 31, 2014, 2013 and 2012
(In thousands of *reais*)

	2014	2013	2012
		(As restated)	(As restated)
Operating activities			
Income (loss) before income taxes	**25,410**	(25,803)	31,691
Adjustments to reconcile income before taxes and net cash provided by operating activities			
Depreciation and amortization	**15,464**	8,744	8,278
Monetary variation and interest	**47,747**	(149)	2,223
Provision for bonus	**8,347**	1,089	(8,622)
	96,968	**(16,119)**	**33,570**
(Increase) decrease of assets and increase (decrease) of liabilities			
Account receivable from related parties	**(41,210)**	-	-
Inventories	**(12,943)**	-	-
Recoverable taxes	**(1,039)**	(208)	910
Prepaid expenses	**7,531**	668	1,264
Other assets	**10,034**	22	(36,667)
Trade accounts payable	**(47,745)**	5,482	(961)
Taxes payable	**3,659**	3,290	172
Payroll and related charges	**(4,069)**	720	(1,154)
Accounts payable to related parties	**-**	(3,339)	(12,929)
Other	**750**	(1,857)	143
Net cash flows used in operating activities	**(85,032)**	**(11,341)**	**(16,130)**
Investing activities			
Acquisition of intangible assets	**(2,290)**	(2,720)	(669)
Acquisition of property and equipment	**(731,616)**	(572,315)	(192,873)
Cash from asset allocation – AAMFB	**383,868**	516,009	190,877
Net cash flows used in investing activities	**(350,038)**	**(,59,026)**	**(2,665)**
Financing activities			
Intercompany loans	**316,825**	76,196	6,377
Capital increase	**28,412**	-	-
Net cash flows from financing activities	**345,237**	**76,196**	**6,377**
Increase (decrease) in cash and cash equivalents	**7,134**	**5,829**	**(12,418)**
Cash and cash equivalents:			
At beginning of year	**7,456**	1,627	14,045
At end of year	**14,590**	7,456	1,627
Increase (decrease) in cash and cash equivalents	**7,134**	**5,829**	**(12,418)**

See accompanying notes.

1. Operations

In 2007, LLX Minas-Rio Logística Comercial Exportadora S.A. ("Ferroport" or the "Company"), located in the state of Rio de Janeiro, was incorporated with the purpose of developing and operating port facilities and providing logistics support services.

Ferroport is a joint owner of an area of 300 hectares in the Açu Port which is intended for iron ore processing, handling, storage, and pelletizing, and is joint owner of an offshore structure comprising an access bridge, access canal, breakwater and two berths for iron ore loading. The development of the project was established by the Framework Agreement and Asset Allocation Agreement ("Agreement") which sets forth the operating and commercial relations between the Company, Prumo Logística S.A. ("Prumo"), and Prumo's subsidiary LLX Açu Operações Portuárias S.A. ("LLX Açu") and Anglo American Minério de Ferro do Brasil ("AAMFB").

The Agreement determines that Ferroport is responsible for the construction of the T1 port terminal, and sets out the allocation of assets between the parties, means of payment, transfer of divisible assets to AAMFB and joint ownership rules for the indivisible assets. The assets are transferred to the shareholders according to a formula defined in the Agreement at construction cost plus a mark-up. Upon delivery of the assets, the Company recognizes the related gain ("Mark-up gain"). The Company records its ownership share in the port and other assets in proportion to the total amount invested in the construction of the assets. See details in Note 7.

The commercial and operating terms of the aforementioned agreements include a take-or-pay commitment from AAMFB, subject to port capacity availability, of 26.5 million WMT (Wet Metric Ton) per year for shipment of iron ore at US$7.10 (seven dollars and ten cents) per WMT, basis on July 1, 2013 terms, to be annually escalated by the United States Producer Price Index ("PPI") up to the first shipment, and then from this date onwards escalated by 2/3 of PPI per annum on each January 1. A reduced tariff is applicable to the shipped volume of iron ore which exceeded the 26.5 million WMT in the year. The contract term is 25 years.

In August 2014, the Company and AAMFB renegotiated certain contractual conditions for the start-up of operation base on the fact that the port was not ready to operate, which (i) AAMFB has agreed to pay advance monthly installments for the take-or-pay volume effective as July 1, 2014 until the later of first shipment or December 31, 2014; (ii) once the first shipment is achieved, limited by February 28, 2015, all amount paid as advance by AAMFB 60 days prior the date would be used by AAMFB as credit to offset the following month installments.

In October 2014, the Company accomplished the first shipping of approximately 80 thousand tons of iron ore in this month. In the last quarter of 2014, the Company shipped 240 thousand tons of iron ore.

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

In the light of the new commercial conditions, the Company received the installments for the months of July, August, September and October, and after the first iron ore loading operation, in October 2014, were offset two installments in November and December. After December 31, 2014, the contract came into effect under the above conditions.

At December 31, 2014, the Company's current liabilities exceeded its current assets by R$ 23,431, and the completion of the construction, specifically the pier and canal dredging, will required additional funds, which will be obtained from the shareholders or third parties.

2. Licenses

Type	Issue date	Maturity
State Institute for the Environment (INEA): Environmental License for Installation (LI) to continue with implementation works of port terminal denominated Açu Port. LI no. IN 025635	December 13, 2013	December 13, 2016
INEA (State Institute of Environment): Statutory law for receipts of iron ore slurry, iron ore filtering unit, stockyard, iron transfer unit, access bridge, loading pier, areas of utilities and repair shop, administrative area, submarine outfall of effluents, dredging for maintenance of draught for access and navigation, trans-shipment of waste of vessels and food loading activities, inputs of drinking water on vessels. Statutory Law - Regulatory Procedure 027024.	May 13, 2014	May 29, 2018
ANTAQ (Supervising Office for Grants of the National Waterway Agency) authorizes FERROPORT to start operating the port terminal.	September 09, 2014	September 02, 2039

3. Basis of preparation and presentation of the financial statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil ("BR GAAP"), which are based on the provisions of the Brazilian Corporation Law, including the changes introduced by Laws No. 11638/07 and No. 11941/09, and the accounting pronouncements, interpretations and guidance issued by the Brazilian Accounting Pronouncements Committee ("CPC").

The authorization for completion of these financial statements was given by the Company's Executive Board on March 06, 2015.

The financial statements were prepared based on historical cost, except for certain financial instruments measured at fair value as described in Note 19.

<u>Restatement of the corresponding figures</u>

The financial statements for the years ended December 31, 2013 and 2012 were adjusted and were restated, in accordance with CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors, to consider:

- The statements of cash flows for the years ended December 31, 2013 and 2012 presented the funds received from AAMFB related to the asset allocation advances in the operating activities. In 2014, this presentation was reviewed and the cash from asset allocation funds from AAMFB are presented in the investing activities. Accordingly, the statements of cash flows for the years ended December 31, 2013 and 2012 were adjusted for comparative purposes.

- The statement of cash flows for the year ended December 31, 2013 presented non-cash effect of trade accounts payable related to acquisitions of property and equipment in operating activities. This presentation was adjusted and only the cash effect is presented in the operating and investing activities.

- At December 31, 2012, the amount of R$191,749 of divisible assets to be transferred to AAMFB was classified as current assets, and the related amount of R$196,484 for advances received from AAMFB was presented as noncurrent liabilities. Accordingly, for comparative purposes, the amount of R$191,749 was reclassified to noncurrent assets in these financial statements.

- Certain reclassifications were performed in the financial statements as of and for the years ended December 31, 2013 and 2012 for comparative purposes.

3. Basis of preparation and presentation of the financial statements (Continued)

The accounting practices described below have been consistently applied to all years presented in these financial statements.

a) Functional and reporting currency

These financial statements are presented in Brazilian *reais*, which is the Company's functional and reporting currency. Foreign currency-denominated balances are translated into the functional currency (real) at each period-end exchange rates.

b) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company considers cash equivalents a short-term investment with a maturity of three months or less, which are subject to an insignificant risk of change in value.

c) Financial instruments

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets are initially recognized at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

3. Basis of preparation and presentation of the financial statements (Continued)

c) Financial instruments (Continued)

Subsequent measurement of financial assets at fair value through profit or loss is recorded in the balance sheet at fair value, and their corresponding gains or losses are recognized in the statement of operations.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated taking into account any discount on acquisition and fees or costs that are an integral part of the effective interest rate.

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. When there is objective evidence of impairment, the impairment loss is measured as the difference between the asset book value and the present value of the estimated future cash flows (excluding future credit losses expected but not incurred). The present value of estimated future cash flows is discounted at the original effective interest rate of the financial asset. When applicable, the asset book value is decreased by a provision and the loss amount is recognized in profit or loss. If in a subsequent year the estimated impairment loss increase or decrease due to an event occurred after the impairment loss recognition, the loss previously recognized is increased or decreased, adjusting the related provision.

A financial asset is written off when the rights to receive cash flows from the asset expire and/or when the Company transfers its rights to receive cash flows of the asset or assumes an obligation to fully pay cash flows received, and has transferred substantially all the risks and rewards related to the asset.

The financial liabilities are classified, at initial recognition, as loans and borrowings. Financial liabilities are initially recognized at fair value and net of directly attributable transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in profit or loss.

A financial liability is derecognized when the liability has been discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss.

3. Basis of preparation and presentation of the financial statements (Continued)

c) Financial instruments (Continued)

The fair value of financial instruments actively traded in organized financial markets is determined based on purchase prices quoted in the market. The fair value of financial instruments for which there is no active market is determined by using valuation techniques, such as the use of recent market transactions (on an arm's length basis); reference to the current fair value of another similar instrument, discounted cash flows or other valuation models.

d) Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are monetarily updated and, therefore, adjusted to their present value. The present value adjustment of current monetary assets and liabilities is calculated and only recorded when the effect is considered significant in relation to the overall financial statements.

e) Inventories

Inventories are represented by maintenance items and are stated at the average cost of acquisition, not exceeding market value.

f) Property and equipment

These are measured at historical acquisition or construction cost, less accumulated depreciation and accumulated impairment losses, if any. Costs include expenditures directly attributable to an asset acquisition, and the construction costs include:

- The cost of materials and direct labor;
- Costs attributable to bringing the asset to the location and condition required for it to operate in the manner intended by management; and
- Borrowing costs on qualifying assets.

Gains and losses on disposal of a property and equipment item (determined by comparing the proceeds from disposal with the book value of property and equipment) are recognized in other operating income (expenses) in profit or loss.

3. Basis of preparation and presentation of the financial statements (Continued)

f) Property and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Property and equipment are depreciated on a straight-line basis, according to the estimated economic useful life of each item. Land is not depreciated. Property and equipment items are depreciated as of the date they are installed and are available for use.

The Company classifies under "construction in progress" all works as of the construction and installation phase to the moment in which they start operating, when they are reclassified to the accounts relating to assets in operation.

g) Intangible assets

Intangible assets are represented by software acquired by the Company with finite useful lives, and are measured at cost, less accumulated amortization and impairment losses, when applicable.

h) Deferred charges

The Law No.11941/09 and the CPC 43(R1) - First-time Adoption of Accounting Pronouncements CPC 15 to 41 eliminated the deferred charges, however, allowed the companies to keep the accumulated balance at December 31, 2008 to be amortized in 10 years, after the beginning of operations, subject to impairment test. These deferred charges are valued at formation cost and represent pre-operating expenses incurred by the Company up to December 31, 2008. The deferred charges started the amortization in October 2014, and will be amortized within 10 years.

3. Basis of preparation and presentation of the financial statements (Continued)

i) Impairment of non-financial assets

The Company assesses, at each reporting date, whether is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An impairment loss is recognized when the book value of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions as to the recoverability period of capital and the risks specific to the asset.

Impairment loss related to other assets (except for goodwill) is only reversed to the extent that the book value of an asset does not exceed the book value that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

j) Provisions

A provision is set up when the Company has a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation.

The Company recognizes provision for civil and tax proceedings. Assessment of the probability of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors.

Provisions are reviewed and adjusted considering changes in existing circumstances, such as the applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in the estimation process.

k) Operating revenue

Revenue is recognized on an accrual basis as the service is rendered, which is linked to the storage services, shipping and logistics operations.

3. Basis of preparation and presentation of the financial statements (Continued)

l) Financial income and expenses

Financial income includes interest income on short-term investments recognized in the profit or loss.

Financial expenses include interest expenses on related-party loans. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss using the effective interest rate method. After the beginning of the operations, capitalization of the borrowing costs was ceased and those expenses are recognized in profit or loss.

m) Income tax and social contribution

Deferred income tax and social contribution are recorded over tax losses carryforward and temporary differences existing between assets and liabilities tax base versus the corresponding book values. Deferred tax assets and liabilities are offset when there is a legal enforceable right to settle the tax assets and liabilities, and when levied by the same tax authority on the same taxable entity. Deferred income tax and social contribution assets are reviewed on an annual basis and reduced to the extent that their realization is no longer probable, when applicable.

o) Other current and noncurrent assets and liabilities

An asset is recognized in the balance sheet when its future economic benefits are likely to flow to the Company, and its cost or value can be reliably measured.

A liability is recognized in the balance sheet when the Company has a legal or constructive obligation arising from a past event, the settlement of which is expected to result in an outflow of economic benefit. Provisions are set up reflecting the best estimates of the risk involved.

Noncurrent monetary assets and liabilities are adjusted to present value and so are current monetary assets and liabilities whenever the effects are considered significant on the overall financial statements. The present value adjustment is calculated using contractual cash flows and the explicit, and sometimes implicit, interest rates of the respective assets and liabilities.

(In thousands of reais, unless otherwise stated)

3. Basis of preparation and presentation of the financial statements (Continued)

p) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions which affect the application of accounting practices and the reported values of assets, liabilities, revenues and expenses. Estimates and assumptions are reviewed on a continuous basis. Accounting estimates are recognized in the year in which they are reviewed and in any future periods that may be affected. Actual results may differ from these estimates. The significant issues that may be affected by the use of estimates are: deferred income tax and social contribution, determination of the useful lives of property and equipment and intangible assets, impairment of non-financial assets, provision for legal proceedings and determination of the fair value of financial instruments. Future settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent to the determination process. The Company reviews its estimates and assumptions at least once a year.

q) New accounting pronouncements

The pronouncements and interpretations issued by the IASB (not yet translated or issued by CPC), yet not effective at December 31, 2014, which are applicable to the Company, are IFRS 15 - *Revenue from Contracts with Customers* and IFRS 9 - *Financial Instruments*. The Company's management expects that these pronouncements will not have significant impact on the Company's financial statements.

4. Cash and cash equivalents

	2014	**2013**	**2012**
Cash and banks	**1,299**	769	249
Cash equivalents			
Repurchase agreements	**10,723**	-	-
Bank deposit certificate (CDB)	**2,568**	6,687	1,378
	14,590	7,456	1,627

Highly liquid short-term investments are readily convertible into a known amount of cash and subject to insignificant risk of change in their value. The CDBs and repurchase agreements are remunerated at 100.2% and 75% of Interbank Deposit (DI) rate, respectively.

LLX Minas-Rio Logística Comercial Exportadora S.A.

Notes to the financial statements (Continued)
December 31, 2014, 2013 and 2012
(In thousands of *reais*, unless otherwise stated)

5. Income tax and social contribution

The changes in the deferred income tax and social contribution assets and liabilities are as follows:

	December 31,2012	Additional amount recorded	December 31, 2013	Merger in 2014	Additional amount/offset (liability) recorded	December 31,2014
Assets						
Tax loss carryforwards	-	-	-	-	1,826	**1,826**
Temporary differences						
Difference between tax base and book value - deferred assets (a)	50,250	8,773	59,023	-	(1,786)	**57,237**
Tax credits originated from merger (b)	-	-	-	94,589	(14,189)	**80,400**
Other	-	-	-	-	7,421	**7,421**
Total deferred taxes assets	50,250	8,773	59,023	94,589	(6,728)	**146,884**
Liabilities						
Difference between tax base and book value of depreciation rates	-	-	-	-	(1,911)	**(1,911)**
Total deferred taxes liabilities	-	-	-	-	(1,911)	**(1,911)**
Net effect	50,250	8,773	59,023	94,589	(8,639)	**144,973**

(a) This refers to the recognition of deferred income tax and social contribution on the difference between the accounting and tax treatment of deferred charges arising from January 1, 2009 to October 2014. For accounting purposes, beginning 2009, the pre-operational expenditures were expensed while for tax purposes it has been treated as deferred charges. These deferred charges have been amortized since the Company started its operations in October 2014 and will be amortized within 10 years.

(b) At March 31, 2014, the Company's shareholder Centennial Asset Participações Minas-Rio S.A. and part of spun-off assets of Anglo American Participações Ltda. was merged into Ferroport with the objective of simplifying the ownership structure of Anglo American's investments in Brazil, reducing costs and the number of legal entities, simplifying the procedures to distribute profits within the corporate structure and permit the use of corporate tax relieves available for Ferroport in the Brazilian law.

The Brazilian tax legislation allows tax losses to be offset against future taxable profits for an indefinite period, but this offset is limited to 30% of the taxable profit for each year.

The recoverability of the deferred tax assets is supported by a business plan approved by the Executive Board. The Company's Management evaluates the carrying value of the deferred tax assets based on the Company's projected future taxable income, and maintain these assets at their expected realization value. The Company's Management estimates that the deferred tax assets will be realized in approximately 10 years.

(In thousands of reais, unless otherwise stated)

5. Income tax and social contribution (Continued)

The reconciliation of the reported income tax and social contribution and the amount determined by applying the nominal rate for the years ended December 31, 2014, 2013 and 2012, are as follows:

	2014	2013	2012
Income (loss) before income taxes	**25,410**	(25,803)	31,691
Income tax and social contribution at statutory rates (34%)	**(8,639)**	**8,773**	(10,775)
Current income taxes	**-**	**-**	**-**
Deferred income taxes	**(8,639)**	**8,773**	**(10,775)**
Total income tax and social contribution	**(8,639)**	**8,773**	**(10,775)**
Effective rate	**34%**	**34%**	**34%**

6. Judicial deposits

	2014	2013	2012
Income tax and social contribution (a)	**27,604**	25,899	24,599
Other	**1,020**	-	-
	28,624	26,771	25,419

(a) The Company challenges the payment of income tax and social contribution on net income recognized in its pre-operating phase and filed an injunction in January 2008, making a judicial deposit of R$ 16,403. Ferroport obtained an unfavorable decision and is awaiting decision on its appeal. The amount deposited if fully recorded under “Taxes payable”.

(In thousands of reais, unless otherwise stated)

7. Property and equipment

	Annual depreciation rate %	Cost	Accumulated depreciation	Net balance at 12/31/2014	Net balance at 12/31/2013	Net balance at 12/31/2012
Improvements	4	66,986	(64,928)	2,058	11,272	12,940
Furniture and fixtures	10	574	(171)	403	146	151
Vehicles	20	904	(663)	241	389	566
IT equipment	20	2,027	(849)	1,178	288	324
Machinery and equipment	10	1,835	(396)	1,439	567	551
Electronic equipment	20	5,507	(1,359)	4,148	109	374
Defenses	10	3,224	(81)	3,143	-	-
Breakwater	2,04	838,437	(4,278)	834,159	-	-
Maritime access canal	2,04	304,875	(1,553)	303,322	-	-
Pier - Port Terminal	2,04	558.752	(2,599)	507.202	-	-
Safety equipment	10	11,989	(300)	11,689	-	-
Operational tools and equipment	10 and 5	600	(2)	598	-	-
Advances to suppliers	-	47,678	-	47,678	84,552	28,918
Construction in progress	-	190,350	-	190,350	1,353,612	1,183,823
Other		5,487	-	5,487	323	323
		2,039,225	**(77,177)**	**1,962,047**	1,451,258	1,227,944

Changes in property and equipment

	Annual depreciation rate %	2013	Additions	Asset allocation	Transfers (*)	2014
Cost						
Improvements	4	70,964	2,632	-	(6,610)	66,986
Furniture and fixtures	10	277	277	-	20	574
Vehicles	20	904	-	-	-	904
IT equipment	20	997	675	-	355	2,027
Machinery and equipment	10	843	884	-	108	1,835
Electronic equipment	20	1,381	2,141	-	1,985	5,507
Defenses	10	-	-	-	3,224	3,224
Breakwater	2,04	-	-	-	838,437	838,437
Maritime access canal	2,04	-	-	-	304,875	304,875
Pier - Port Terminal	2,04	-	-	-	558.752	507.202
Safety equipment	10	-	-	-	11,989	11,989
Advance to suppliers		84,552	100,330	-	(137,204)	47,678
Construction work in progress		1,353,612	812,551	(383,868)	(1,591,945)	190,350
Other		323	3,320	-	1,844	5,487
		1,513,853	923,425	(383,868)	(14,185)	2,039,225
Depreciation						
Improvements		(59,692)	(5,235)	-	-	(64,927)
Furniture and fixtures		(131)	(40)	-	-	(171)
Vehicles		(515)	(148)	-	-	(663)
IT equipment		(709)	(140)	-	-	(849)
Machinery and equipment		(276)	(120)	-	-	(396)
Electronic equipment		(1,272)	(88)	-	-	(1,360)
Defenses		-	(81)	-	-	(81)
Breakwater			(4,278)	-	-	(4,278)
Maritime access canal		-	(1,553)	-	-	(1,553)
Pier - Port Terminal			(2,599)	-	-	(2,599)
Safety equipment		-	(300)	-	-	(300)
Other		-	(1)	-	-	(1)
		(62,595)	(14,583)	-	-	(77,178)
Property and equipment, net		1,451,258	908,842	(383,868)	(14,185)	1,962,047

(*) The net amount refers to the divisible assets to be transferred to AAMFB, classified in non-current assets, as described in Note 8.

(In thousands of reais, unless otherwise stated)

7. Property and equipment (Continued)

Changes for the years (Continued)

	Annual depreciation rate%	2012	Additions	Asset allocation	Transfers (*)	2013
Cost						
Improvements	**4**	65,207	1,469	-	4,288	70,964
Furniture and fixtures	**10**	248	24	-	5	277
Vehicles	**20**	904	-	-	-	904
IT equipment	**20**	880	106	-	11	997
Machinery and equipment	**10**	734	109	-	-	843
Electronic equipment	**20**	1,377	4	-	-	1,381
Advance to suppliers		28,918	140,054	-	(84,420)	84,552
Construction in progress		1,183,823	601,286	(509,595)	78,098	1,353,612
Other		323	-	-	-	323
		1,282,414	743,052	(509,595)	(2,018)	1,513,853
Depreciation						
Improvements		(52,293)	(7,399)	-	-	(59,692)
Furniture and fixtures		(97)	(34)	-	-	(131)
Vehicles		(338)	(177)	-	-	(515)
IT equipment		(556)	(153)	-	-	(709)
Machinery and equipment		(183)	(93)	-	-	(276)
Electronic equipment		(1,003)	(269)	-	-	(1,272)
		(54,470)	(8,125)	-	-	(62,595)
Property and equipment, net		1,227,944	734,927	(509,595)	(2,018)	1,451,258

(*) The net amount refers to the divisible assets to be transferred to AAMFB, classified in non-current assets, as described in Note 8.

	Annual depreciation rate%	2011	Additions	Asset allocation	Transfers (*)	2012
Cost						
Improvements	**4**	68,286	9,110	-	(12,189)	65,207
Furniture and fixtures	**10**	292	42	-	(86)	248
Vehicles	**20**	405	499	-	-	904
IT equipment	**20**	786	111	-	(17)	880
Machinery and equipment	**10**	531	437	-	(234)	734
Electronic equipment	**20**	1,324	53	-	-	1,377
Advance to suppliers		206,265	19,589	-	(196,936)	28,918
Construction in progress		883,047	294,881	(190,887)	196,782	1,183,823
Other		323	-	-	-	323
		1,161,259	**305,172**	**(190,887)**	**(12,680)**	**1,282,414**
Depreciation						
Improvements		(45,048)	(7,245)	-	-	(52,293)
Furniture and fixtures		(66)	(31)	-	-	(97)
Vehicles		(171)	(167)	-	-	(338)
IT equipment		(391)	(165)	-	-	(556)
Machinery and equipment		(136)	(47)	-	-	(183)
Electronic equipment		(706)	(47)	-	-	(1,003)
		(46,518)	(7,952)	-	-	(54,470)
Property and equipment, net		1,114,741	297,220	(190,887)	(12,680)	1,227,944

(*) The net amount refer to the divisible assets to be transferred to AAMFB, classified in non-current assets, as described in Note 8.

(In thousands of reais, unless otherwise stated)

7. Property and equipment (Continued)

Asset allocation

As aforementioned, the Company, LLX Açu and AAMFB signed the Asset Allocation Agreement, which determines that the Company is responsible for the construction of the T1 port terminal, and sets out the allocation of assets between the parties, means of payment, transfer of divisible assets and joint ownership rules for the indivisible assets. The divisible assets transferred to the parties individually as stated in the Agreement.

As for the indivisible assets, each company has his share of participation in the assets (“condominium agreement”) according to the total amount invested in the construction, as follows:

	December 31, 2014	**% of ownership of assets**
Indivisible assets – Transferred to AAMFB	1,132,452	34.07%
Indivisible assets – Transferred to LLX Açu	197,440	5.94%
Ferroport’s assets	1,994,006	59.99%
Total indivisible assets in the port	3,323,898	

Upon the transference of the assets, the Company records a gain corresponding to the costs incurred plus a mark-up defined in the Agreement. For the year ended December 31, 2014, the mark-up gain amounted to R$ 10,883 (R$ 8,900 and R$ 41,506 in 2013 and 2012, respectively).

Construction in progress

The construction in progress as of December 31, 2014 is related to the canal dredging and pier that still have certain enhancements to be concluded.

Capitalized interest

Borrowing costs were calculated at the capitalization rate of CDI plus 2% p.a., over the qualified assets during the construction in progress, and totaled as follows:

	2014	**2013**	**2012**
Interest capitalized for the year	**123,490**	101,323	107,541
Accumulated capitalized interest	**601,138**	477,648	376,325

(In thousands of reais, unless otherwise stated)

7. Property and equipment (Continued)

Impairment test of property and equipment

In accordance with CPC 01 (R1) - Impairment of Assets, management regularly assesses whether there is any indication of impairment loss. At December 31, 2014, the Company's Management revised the impairment tests for its property and equipment, using the discounted cash flow method. There was no impairment loss to be recognized at December 31, 2014.

8. Transactions with related parties

	2014	2013	2012
Assets			
Assets to be transferred to AAMFB (a)	**210,102**	193,767	191,749
Accounts receivable from AAMFB (b)	**41,210**	-	-
	251,312	193,767	191,749
Current	**41,210**	-	
Noncurrent	**210,102**	193,767	191,749

	2014	2013	2012
Liabilities			
Advances of the asset allocation			
AAMFB (a)	**210,102**	201,223	196,484
Debit notes			
AAFMB	**1,864**	2,000	-
Prumo	**2,034**	3,833	-
Intercompany loans			
Prumo	**776,837**	544,034	460,181
Withholding income tax on loan	**96,011**	70,738	55,644
Anglo American Participações em Minério de Ferro Ltda. (c)	**56,348**	503,602	442,135
Anglo American Capital Luxembourg Sarl (c)	**540,319**	-	-
Anglo American Investimentos Minério de Ferro Ltda.(c)	**60,537**	-	-
AAMFB - Minas Rio (c)	**88,437**	-	-
Other	**-**	16,770	747
	1,832,489	1,342,200	1,155,191
Current (*)	**3,898**	1,140,977	-
Noncurrent	**1,828,591**	201,223	1,155,191

(*) At December 31, 2013, according to management's expectations, the loan would be fully repaid in 2014 with cash that would be obtained from a financing from BNDES under negotiation at that time. As the negotiation with BNDES did not succeed, the Company reclassified this debt to non-current liabilities as its matures in 2025, according to the agreement between the parties.

(a) This refers to the divisible assets to be transferred to AAMFB, according to the Agreement described in Note 1.

(b) Receivables from the take-or-pay agreement.

(c) As a result of merger described in Note 12, intercompany amounts were transferred to the other Anglo American subsidiaries.

(In thousands of reais, unless otherwise stated)

8. Transactions with related parties (Continued)

Maturity and interest

Intercompany loans are due on June 2025 and are subject to annual interest of 100% of the CDI plus 2% p.a. Intercompany loans have no covenants or guarantees.

The transactions that affect the profit or loss are as follows:

	Revenues (expenses)		
	2014	**2013**	**2012**
Operating			
AAMFB – take-or-pay agreement	**163,829**	-	-
AAMFB (a)	**10,883**	8,900	41,506
Prumo	**(3,547)**	(4,727)	(3,546)
Financial expenses			
Interest on loans			
Prumo	**(24,224)**	-	-
Anglo American Capital Luxembourg Sarl	**(18,308)**	-	-
Anglo American Investimentos Minério de Ferro Ltda.	**(1,922)**	-	-
AAMFB - Minas Rio	**(2,224)**	-	-
Anglo American Participações em Minério de Ferro Ltda.	**(1,765)**	-	-
	122,722	4,173	37,960

(a) This refers to mark-up gain described in Note 7.

Key management compensation was as follows:

	2014	**2013**	**2012**
Executive board and directors			
Payroll and related charges	**4,085**	1,225	-

(In thousands of reais, unless otherwise stated)

9. Taxes payable

	2014	2013	2012
PIS and COFINS	**4,344**	201	173
ISS	**1,098**	1,869	490
Income tax and social contribution (*)	**28,281**	25,898	24,599
Other	**288**	678	206
	34,011	28,646	25,468
Current	**6,407**	2,748	869
Noncurrent (*)	**27,604**	25,898	24,599

(*) This refers to a provision for income tax and social contribution described in Note 6.

10. Deferred revenue

In January 2008, an agreement was entered into with LLX Açu for granting the right of accessing the port facilities to load and unload ships. This contract, amounting to R$ 62,159, is effective for 35 years, renewable for another 35 years, and was fully paid as of December 31, 2009. The revenue will be recognized over the contract term.

11. Provision for legal proceedings

At December 31, 2014, the Company is party to legal proceedings involving civil and administrative matters arising in the ordinary course of business.

According to the legal counsel, the main proceedings classified as possible loss, in the amount of R$ 81,488, comprised by labor claims of R$ 12,428, tax claims of R$ 35,577 and civil claims of R$ 33,483.

(In thousands of reais, unless otherwise stated)

12. Shareholders' equity

Capital stock

The Company's shareholding structure at December 31, 2014, 2013 and 2012, is as follows:

	2014		2013		2012	
Shareholders	**Number of shares**	**%**	**Number of shares**	**%**	**Number of shares**	**%**
Prumo Logística S.A.	**539.988**	**50**	539.984	51	539.984	51
Anglo American Participações Ltda.	**-**	**-**	288.005	27,2	288.005	27,2
Centennial Asset Participações Minas-Rio S.A.	**-**	**-**	230.804	21,8	230.804	21,8
Anglo American Investimentos - Minério de Ferro Ltda.	**539.988**	**50**	-	-	-	-
Other	**-**	**-**	7	-	7	-
	1.079.976	**100**	1.058.800	100	1.058.800	100

On January 8, 2014, a capital increase in the amount of R$28,412 was approved through issuance of 21,176 new common shares at no par value and issue price of R$1,341 (one thousand, three hundred and forty-one reais), fully subscribed by Anglo American Participações - Minério de Ferro Ltda. As a result, Anglo American Participações Ltda.'s and Centennial Asset Participações Minas-Rio S.A.'s ownership interest in Ferroport increased from 49% to 50%.

At March 31, 2014, with the objective of simplifying the ownership structure of Anglo American investments in Brazil, reducing costs and the number of legal entities, simplifying the procedures to distribute profits within the corporate structure and permit the use of corporate tax relieves available for Ferroport in the Brazilian law, Ferroport approved at a Special General Meeting the merger of Centennial Asset Participações Minas-Rio S.A. and part of spun-off assets of Anglo American Participações Ltda. Upon the merger, Ferroport recorded a tax benefit of R$94,589, originated from the acquisition of ownership interest in the Company, against capital reserve. After the merger, the joint control held by Centennial Asset Participações Minas-Rio S.A. and Anglo American Participações Ltda. was transferred to its parent company Anglo American Investimentos - Minério de Ferro Ltda.

Legal reserve and dividends

In accordance with the Brazilian Corporate Law, the legal reserve, which is intended to ensure the integrity of capital and may only be used to offset losses or increase the capital stock, is set up on an annual basis at 5% of the net income for the year and it cannot exceed 20% of the capital stock.

The Brazilian Corporate Law determines the distribution of a minimum mandatory dividend of 25% of the net income for the year, adjusted in accordance with article 202 of Law 6404/76.

As the Company presents accumulated losses at December 31, 2014, no legal reserve has been recorded or dividends were distributed.

(In thousands of reais, unless otherwise stated)

13. Net service revenue

	2014	2013	2012
Gross revenue	**163,829**	-	-
Taxes on gross revenue - PIS/COFINS	**(15,188)**	-	-
Tax on services - ISS	**(3,277)**	-	-
Net service revenue	**145,364**	-	-

14. Costs of service

	2014	2013	2012
Payroll and related charges	**(11,479)**	-	-
Depreciation	**(8,812)**	-	-
General expenses	**(1,139)**	-	-
Third-parties services	**(7,416)**	-	-
Leases and rents	**(1,006)**	-	-
Insurances	**(1,991)**	-	-
Environmental expenses	**(1,076)**	-	-
Consumables	**(1,925)**	-	-
	(34,544)	-	-

15. General and administrative expenses

	2014	2013	2012
Salaries and related charges	**(9,490)**	(5,695)	(4,174)
Payroll services	**(9,693)**	(3,415)	(2,006)
Depreciation and amortization	**(8,365)**	(8,744)	(8,278)
Insurance	**(77)**	(801)	(1,615)
Shared services	**(3,548)**	(4,727)	(3,546)
Travel expenses	**(1,935)**	(95)	(21)
Leases and rents	**(1,356)**	(404)	(279)
Other	**(1,495)**	(282)	(313)
	(35,959)	(24,153)	(20,232)

(In thousands of reais, unless otherwise stated)

16. Other operating income (expenses)

	2014	2013	2012
Mark-up gain – asset allocation (*)	**10,883**	8,900	41,506
Penalty (reversal) on non-consumed electric energy	**3,983**	(9,400)	-
Reversal of write-off of transmission line	**-**	-	10,704
Other	**2,459**	131	(57)
	17,325	(369)	52,153

(*) Refers to the mark-up gain from the asset allocation agreement with AAAMFB, as described in Notes 1 and 7.

17. Financial income (expenses)

	2014	2013	2012
Financial expenses			
Tax on financial transactions (IOF)	(1,614)	(350)	(105)
Interest – intercompany loan	(47,678)	-	-
Foreign exchange variation	(3,886)	(13)	(241)
Financial transaction cost	(12,980)	-	-
Other	(653)	(1,104)	(113)
	(66,811)	**(1,467)**	**(459)**
Financial income			
Exchange and monetary variations	11	139	229
Other	24	47	-
	35	**186**	**229**
Financial (expenses), net	**(66,776)**	**(1,281)**	**(230)**

(In thousands of reais, unless otherwise stated)

18. Commitments

The Company's future purchase commitments are as follows, which will be incurred according to the duration of the agreements:

Nature of agreements	Execution date	Maturity date	2014	2013	2012
Technical advisory services related to study and implementation					
Logos Engenharia	12/11/2007	(a)	**975**	17,752	709
SDC do Brasil	11/30/2007	(a)	**-**	-	11,265
Shangai Dredging	11/30/2007	(a)	**-**	-	4,005
Arcoenge	6/13/2008	(a)	**-**	8,180	9,507
Engevale Avaliações e Projetos	12/15/2009	(a)	**841**	-	-
Litholdo Engenharia	8/15/2013	9/15/2015	**582**	-	-
Rockwell Automação	12/29/2009	(a)	**755**	-	-
Transtema Consultoria	3/15/2013	(a)	**1,008**	-	-
Tricon Engenharia	1/10/2014	(a)	**2,813**	-	-
Bureau de Projetos	2/15/2012	(a)	**1,319**	-	-
Other			**9,157**	11,003	252
			17,450	36,935	25,738
Machinery and equipment					
Bardella S.A. Indústrias Mecânicas	12/21/2007	(a)	**2,417**	3,198	976
Lintra Linhas de Transmissão Ltda.	10/30/2008	(a)	**156**	622	3,465
TMSA	7/21/2008	(a)	**638**	-	-
Arteche	11/7/2008	(a)	**803**	-	1,536
			4,014	3,820	5,977
Project and construction of offshore works					
Consórcio ARG Civilport - LMR/023-07	9/14/2007	(a)	**-**	-	10,992
Acciona	7/13/2011	(a)	**-**	1,393	-
FCC Contrucción S.A.	12/17/2012	10/8/2015	**205,573**	673,823	1,018,000
Santin	7/27/2010	(a)	**1,226**	2,108	-
Sondotécnic	9/20/2012	(a)	**659**	1,430	-
Tricon Construções	7/24/2013	7/24/2015	**542**	-	-
Boskalis do Brasil	12/11/2014	9/30/2015	**133,832**	-	-
Other			**-**	6,182	8,917
			341,832	684,936	1,037,909
			363,296	725,691	1,069,624

(a) The closing date is depends on the service's delivery as contractually provided and is subject to weather conditions or other hindrances which may change the maturity date.

(In thousands of reais, unless otherwise stated)

19. Financial instruments

The Company is engaged in transactions involving financial instruments managed through operational strategies and internal control intended for liquidity, profitability and protection. Control policy consists of permanent monitoring of contracted rates versus market rates in effect.

The Company does not make speculative investments in derivatives or other risky assets.

The estimated realizable values of the financial assets and liabilities of the Company were determined based on available market information and proper valuation methodologies. However, considerable judgment was required in interpreting market data to develop the most adequate estimate of realizable value. Consequently, the estimates do not necessarily indicate the values that could be realized in the current exchange market.

The descriptions of accounting balances and the market values of the financial instruments included in the balance sheets at December 31, 2014, 2013 and 2012 are as follows:

	2014			**2013**			**2012**		
	Book value	**Measurement**	**Fair value measurement hierarchy**	**Book value**	**Measurement**	**Fair value measurement hierarchy**	**Book value**	**Measurement**	**Fair value measurement hierarchy**
Assets									
Cash and banks	**1,299**	**Amortized cost**		769	Amortized cost		249	Amortized cost	
Cash equivalents	**13,291**	**Fair value**	**2**	6,687	Fair value	2	1,378	Fair value	2
Judicial deposits	**28,624**	**Amortized cost**		26,771	Amortized cost		25,419	Amortized cost	
Liabilities									
Trade accounts payable	**89,852**	**Amortized cost**		71,573	Amortized cost		26,082	Amortized cost	
Related parties	**1,832,489**	**Amortized cost**		1,342,200	Amortized cost		1,155,191	Amortized cost	

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The book values of the financial instruments measured at amortized cost referred to above are close to fair market values.

LLX Minas-Rio Logística Comercial Exportadora S.A.

Notes to the financial statements (Continued)
December 31, 2014, 2013 and 2012
(In thousands of *reais*, unless otherwise stated)

19. Financial instruments (Continued)

The Company's financial transactions are subject to the following risk factors:

Currency risk

Risk of fluctuation in foreign exchange rates, which may be associated with the assets and liabilities of the Company. The Company manages foreign exchange risk to identify and mitigate risks associated with fluctuations in the value of the currencies with which its global assets and liabilities are associated. Currently, the only U.S. Dollar denominated transaction is the take-or-pay contract, converted into *Reais* when billed. The Company does not have foreign exchange risks considered significant by management.

Liquidity risk

The table below provides the Company's main financial liabilities at December 31, 2014:

	No maturity	Lower than 6 months	Up to 6 months	From 6 to 12 months	From 1 year to 5 years	Above 5 years	Total
Financial liabilities							
Trade accounts payable	-	89,852	-	-	-	-	89,852
Related parties	3,898	-	-	-	-	1,828,591	1,832,489
Other accounts payable	1,473	-	-	-	-	-	1,420
Total by maturity range	5,371	89,852	-	-		1,828,591	1,923,814

The Company's shareholders have supported the implementation of the business plan. In 2014, the additional funds needed for the Company to complete its construction were funded by its shareholders.

(In thousands of reais, unless otherwise stated)

19. Financial instruments (Continued)

Credit risk

This risk arises from the possibility of the Company incurring losses arising from default of their counterparties or financial institutions depository of funds.

The Company uses rating analyzes of the financial institutions through rating reports provided by the Bank Risk Rating System - Risk Bank, for the purpose of classifying and systematically follow up on the risk and performance of each bank.

The balances exposed to credit risk are the following:

Financial instruments	2014	2013	2012
Cash and banks	**1,299**	769	249
Cash equivalents	**13,291**	6,687	1,378
Account receivable (related party AAMFB)	**41,210**	-	-
	55,800	7,456	1,627

For the year ended December 31, 2014, the Company's service revenue is entirely related to services provided to the related party AMFMB.

Capital Management

The Company's funds to develop its business plan have been entirely funded through capital contributions and loans from the shareholders. The Company's treasury monitors the funds needed for working capital and capital expenditures, which are provided by the shareholders every month. The Company started its operations in October 2014 and started generating operating cash since then; the additional funds needed for the conclusion of the port construction will also be funded by its shareholders through additional loans.

(In thousands of reais, unless otherwise stated)

20. Insurance coverage

The Company's policy consists of entering into insurance coverage for assets subject to risks at amounts deemed sufficient by management to cover claims, if any, considering the nature of its activity. The policies are in force and the premiums were duly paid.

At December 31, 2014, 2013 and 2012, the insurance coverage was as follows:

	2014	2013	2012
Property and equipment damages	**2,109,773**	8,823,642	7,705,939
Civil liability	**182,810**	58,500	392,887

Members of the Board of Directors

Roberto D' Araujo Senna - President
Eugênio Leite de Figueiredo – Board member
Kevin Lee Lowder – Board member

Flávio Valle – Board member
Craig Wilson Miller – Board member
Paulo Roberto Castellari Porchia – Board member
Luiz Felipe Ferreira Calfa - Board member

Members of the Executive Board

Alberto da Fonseca Guimarães
CEO and CFO

Luiz Fernando Nogueira
CFO

Carsten Bosselmann

Chief Operations Officer

Luiz Augusto de Almeida Fraga
Accountant CRC-RJ-070154-0