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Company Data / Capital Ownership

Number of Shares (thousand)	Current Quarter 6/30/2018
Paid-in Capital	
Common shares	122,171
Preferred shares	225,863
Total	348,034
Treasury Shares	
Common shares	0
Preferred shares	0
Total	0

Company Data / Cash Proceeds

Event	Approval	Proceeds	Date of Payment	Type of Share	Class of Share	Earnings per Share (BRL / Share)
Annual Shareholders' Meeting	4/27/2018	Dividend	5/15/2018	Common		1.16818
Annual Shareholders' Meeting	4/27/2018	Dividend	5/15/2018	Preferred		1.28500

Individual Financial Statements / Statement of Financial Position - Assets**(R\$ thousand)**

Code	Description	Current Quarter 6/30/2018	Previous Year 12/31/2017
1	Total Assets	11,338,246	11,322,515
1.01	Current Assets	785,222	1,789,167
1.01.01	Cash and Cash Equivalents	85,100	1,670,323
1.01.03	Trade Receivables	700,000	118,844
1.01.03.02	Other Accounts Receivable	700,000	118,844
1.01.03.02.01	Public Distribution of Debentures	700,000	0
1.01.03.02.02	Interest on Equity Receivable	0	118,844
1.01.08	Other Current Assets	122	0
1.02	Non-Current Assets	10,553,024	9,533,348
1.02.01	Long-Term Assets	188,969	141,015
1.02.01.10	Other Non-Current Assets	188,969	141,015
1.02.01.10.03	Judicial Deposits	7,344	7,183
1.02.01.10.04	Recoverable Taxes	181,625	133,832
1.02.02	Investments	10,364,049	9,392,326
1.02.03	Property, Plant and Equipment	6	7

Individual Financial Statements / Statement of Financial Position – Liabilities**(R\$ thousand)**

Code	Description	Current Quarter 6/30/2018	Previous Year 12/31/2017
2	Total Liabilities	11,338,246	11,322,515
2.01	Current Liabilities	1,904,077	2,476,434
2.01.03	Tax Liabilities	22,969	13,821
2.01.04	Loans and Financing	664,936	1,711,854
2.01.04.02	Debentures	664,936	1,711,854
2.01.05	Other Liabilities	30,786	750,759
2.01.05.02	Others	30,786	750,759
2.01.05.02.01	Dividends and Interest on Equity Payable	3,446	723,404
2.01.05.02.05	Other Liabilities	27,340	27,355
2.01.06	Provision	1,185,386	0
2.02	Non-Current Liabilities	740,525	40,073
2.02.01	Loans and Financing	699,955	0
2.02.01.02	Debentures	699,955	0
2.02.04	Provision	40,570	40,073
2.03	Equity	8,693,644	8,806,008
2.03.01	Paid-in Share Capital	4,100,000	4,100,000
2.03.04	Profit Reserves	2,006,029	2,006,029
2.03.04.01	Legal Reserve	168,086	168,086
2.03.04.02	Statutory Reserve	1,837,943	1,858,253
2.03.04.09	Treasury Shares	0	-20,310
2.03.05	Retained Earnings/Accumulated Losses	-902,450	0
2.03.06	Equity Valuation Adjustments	3,490,065	2,699,979

Individual Financial Statements / Statement of Income**(R\$ thousand)**

Code	Description	Current Quarter 4/01/2018 to 6/30/2018	YTD Current Year 1/01/2018 to 6/30/2018	Same Quarter Previous Year 4/01/2017 to 6/30/2017	YTD Previous Year 1/01/2017 to 6/30/2017
3.04	Operating Income/Expenses	-615,831	-864,761	-59,797	401,775
3.04.02	General and Administrative Expenses	-3,647	-5,877	-3,359	-5,485
3.04.05	Other Operating Expenses	-631,685	-1,203,179	-22,198	-23,200
3.04.05.01	Tax Expenses	-883	-17,265	-22,198	-23,200
3.04.05.02	Other Operating Expenses	-630,802	-1,185,914	0	0
3.04.06	Equity Income	19,501	344,295	-34,240	430,460
3.05	Earnings before Financial Income and Taxes	-615,831	-864,761	-59,797	401,775
3.06	Financial Result	-5,409	-5,683	-25,972	-59,378
3.06.01	Financial Revenues	18,368	47,073	17,392	34,163
3.06.02	Financial Expenses	-23,777	-52,756	-43,364	-93,541
3.07	Earnings before Income Taxes	-621,240	-870,444	-85,769	342,397
3.08	Income Tax and Social Contribution	2,304	-32,006	-30,996	-36,178
3.09	Net Income from Continued Operations	-618,936	-902,450	-116,765	306,219
3.11	Income/Loss for the Period	-618,936	-902,450	-116,765	306,219
3.99	Earnings per Share (BRL/Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Shares	-1.67000	-2.43497	-0.31367	0.82262
3.99.01.02	Preferred Shares	-1.83700	-2.67847	-0.34504	0.90488
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Shares	-1.67000	-2.43497	-0.31505	0.82623
3.99.02.02	Preferred Shares	-1.83700	-2.67847	-0.34656	0.90886

Individual Financial Statements / Statement of Comprehensive Income**(R\$ thousand)**

Code	Description	Current Quarter 4/01/2018 to 6/30/2018	YTD Current Year 1/01/2018 to 6/30/2018	Same Quarter Previous Year 4/01/2017 to 6/30/2017	YTD Previous Year 1/01/2017 to 6/30/2017
4.01	Profit for the Period	-618,936	-902,450	-116,765	306,219
4.02	Other Comprehensive Income	809,814	790,086	182,280	94,967
4.02.01	Adjustments of Financial Instruments in Available-for-Sale Investments	0	0	23,641	50,460
4.02.02	Effects from Companies with Significant Influence	809,814	790,086	158,639	44,507
4.03	Comprehensive Income for the Period	-190,878	-112,364	65,515	401,186

Individual Financial Statements / Statement of Cash Flow - Indirect Method**(R\$ thousand)**

Code	Description	YTD Current Year 1/01/2018 to 6/30/2018	YTD Previous Year 1/01/2017 to 6/30/2017
6.01	Net Cash from Operating Activities	234,169	225,344
6.01.01	Cash from Operations	-28,279	-566
6.01.01.01	Net Earnings before Income Tax and Social Contribution	-870,444	342,397
6.01.01.02	Equity Income	-344,295	-430,460
6.01.01.04	Monetary Variations and Interest, Net	135	85,758
6.01.01.06	Creation of Provision	1,185,386	0
6.01.01.07	Others	939	1,739
6.01.02	Changes in Assets and Liabilities	262,448	225,910
6.01.02.01	(Increase)/Decrease in Other Assets	-11,031	-5,300
6.01.02.02	Increase in Other Liabilities	34,852	19,797
6.01.02.03	Interest on Equity and Dividends Received	257,103	218,026
6.01.02.05	Income Tax and Social Contribution Paid	-18,476	-6,613
6.02	Net Cash from Investment Activities	0	378,419
6.02.02	Cash and Cash Equivalents from Merged Companies	0	378,419
6.03	Net Cash from Financing Activities	-1,819,392	-191,902
6.03.01	Interest on Equity and Dividends Paid	-719,392	-191,902
6.03.04	Debenture Settlement	-1,100,000	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-1,585,223	411,861
6.05.01	Opening Balance of Cash and Cash Equivalents	1,670,323	59,323
6.05.02	Closing Balance of Cash and Cash Equivalents	85,100	471,184

Individual Financial Statements / Statement of Changes in Equity / SCE - 1/01/2018 to 6/30/2018**(R\$ thousand)**

Code	Description	Paid-in Share Capital	Capital Options Granted and Treasury Shares	Reserves, Reserves, and Treasury Shares	Profit Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening Balances	4,100,000		-20,310	2,026,339	0	2,699,979	8,806,008
5.03	Adjusted Opening Balances	4,100,000		-20,310	2,026,339	0	2,699,979	8,806,008
5.04	Capital Transactions with Shareholders	0		20,310	-20,310	0	0	0
5.04.08	Cancellation of Treasury Shares	0		20,310	-20,310	0	0	0
5.05	Total Comprehensive Income	0		0	0	-902,450	790,086	-112,364
5.05.01	Profit for the Period	0		0	0	-902,450	0	-902,450
5.05.02	Other Comprehensive Income	0		0	0	0	790,086	790,086
5.05.02.06	Effects from Companies with Significant Influence	0		0	0	0	790,086	790,086
5.07	Closing Balances	4,100,000		0	2,006,029	-902,450	3,490,065	8,693,644

Individual Financial Statements / Statement of Changes in Equity / SCE - 1/01/2017 to 6/30/2017**(R\$ thousand)**

Code	Description	Paid-in Share Capital	Capital Options Granted and Treasury Shares	Reserves, Reserves, and Treasury Shares	Profit Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening Balances	4,100,000		-20,310	452,916	0	3,378,307	7,910,913
5.03	Adjusted Opening Balances	4,100,000		-20,310	452,916	0	3,378,307	7,910,913
5.05	Total Comprehensive Income	0		0	0	306,219	94,967	401,186
5.05.01	Profit for the Period	0		0	0	306,219	0	306,219
5.05.02	Other Comprehensive Income	0		0	0	0	94,967	94,967
5.05.02.01	Financial Instrument Adjustments	0		0	0	0	50,460	50,460
5.05.02.06	Effects from Companies with Significant Influence	0		0	0	0	44,507	44,507
5.07	Closing Balances	4,100,000		-20,310	452,916	306,219	3,473,274	8,312,099

Individual Financial Statements / Value Added Statement**(R\$ thousand)**

Code	Description	YTD Current Year 1/01/2018 to 6/30/2018	YTD Previous Year 1/01/2017 to 6/30/2017
7.02	Inputs Acquired from Third Parties	-1,189,078	-2,890
7.02.02	Materials, Electricity, Outsourced Services and Others	-2,249	-2,095
7.02.04	Others	-1,186,829	-795
7.02.04.01	Other General Expenses	-1,443	-795
7.02.04.02	Provision	-1,185,386	0
7.03	Gross Value Added	-1,189,078	-2,890
7.05	Net Value Added Produced	-1,189,078	-2,890
7.06	Value Added Received in Transfers	391,368	464,623
7.06.01	Equity Income	344,295	430,460
7.06.02	Financial Revenues	47,073	34,163
7.07	Total Value Added Distributable	-797,710	461,733
7.08	Value Added Distribution	-797,710	461,733
7.08.01	Personnel	2,339	2,222
7.08.02	Taxes, Fees and Contributions	49,570	59,670
7.08.03	Return on Third-Party Equity	52,831	93,622
7.08.04	Return on Equity	-902,450	306,219
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	-902,450	306,219

Consolidated Financial Statements / Statement of Financial Position - Assets**(R\$ thousand)**

Code	Description	Current Quarter 6/30/2018	Previous Year 12/31/2017
1	Total Assets	11,338,246	11,322,515
1.01	Current Assets	786,785	1,790,505
1.01.01	Cash and Cash Equivalents	86,663	1,671,661
1.01.03	Trade Receivables	700,000	118,844
1.01.03.02	Other Accounts Receivable	700,000	118,844
1.01.03.02.01	Public Distribution of Debentures	700,000	0
1.01.03.02.02	Interest on Equity Receivable	0	118,844
1.01.08	Other Current Assets	122	0
1.02	Non-Current Assets	10,551,461	9,532,010
1.02.01	Long-Term Assets	188,969	141,015
1.02.01.10	Other Non-Current Assets	188,969	141,015
1.02.01.10.03	Judicial Deposits	7,344	7,183
1.02.01.10.04	Recoverable Taxes	181,625	133,832
1.02.02	Investments	10,362,486	9,390,988
1.02.03	Property, Plant and Equipment	6	7

Consolidated Financial Statements / Statement of Financial Position - Liabilities**(R\$ thousand)**

Code	Description	Current Quarter 6/30/2018	Previous Year 12/31/2017
2	Total Liabilities	11,338,246	11,322,515
2.01	Current Liabilities	1,904,077	2,476,434
2.01.03	Tax Liabilities	22,969	13,821
2.01.04	Loans and Financing	664,936	1,711,854
2.01.04.02	Debentures	664,936	1,711,854
2.01.05	Other Liabilities	30,786	750,759
2.01.05.02	Others	30,786	750,759
2.01.05.02.01	Dividends and Interest on Equity Payable	3,446	723,404
2.01.05.02.04	Other Liabilities	27,340	27,355
2.01.06	Provision	1,185,386	0
2.02	Non-Current Liabilities	740,525	40,073
2.02.01	Loans and Financing	699,955	0
2.02.01.02	Debentures	699,955	0
2.02.04	Provision	40,570	40,073
2.03	Consolidated Equity	8,693,644	8,806,008
2.03.01	Paid-in Share Capital	4,100,000	4,100,000
2.03.04	Profit Reserves	2,006,029	2,006,029
2.03.04.01	Legal Reserve	168,086	168,086
2.03.04.02	Statutory Reserve	1,837,943	1,858,253
2.03.04.09	Treasury Shares	0	-20,310
2.03.05	Retained Earnings/Accumulated Losses	-902,450	0
2.03.06	Equity Valuation Adjustments	3,490,065	2,699,979

Consolidated Financial Statements / Statement of Income**(R\$ thousand)**

Code	Description	Current Quarter 4/01/2018 to 6/30/2018	YTD Current Year 1/01/2018 to 6/30/2018	Same Quarter Previous Year 4/01/2017 to 6/30/2017	YTD Previous Year 1/01/2017 to 6/30/2017
3.04	Operating Income/Expenses	-616,053	-864,992	-59,821	401,751
3.04.02	General and Administrative Expenses	-3,653	-5,883	-3,359	-5,485
3.04.05	Other Operating Expenses	-631,685	-1,203,179	-22,198	-23,200
3.04.05.01	Tax Expenses	-883	-17,265	-22,198	-23,200
3.04.05.02	Other Operating Expenses	-630,802	-1,185,914	0	0
3.04.06	Equity Income	19,285	344,070	-34,264	430,436
3.05	Earnings before Financial Income and Taxes	-616,053	-864,992	-59,821	401,751
3.06	Financial Result	-5,187	-5,452	-25,948	-59,354
3.06.01	Financial Revenues	18,590	47,304	17,482	34,252
3.06.02	Financial Expenses	-23,777	-52,756	-43,430	-93,606
3.07	Earnings before Income Taxes	-621,240	-870,444	-85,769	342,397
3.08	Income Tax and Social Contribution	2,304	-32,006	-30,996	-36,178
3.09	Net Income from Continued Operations	-618,936	-902,450	-116,765	306,219
3.11	Consolidated Income/Loss for the Period	-618,936	-902,450	-116,765	306,219
3.11.01	Attributed to Parent Company Shareholders	-618,936	-902,450	-116,765	306,219
3.99	Earnings per Share (BRL/Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Shares	-1.67000	-2.43497	-0.31367	0.82262
3.99.01.02	Preferred Shares	-1.83700	-2.67847	-0.34504	0.90488
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Shares	-1.67000	-2.43497	-0.31505	0.82623
3.99.02.02	Preferred Shares	-1.83700	-2.67847	0.34656	0.90886

Consolidated Financial Statements / Statement of Comprehensive Income**(R\$ thousand)**

Code	Description	Current Quarter 4/01/2018 to 6/30/2018	YTD Current Year 1/01/2018 to 6/30/2018	Same Quarter Previous Year 4/01/2017 to 6/30/2017	YTD Previous Year 1/01/2017 to 6/30/2017
4.01	Consolidated Net Income for the Period	-618,936	-902,450	-116,765	306,219
4.02	Other Comprehensive Income	809,814	790,086	182,280	94,967
4.02.01	Adjustments of Financial Instruments in Available-for-Sale Investments	0	0	23,641	50,460
4.02.02	Effects from Companies with Significant Influence	809,814	790,086	158,639	44,507
4.03	Consolidated Comprehensive Income for the Period	190,878	-112,364	65,515	401,186
4.03.01	Attributed to Parent Company Shareholders	190,878	-112,364	65,515	401,186

Consolidated Financial Statements / Statement of Cash Flows – Indirect Method**(R\$ thousand)**

Code	Description	YTD Current Year 1/01/2018 to 6/30/2018	YTD Previous Year 1/01/2017 to 6/30/2017
6.01	Net Cash from Operating Activities	234,394	225,367
6.01.01	Cash from Operations	-28,054	-543
6.01.01.01	Net Earnings before Income Tax and Social Contribution	-870,444	342,397
6.01.01.02	Equity Income	-344,070	-430,436
6.01.01.04	Monetary Variations and Interest, Net	135	85,758
6.01.01.06	Creation of Provision	1,185,386	0
6.01.01.07	Others	939	1,738
6.01.02	Changes in Assets and Liabilities	262,448	225,910
6.01.02.01	(Increase)/Decrease in Other Assets	-11,031	-5,300
6.01.02.02	Increase in Other Liabilities	34,852	19,797
6.01.02.03	Interest on Equity and Dividends Received	257,103	218,026
6.01.02.05	Income Tax and Social Contribution Paid	-18,476	-6,613
6.03	Net Cash from Financing Activities	-1,819,392	-191,902
6.03.01	Interest on Equity and Dividends Paid	-719,392	-191,902
6.03.04	Debenture Settlement	-1,100,000	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-1,584,998	33,465
6.05.01	Opening Balance of Cash and Cash Equivalents	1,671,661	439,060
6.05.02	Closing Balance of Cash and Cash Equivalents	86,663	472,525

Consolidated Financial Statements / Statement of Changes in Equity / SCE - 1/01/2018 to 6/30/2018**(R\$ thousand)**

Code	Description	Paid-in Share Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income	Equity	Minority Interest	Consolidated Equity
5.01	Opening Balances	4,100,000	-20,310	2,026,339	0	2,699,979	8,806,008	0	8,806,008
5.03	Adjusted Opening Balances	4,100,000	-20,310	2,026,339	0	2,699,979	8,806,008	0	8,806,008
5.04	Capital Transactions with Shareholders	0	20,310	-20,310	0	0	0	0	0
5.04.08	Cancellation of Treasury Shares	0	20,310	-20,310	0	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	-902,450	790,086	-112,364	0	-112,364
5.05.01	Profit for the Period	0	0	0	-902,450	0	-902,450	0	-902,450
5.05.02	Other Comprehensive Income	0	0	0	0	790,086	790,086	0	790,086
5.05.02.06	Effects from Companies with Significant Influence	0	0	0	0	790,086	790,086	0	790,086
5.07	Closing Balances	4,100,000	0	2,006,029	-902,450	3,490,065	8,693,644	0	8,693,644

Consolidated Financial Statements / Statement of Changes in Equity / SCE - 1/01/2017 to 6/30/2017**(R\$ thousand)**

Code	Description	Paid-in Share Capital	Capital Options Granted and Treasury Shares	Reserves, Grants and	Profit Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income	Equity	Minority Interest	Consolidated Equity
5.01	Opening Balances	4,100,000	-20,310		452,916	0	3,378,307	7,910,913	0	7,910,913
5.03	Adjusted Opening Balances	4,100,000	-20,310		452,916	0	3,378,307	7,910,913	0	7,910,913
5.05	Total Comprehensive Income	0	0		0	306,219	94,967	401,186	0	401,186
5.05.01	Profit for the Period	0	0		0	306,219	0	306,219	0	306,219
5.05.02	Other Comprehensive Income	0	0		0	0	94,967	94,967	0	94,967
5.05.02.01	Financial Instrument Adjustments	0	0		0	0	50,460	50,460	0	50,460
5.05.02.06	Effects from Companies with Significant Influence	0	0		0	0	44,507	44,507	0	44,507
5.07	Closing Balances	4,100,000	-20,310		452,916	306,219	3,473,274	8,312,099	0	8,312,099

Consolidated Financial Statements / Value Added Statement**(R\$ thousand)**

Code	Description	YTD Current Year 1/01/2018 to 6/30/2018	YTD Previous Year 1/01/2017 to 6/30/2017
7.02	Inputs Acquired from Third Parties	-1,189,084	-2,890
7.02.02	Materials, Electricity, Outsourced Services and Others	-2,255	-2,095
7.02.04	Others	-1,186,829	-795
7.02.04.01	Other General Expenses	-1,443	-795
7.02.04.02	Provision	-1,185,386	0
7.03	Gross Value Added	-1,189,084	-2,890
7.05	Net Value Added Produced	-1,189,084	-2,890
7.06	Value Added Received in Transfers	391,374	464,688
7.06.01	Equity Income	344,070	430,436
7.06.02	Financial Revenues	47,304	34,252
7.07	Total Value Added Distributable	-797,710	461,798
7.08	Value Added Distribution	-797,710	461,798
7.08.01	Personnel	2,339	2,222
7.08.02	Taxes, Fees and Contributions	49,570	59,670
7.08.03	Return on Third-Party Equity	52,831	93,687
7.08.04	Return on Equity	-902,450	306,219
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	-902,450	306,219

Comments on the Financial Information

MANAGEMENT'S COMMENTS ON THE COMPANY'S PERFORMANCE

The table below shows the consolidated results, in accordance with accounting practices adopted in Brazil.

Income Statement	(R\$ thousand)					
	2Q18	2Q17	Var %	1H18	1H17	Var %
Equity Income	19,285	(34,264)	-	344,070	430,436	-20.1%
Operating Revenue	19,285	(34,264)	-	344,070	430,436	-20.1%
General and Administrative Expenses	(2,182)	(1,912)	14.1%	(3,317)	(3,040)	9.1%
Payroll Expenses	(1,471)	(1,447)	1.7%	(2,566)	(2,445)	4.9%
Financial Revenues (Expenses)	(5,187)	(25,948)	-80.0%	(5,452)	(59,354)	-90.8%
Tax Expenses	(883)	(22,198)	-96.0%	(17,265)	(23,200)	-25.6%
Other Operational Expenses	(630,802)	-	-	(1,185,914)	-	-
Operational Result before Income	(621,240)	(85,769)	-	(870,444)	342,397	-
Tax/Social Contribution						
Income Tax / Social Contribution	2,304	(30,996)	-	(32,006)	(36,178)	-11.5%
Results for the Period	(618,936)	(116,765)	-	(902,450)	306,219	-

OPERATING REVENUE

As an investment company, BRADESPAR's operating revenue originates from the equity income, dividends and interest on the equity of VALE.

In 2Q18, BRADESPAR had an operating revenue of R\$19.3 million and reached R\$344.1 million in the first six months of the year.

VALE's strong performance was a highlight in the period, reaching records of production and sales of iron ore for a second quarter, respectively with 96.8 and 86.5 million tons, in addition with the continuous growth in the quality awards of its portfolio of premium products.

It should also be noted that VALE, supported by the largest free cash flow of a second quarter in 10 years, valued at US\$3.1 billion, benefited from a significant reduction in its net debt, of US\$11.5 billion in 2Q18, already very close to the Company's target of US\$10.0 billion announced at the end of the year, once again qualifying the Company as investment grade by the four largest credit risk agencies.

Comments on the Financial Information

FINANCIAL RESULTS

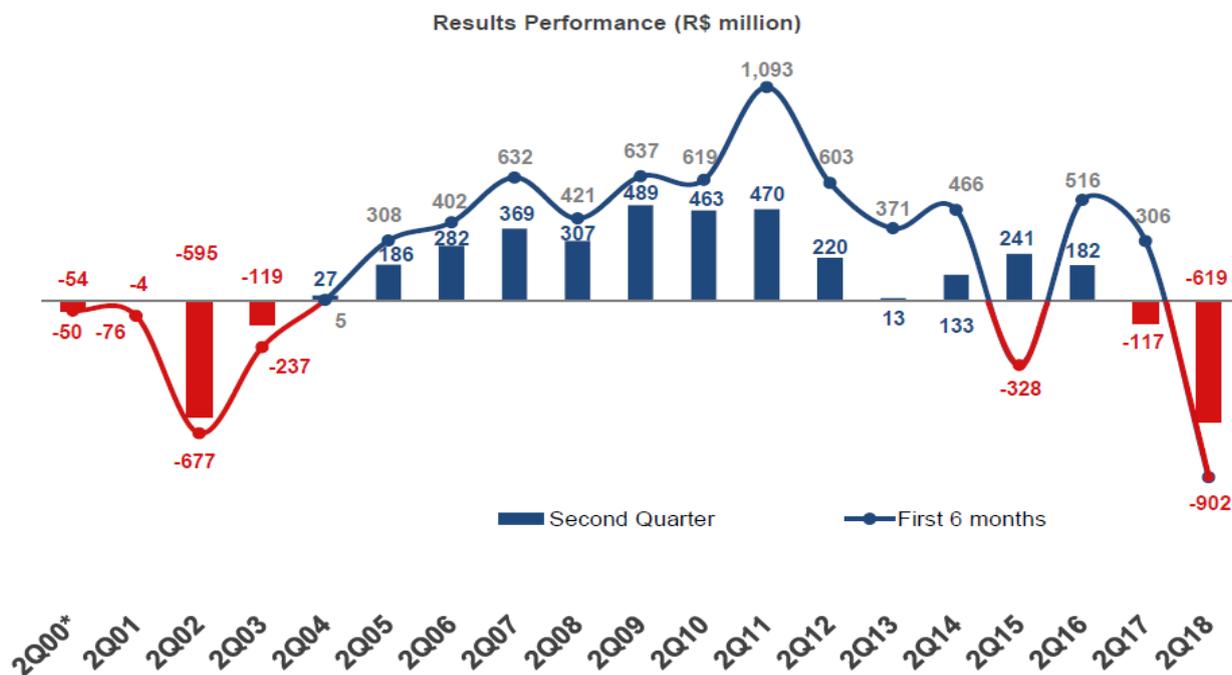
The financial result of BRADESPAR, in the second quarter of 2018, was a negative R\$5.2 million, mainly due to the income on financial investments and interest on BRADESPAR’s debentures, calculated based on CDI, impacted by the interest rate (SELIC) in the period.

PAYROLL, GENERAL AND ADMINISTRATIVE EXPENSES

In 2Q18, BRADESPAR’s payroll, general and administrative expenses totaled R\$3.7 million. Year-to-date totaled R\$5.9 million.

QUARTER RESULTS

BRADESPAR’s second quarter of 2018, loss was R\$618.9 million, reflecting the provision of the Elétron judicial process, represented in the line other operating expenses.



*Corresponds to four months of operations

Comments on the Financial Information

SERVICES PROVIDED BY INDEPENDENT AUDITORS

In compliance with CVM Instruction 381/03, BRADESPAR informs that, in the first half of 2018, it did not engage the independent auditor – KPMG Auditores Independentes – in activities not related to external audit.

With regards to engaging services not related to external audit, BRADESPAR complies with the regulations that assure the independence of the external auditor, maintaining consistency with international standards, pursuant to the procedures established by the Company, which include, among others: (a) the auditor should not audit its own work; (b) the auditor should not have management duties at the client; and (c) the auditor should not promote the interests of its client. Additionally, in case of engaging other services, the scope and the procedures of the referred services are discussed with the independent auditors, so that they do not affect the independence rules set forth.

Comments on the Financial Information

COMMENTS ON INVESTEES

VALE

VALE figures as the world's largest producer of iron ore and pellets, essential raw materials for the steel industry. It is also the world's largest producer of nickel, with applications in the stainless-steel industry and alloys used in the production of aircraft, automobiles, mining and energy equipment, cell phones, batteries, special batteries for electric and hybrid vehicles, among many others. In addition, it produces manganese, iron-alloys, thermal and metallurgical coal, copper, platinum group metals, gold, silver, cobalt, potassium, phosphates and other fertilizing nutrients, important raw materials for industry and global agriculture. To support its growth strategy, the Company also operates large logistics systems in Brazil and other regions of the world, including railways, maritime terminals and ports, integrated into its mining operations.

It should be noted that, on July 25, VALE's Board of Directors approved the payment of a compensation to its shareholders, which will take place on September 20, 2018, based on the results of the first half of the year, totaling R\$7.7 billion, of which R\$6.8 billion will be as interest on shareholders' equity and R\$893.0 million as dividends, equivalent to R\$1.480361544 per share.

On the same date, VALE also approved a buyback program for its own shares, limited to the maximum of US\$1.0 billion, thus reinforcing the Management's message that VALE believes that its shares are one of the best investments for your excess cash. The program will last up to 365 days and the bought back shares will be canceled after the program is concluded.

The main highlights of VALE's performance in the second quarter of 2018 were:

- Adjusted EBITDA totaled R\$14.2 billion, mainly due to the positive impact of the exchange rate change and the higher sales volumes;
- Net income of R\$7.6 billion; and
- Investments reached the lowest level for a second quarter since 2005, totaling US\$705.0 million, consisting of US\$205.0 million in project execution and US\$500.0 million in operations maintenance.

Comments on the Financial Information

SUBSEQUENT EVENTS

BRADESPAR was a party, with LITEL Participações S.A. (“LITEL”), stake vehicle of Previ and other pension funds, in an Arbitration Proceeding initiated by ELÉTRON S.A. (“ELÉTRON”), company of the Opportunity Group, in which ELÉTRON requested recognition of the right to: (i) acquire a certain number of shares of VALEPAR (“Call Citibank”) and (ii) be indemnified for any losses and damages. A partial ruling, rendered in this arbitration, acknowledged that BRADESPAR and LITEL had to sell VALEPAR’s shares, under the conditions that would be established in the final decision of the arbitration.

Against this partial decision, BRADESPAR and LITEL each proposed, in the Court of Rio de Janeiro, an annulment proceeding, given the fact, known only after the partial decision was rendered, that the arbitrator who chaired over the Arbitration Court, could not have acted in the arbitration, since, concomitantly to the work of the arbitration, he was lawyer of the controller of Opportunity Group (Daniel Dantas). While the annulment proceedings were in progress, without the suspension of the arbitration, another arbitrator took over the role of Chairman of the Arbitration Court.

On September 5, 2011 and October 3, 2011, the Arbitration Court, moving forward with the partial ruling, rendered a final decision (“Arbitration Decision”) and established, by a majority, that BRADESPAR and LITEL should transfer to ELÉTRON, after the payment of the purchase price, 37,500,000 common shares issued by VALEPAR. The purchase price was established at R\$632 million, to be updated by UFIR-RJ, between June 12, 2007 and the effective payment date. The Arbitration Court also established that BRADESPAR and LITEL should refund to ELÉTRON the dividends and interest on equity, distributed by VALEPAR, as of June 12, 2007. On June 30, 2018, the total amount corresponded to R\$395 million, already corrected by DI. ELÉTRON’s claim for damages and losses was rejected by the Arbitration Court.

BRADESPAR and LITEL, each with its grounds, filed the annulment proceedings against the Arbitration Decision in the Court of Rio de Janeiro. On April 11, 2014, a decision was rendered, in which annulment proceedings against the Arbitration Decision (partial and final), proposed by BRADESPAR and LITEL, were dismissed by the Court. The appeals filed at the Court of Justice of Rio de Janeiro (TJ/RJ) were dismissed on September 24, 2014. On October 7, 2014, a

Comments on the Financial Information

Special Appeal against the decision of the TJ/RJ was filed at the Superior Court of Justice and Bradesco's appeal was accepted and Litel's appeal was not accepted. Due to the inadmissibility of its appeal, Litel filed an interlocutory appeal. Currently, both Bradespar's special appeal and Litel's refusal are awaiting a decision.

On October 2, 2014, ELÉTRON filed, against BRADESPAR and LITEL, in the proportion of fifty percent (50%) for each, given the solidarity established, the enforcement of the Arbitration Decision, at the 5th Business Court of Rio de Janeiro. In this lawsuit, ELÉTRON pleaded the delivery of the 37,500,000 common shares issued by VALEPAR and indicated the payment of an amount that did not correspond to the purchase price established in the Arbitration Decision, since it deducted the dividends stated, but not distributed by VALEPAR, from the amount to be paid, which led the Debtors to challenge the Enforcement. On March 4, 2015, after BRADESPAR and LITEL filed the motion to deny, ELÉTRON requested the conversion of the enforcement into payment of losses and damages, presenting an intended amount of R\$2.6 billion, plus legal fees. The judge granted the request. BRADESPAR and LITEL appealed the conversion, but the TJ/RJ maintained the decision. However, established that, in the meantime, the amount of losses and damages should be calculated through an expert investigation.

Against the decision of the TJ/RJ, which maintained the conversion of the Enforcement into Losses and Damages, BRADESPAR and LITEL filed appeals at the STJ, which was denied by the chairmanship of TJ/RJ. BRADESPAR and LITEL filed Interlocutory Appeals against such decision, which is also waiting the decision by the STJ.

After such expert investigation, the Expert Report indicated an amount of losses and damages that totaled R\$4.010 billion, on the conclusion of the report, that is, April 26, 2017. The debtors, BRADESPAR and LITEL, refused the conclusions presented in the Expert Report, indicating the need for a new investigation. The expert witnesses of BRADESPAR question the following criteria adopted in the Expert Report: (i) establishing the base date of the alleged losses and damages on October 21, 2011, the date before the Enforcement was filed, and the judicial expert refused to submit the calculations for the contemporary dates with the Enforcement process - end of 2014 and beginning of 2015; (ii) calculation only by the method of calculating the value of Shareholders' Equity at Market Value, when the exequent shareholders requested the Equity Method; (iii) use of a goodwill (control premium) of 34.96%, a very small portion of the company's capital (2.37%), without additional political rights; (iv) not considering the illiquidity of VALEPA's

Comments on the Financial Information

shares and the fact that this company is a holding company, which would imply the use of a discount for illiquidity and a holding discount; (v) establishing the value of VALE's shares based on an average 60 trading sessions, prior to the base date, which is incorrect, since the proposal was market-based. After these errors are corrected, the amount of losses and damages will be substantially reduced.

On September 26, 2017, LITEL filed, at the Rapporteur of the proceedings at STJ cases, an interim request for provisional protection, in which pleaded for the preliminary concession of a decision preventing the enforcement of the arbitration decisions. The request was denied in a decision rendered on December 18, 2017. Although non-exhaustive, without a final ruling, the said decision indicated the jurisprudence of the STJ, in the sense that the participation of a prohibited magistrate in a board trial, when its vote does not interfere in the final result, does not lead to the nullity of the decision. Even though it did not grant provisional protection, the decision indicated that the concession of a suspensive effect in the enforcement process is not forbidden by lower courts.

After receiving the Expert Report, the Judge assigned a hearing date to hear the parties on the possibility of terminating the proceeding, through conciliation. At a hearing held on February 7, 2018, the parties indicated that they were unable to reach an agreement to terminate the proceeding.

According to a decision published on May 02, 2018, the Judge approved the legal opinion presented in the amount R\$4.010 billion, refuting the arguments presented by the defendants. The decision to approve was subject to appeal, awaiting the trial, to the TJ/RJ, without obtaining an injunction to suspend the Enforcement. Nevertheless, Elétron S.A. requested and obtained at the First Degree Court, through a decision published on July 24, 2018, the subpoena of LITEL and BRADESPAR, jointly and severally, pay the amount of the approved legal opinion, within a period of 15 days. Possible judicial measures are in place to minimize the effects of the enforcement process, with the Court of Justice of Rio de Janeiro.

At the same time, LITEL filed a motion at the STJ to suspend the Enforcement process, until the decision on conversion to loss and damage is tried, without success.

Given the extinction of VALEPAR, as it was incorporated by VALE S.A., on August 14, 2017, the understanding of BRADESPAR's Management is that ELÉTRON's lawsuits, that is, requesting 37,500,000 common shares issued by VALEPAR, applying the conversion rate established in the incorporation (1.2065), correspond to 45,243,750 common shares of Vale, currently around R\$2.4 billion in market value.

Comments on the Financial Information

Also based on the aforementioned arbitration decision, ELÉTRON proposed, in October 2015, other arbitration against BRADESPAR and LITEL, requesting a compensation for damages that it claims to have suffered due to the oscillation of the price of the shares of the defended. This arbitration had the hearing to sign the Term of Arbitration, held on June 11, 2018, with the work scheduled to be concluded by February 2020. At this stage of the process, no risk assessment is possible.

Based on the analysis of the above mentioned arbitration and judicial processes and considering the last events of the proceedings, such as the beginning of the provisional enforcement of the amount approved by the first degree court, which has not yet been confirmed by the Court of Justice, on the several mistakes of the expert report presented by the parties, BRADESPAR's legal advisors began to classify as probable the probabilities of losses related to these litigations, despite the possibility of a substantial reduction of the amount calculated so far. These reasons led the Company's Management to make a provision of R\$1.2 billion, corresponding to 50% of the updated value of Vale's shares corresponding to the shares originally subject to the litigation. It should be noted that the amount of the provision was conservative, not considering the price of the exercise of the purchase option due by Elétron, set by the arbitration decision in the historical amount of approximately R\$632 million.

It should be clarified that the percentage of 50% was that indicated by the Exequat at the beginning of the enforcement process and adopted by the decision that determined the payment of the amount still controversial, due to the solidarity of the obligation established in the Arbitration Decision between LITEL and BRADESPAR.

Regardless of the provision made, BRADESPAR has the possibility to seek from third parties the reimbursement of a relevant part of the losses that it may have to disburse due to the lawsuit (Call Citibank).

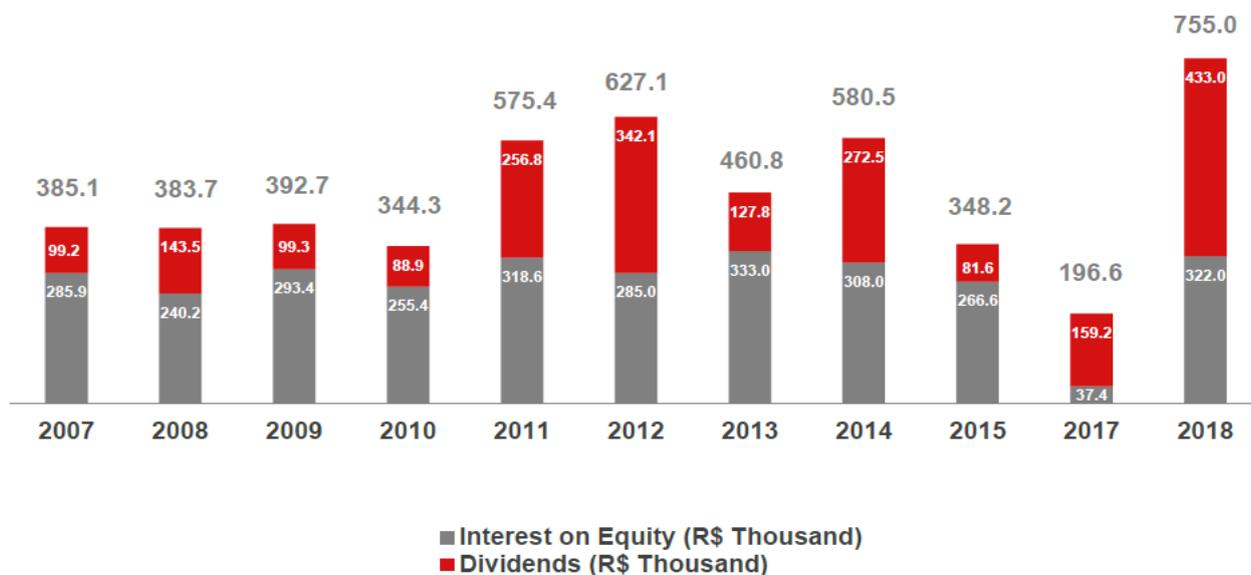
Comments on the Financial Information

INTEREST ON CAPITAL AND DIVIDENDS

In accordance with its “Indicative Policy of Annual Compensation”, and in compliance with the provisions of the Bylaws that establish the distribution of at least 30% of the adjusted net income, BRADESPAR notified its shareholders that: (i) on December 22, 2017, the payment of interest on shareholders’ equity on March 30, 2018 in the amount of R\$322.0 million, totaling R\$0.868813705 per common share (net amount of R\$0.738491649) and R\$0.955695076 per preferred share (net amount of R\$0.812340815); and (ii) on April 27, 2018, the approval of the proposal of the Board of Directors, at a meeting held on March 20, 2018, to pay dividends, on May 15, 2018, in the amount of R\$433.0 million, totaling R\$1.168182086 per common share and R\$1.285000295 per preferred share, and there is no withholding Income Tax, pursuant to Article 10 of Law 9249/95, based on the net income for the 2017 fiscal year.

Interest on capital and dividends paid in 2018, based on the fiscal year of 2017, totaled R\$755.0 million, the highest annual volume ever paid by BRADESPAR.

Payment History of Interest on Capital and Dividends



Notes to the Financial Statements

Notes to the Interim Financial Information

(In thousands of reais, unless otherwise stated)

1. OPERATIONAL BACKGROUND

BRADESPAR S.A. (BRADESPAR, Company or Parent Company), a publicly-held corporation headquartered at Avenida Paulista, nº 1.450, 9º andar, São Paulo - SP, Brazil, is to hold interest as partner or shareholder in other companies.

In or to ensure liquidity by guaranteeing sufficient financial funds to comply with its short-term obligations, the Company's Management will raise funds with the financial market. The Company, rated AAA, has credit lines to meet short-term demands, with no risk of continuity or liquidity

The Board of Directors authorized the issue of this interim financial information on August 10, 2018.

BRADESPAR holds direct equity interests in the following companies:

a) Millennium Security Holdings Corp. (MILLENNIUM)

The corporate purpose of MILLENNIUM is to engage in any act or activity permitted by any law prevailing in the British Virgin Islands.

b) Vale S.A. (VALE)

VALE is a publicly-held corporation headquartered in the city of Rio de Janeiro, Brazil, with shares traded on the stock markets of São Paulo – B3 S.A. (Vale3), New York – NYSE (VALE), Paris – NYSE Euronext (Vale3) and Madrid – LATIBEX (XVALO).

VALE S.A. and its direct and indirect subsidiaries are global producers of iron ore and pellets, essential raw materials for the steel industry, and producers of nickel, with applications in the stainless steel, and metal alloys industry used in the production of several products. The Company also produces copper, thermal and metallurgical coal, manganese, iron alloys, platinum's group metals, gold, silver and cobalt.

2. PRESENTATION OF FINANCIAL STATEMENTS

We hereby present BRADESPAR's Parent Company and Consolidated condensed interim financial information, which includes the subsidiary MILLENNIUM, as at June 30, 2018.

The Company's parent company and consolidated financial information were drawn up in accordance with CPC 21 (R1) – Interim Financial Statements, which corresponds to international standard IAS 34 – Interim Financial Reporting, and presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), implemented in Brazil through the Brazilian Accounting Pronouncements Committee (CPC) and its technical pronouncements (CPCs), interpretations (ICPCs) and guidelines (OCPCs), approved by the Brazilian Securities and Exchange Commission (CVM).

Management declares that the disclosures in BRADESPAR's individual and consolidated financial statements show all material information used in its management and the accounting practices described above have been consistently used between the years.

The accounting estimates applied to draw up the interim financial information, related to deferred tax assets and liabilities, liability provisions and contingencies, consider the best evidence available and are based on assumptions applicable at the end of the reporting periods. Final results, upon realization, may differ from estimated amounts.

Notes to the Financial Statements

BRADESPAR analyzed the subsequent events until the date on which the Board of Directors approved the financial statements, and the identified events are presented in Note 18.

3. MAIN ACCOUNTING PRACTICES

The condensed interim financial information abides by the same principles, methods and criteria as those adopted for the financial statements for the fiscal year ended December 31, 2017, and shall be analyzed jointly with those financial statements.

a) Principles of consolidation

The consolidated financial statements reflect the balances and transactions of the parent company and its subsidiary. The investment with significant influence is accounted for under the equity method.

The subsidiary's accounting practices are adjusted to ensure consistency with the policies adopted by the parent company. The operations between consolidated companies, as well as balances and unrealized gains and losses in these operations are disregarded.

BRADESPAR's consolidated financial statements include BRADESPAR and its subsidiary MILLENNIUM.

b) Segment reporting

BRADESPAR is a holding company whose corporate purpose and sole business segment is to hold interest as a partner or shareholder in other companies.

4. KEY ACCOUNTING JUDGMENTS AND ESTIMATES

The key accounting estimates are the same as those adopted in the financial statements for the fiscal year ended December 31, 2017.

5. ACCOUNTING PRONOUNCEMENTS

The requirements of CPC 47 – Revenue from Contracts with Customers, in compliance with International Financial Reporting Standards (IFRS - 15) and CPC 48 – Financial Instruments, in accordance with International Financial Reporting Standards (IFRS - 9), became effective as of January 1, 2018. The new pronouncements did not affect the interim financial information, including by means of equity pick-up.

6. RISK MANAGEMENT

There were no changes regarding the risk management policies published in the fiscal year ended December 31, 2017.

7. CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	6.30.2018	12.31.2017	6.30.2018	12.31.2017
Available funds in domestic currency	117	198	1,680	1,536
Financial investment funds ⁽¹⁾ ⁽²⁾	84,983	1,670,125	84,983	1,670,125
TOTAL	85,100	1,670,323	86,663	1,671,661

(1) Refer to fixed income investments in Financial Investment funds managed by Bradesco, which are exclusive to members of the Organization or companies related thereto who are deemed qualified investors; and

(2) In June 2018, the Company carried out the partial debenture settlement, totaling R\$1.1 billion. (Note 9)

Notes to the Financial Statements

8. INVESTMENTS

a) The adjustments arising from the investment equity method at the Parent Company are as follows:

Companies	Share Capital	Adjusted Equity	Adjusted Result	Number of Shares Held (thousand) Common Shares	Share Capital Interest %	Total Investments		Adjustments due to Valuation ⁽¹⁾			
						6.30.2018	12.31.2017	2Q18	2Q17	1H18	1H17
MILLENNIUM (3)	11,919	1,563	225	11,919	100.00	1,563	1,338	216	24	225	24
VALE (2) (4) (6) (7)	77,300,000	164,462,509	5,418,205	332,965	6.30	10,362,486	9,390,988	19,285	-	344,070	-
VALEPAR (5) (6)	-	-	-	-	-	-	-	-	(34,264)	-	430,436
Total	-	-	-	-	-	10,364,049	9,392,326	19,501	(34,240)	344,295	430,460

- (1) Considers the results recorded by the companies, including investees' equity variations not deriving from income, as well as adjustments due to conformity of the accounting practices, when applicable;
- (2) The company's June 30, 2018 information was audited by the same independent auditors of BRADESPAR;
- (3) Investment arising from the merger of Antares in April 2017;
- (4) Investment arising from the merger of VALEPAR by VALE as an exchange ratio, representing an increase in the number of shares held by VALEPAR's shareholders in relation to VALEPAR's shareholding position in VALE on the merger date, with an increase from an indirect interest of 5.88% to a direct interest of 6.30% in VALE, generating capital gain of R\$262,738;
- (5) Company merged in August 2017;
- (6) Investment with significant influence guaranteed by the Shareholders' Agreement; and
- (7) For more information on the direct investment in VALE, see Note 19.

b) Breakdown of investments measured by the equity accounting method in the Consolidated

Company	Total Investments		Adjustments due to Valuation (1)			
	6.30.2018	12.31.2017	2Q18	2Q17	1H18	1H17
VALEPAR	-	-	-	(34,264)	-	430,436
VALEPAR - adjustment effect (2)	-	-	-	-	-	-
VALE	6,872,421	6,691,009	19,285	-	344,070	-
VALE – adjustment effect (2)	3,490,065	2,699,979	-	-	-	-
Total	10,362,486	9,390,988	19,285	(34,264)	344,070	430,436

- (1) Considers the results recorded by the companies, including investees' equity variations not deriving from income, as well as adjustments due to conformity of the accounting practices, when applicable; and
- (2) Equity valuation adjustments, as per Law 11,638/07 and CPCs 2 and 8, which are recorded against equity, refer to forex differences when translating foreign currency into the functional currency of the operations performed by VALE.

9. DEBENTURES PAYABLE

On July 6, 2015, BRADESPAR carried out its sixth public issue of 126,000 non-convertible debentures, at the nominal unit value of ten thousand reais (R\$10,000), totaling R\$1,260,000, maturing in 1,096 days as of the issue date. The debentures will be entitled to interest corresponding to 105.5% of the accumulated variation of the DI over extra group daily average rate - one-day Interbank Deposits, calculated and disclosed by CETIP, based on a year of 252 business days, expressed as annual percentage ("DI Rate"), incurring on the nominal unit value of the debentures, calculated from the issue date until the end of the capitalization period, *pro rata temporis*. The proceeds from the debenture issue were intended for the full settlement of the 5th (fifth) debenture issue, which also matured on July 6, 2015.

On June 5, 2018, BRADESPAR informed the holders of its sixth debenture issue about the extraordinary early amortization of 47.47234211% of the debentures' nominal unit value: (i) interest, calculated *pro rata temporis* from the issue date until the actual payment date, of R\$1,099,472; and (ii) a 0.03% premium on the nominal unit value, of R\$528.

Notes to the Financial Statements

On June 28, 2018, BRADESPAR carried out its seventh public issue of 70,000 non-convertible debentures, at the nominal unit value of ten thousand reais (R\$10,000), totaling R\$700.000, maturing on June 28, 2021, as of the issue date. The debentures will be entitled to interest corresponding to 103.95% of the accumulated variation of the DI over extra group daily average rate - one-day Interbank Deposits, calculated and disclosed by B3 and available on the webpage of CETIP, based a year of 252 business days, expressed as annual percentage ("DI Rate"), incurring on the nominal unit value or balance of the nominal unit value of the debentures, calculated from the issue date or payment date of the interest until the end of the capitalization period, *pro rata temporis*. The proceeds from the issue are intended to fully settle the single series debentures of the sixth issue, which matured on July 6, 2018.

The Company may partially amortize the debentures at any time, at its sole discretion, provided that said amortization proportionally considers all the series debentures. The early amortization is limited to 90% of the nominal unit value or balance of the nominal unit value of the debentures.

The Company may early redeem all the debentures at any time, at its sole discretion. In the event of an early redemption, no premium will be paid. The Company is committed to maintaining certain total net indebtedness ratios, calculated on a quarterly basis, in a consolidated manner. On June 30, 2018 and December 31, 2017, BRADESPAR did not identify any non-compliance event that could cause the early maturity of the debt.

On June 30, 2018, the updated balance of the debentures payable totaled R\$1,364,891 (December 31, 2017 – R\$1,711,854).

10. PROVISIONS, CONTINGENT LIABILITIES AND ASSETS AND LEGAL TAX OBLIGATIONS

a) Contingent assets

No contingent assets were recognized; however, there are proceedings with probable chances of success, namely:

- COFINS – R\$ 11,820 (December 31, 2017 – R\$ 11,702): The Company pleads COFINS refund or offset, paid pursuant to Law 9,718/98, between January and October 2001, regarding all due invoicing surplus; and
- Social Integration Program (PIS) – R\$2,561(December 31, 2017 – R\$2,535): The Company pleads the PIS refund or offset, paid pursuant to Law 9,718/98, between January and October 2001, regarding all surplus due amounts based on the requirements set out by Supplementary Law 7/70 (PIS Repique), or at least regarding all due invoicing surplus.

b) Provisions classified as probable losses and legal tax obligations

The companies covered in the Consolidated are parties to tax lawsuits arising from the regular course of their activities.

When recording provisions, Management takes into account the legal counsel's opinion, nature of lawsuits, similarity with previous proceedings, complexity, and court standpoint, whenever losses are classified as probable.

BRADESPAR's Management understands that the provision recorded is sufficient to cover all losses arising from such proceedings.

Liabilities regarding legal obligations under legal dispute are maintained until the lawsuit is granted relief, represented by favorable court decisions over which no further appeals shall not apply or be barred by law.

Notes to the Financial Statements

I) Tax provision

By virtue of the Private Share Purchase Agreement representing Bradesplan Participações Ltda. (BRADESPLAN's) share capital, executed with Banco Bradesco S.A. (BRADESCO) in May 2006, BRADESPAR is responsible for tax court proceedings (PIS and COFINS) involving the former subsidiary BRADESPLAN. On June 30, 2018, the updated amount totaled R\$27,585 (December 31, 2017 – R\$27,227).

The balance of judicial deposits on June 30, 2018, of R\$7,344 (December 31, 2017 – R\$7,183), is related to COFINS, which must be refunded by the Brazilian Federal Revenue Service (RFB) pursuant to the aforementioned proceedings.

II) Civil provision

BRADESPAR has a system to monitor all the administrative and legal proceedings in which it is the plaintiff or defendant, and supported by its legal counsels' opinion, it classifies lawsuits according to the expectation of failure: remote, possible or probable.

BRADESPAR, together with LITEL Participações S.A. ("LITEL"), an investment vehicle of Previ and other pension funds, was a party to an Arbitration Proceeding filed by ELÉTRON S.A. ("ELÉTRON"), a company belonging to the Opportunity Group, in which ELÉTRON claims due recognition of the following rights: (i) to acquire a certain amount of VALEPAR's ("Call Citibank") shares; and (ii) to be indemnified for eventual damages. A partial arbitration award recognized that BRADESPAR and LITEL were obliged to sell VALEPAR's shares, under conditions that would be established in the final arbitration award.

BRADESPAR and LITEL independently filed actions seeking the annulment of this partial decision in the District of Rio de Janeiro, based on the fact, known only after the partial award was issued, that the arbitrator who presided over the Arbitration Court could not have participated in the arbitration because he was a lawyer for the parent company of Grupo Opportunity at the time of arbitration. Another arbitrator presided over the Arbitration Court while the actions seeking annulment were in progress, without suspending the arbitration process.

On September 5, 2011 and October 3, 2011, the Arbitration Court, following the partial award, rendered a final decision ("Arbitration Award") and determined, by a majority vote, that BRADESPAR and LITEL must transfer to ELÉTRON, after payment of the acquisition price, 37,500,000 common shares issued by VALEPAR. The acquisition price totaled R\$632 million, to be restated by the UFIR-RJ, between June 12, 2007 and the actual payment date. The Arbitration Court also ordered BRADESPAR and LITEL to refund the dividends and interest on equity distributed by VALEPAR as of June 12, 2007, totaling R\$395 million on June 30, 2018, already restated by the DI, to ELÉTRON. ELÉTRON's petition for due indemnification for damages was rejected by the Arbitration Court.

BRADESPAR and LITEL, each with its own grounds, filed actions to annul the Arbitration Award in the District of Rio de Janeiro. On April 11, 2014, an award was rendered which deemed groundless the aforementioned actions seeking the annulment of the partial and final decisions filed by BRADESPAR and LITEL. The appeals filed with the Court of Appeals of Rio de Janeiro were dismissed on September 24, 2014. A Special Appeal was filed to the Superior Court of Justice (STJ), on October 7, 2014 against the decision of the State of Rio de Janeiro Court of Appeals, with the Bradespar's appeal granted and Litel's not granted. Due to the denial of its appeal, Litel filed an appeal against the order dismissing the special appeal. Currently, both Bradespar's special appeal and Litel's appeal against the order that denied the Special Appeal are pending.

Notes to the Financial Statements

On October 2, 2014, ELÉTRON filed an action against BRADESPAR and LITEL with the Fifth Corporate Court of Rio de Janeiro, in the proportion of fifty percent (50%) for each, due to the companies' solidarity, seeking the execution of the Arbitration Award. In the execution, ELÉTRON claimed the delivery of the 37,500,000 common shares issued by VALEPAR, upon payment of an amount that did not correspond to the acquisition price defined by the arbitration award, as dividends declared, but not paid by VALEPAR, reason why the executed companies challenged the execution. After the presentation of the objections filed by BRADESPAR and LITEL on March 4, 2015, ELÉTRON requested the conversion of the execution into the payment of damages, presenting an amount of R\$2.6 billion, as intended, plus fees. The Court accepted the request. BRADESPAR and LITEL filed an appeal against the conversion, but the Court of Appeals of Rio de Janeiro upheld the decision and ordered an assessment of the amount of damages by an expert.

Against the decision of the Court of Appeals of Rio de Janeiro, which upheld the conversion of the execution into payment of damages, BRADESPAR and LITEL filed appeals with the Superior Court of Justice, which was not entertained by the presidency of the Court of Appeals of Rio de Janeiro. BRADESPAR and LITEL filed an interlocutory appeal, which is also pending judgment of the Superior Court of Justice.

After the assessment, the Expert Report indicated damages of R\$4,010 billion, as of the date of conclusion of the report, i.e. April 26, 2017. The executed parties, BRADESPAR and LITEL, refused to accept the conclusions presented in the Report and requested a new expert analysis. BRADESPAR's experts question the following criteria adopted in the Report: (i) fixing October 21, 2011 as the reference date for the alleged damages, which is prior to the date proposed for the Execution. The court experts denied the presentation of calculations for the dates concurrent with the Execution process – end of 2014 and beginning of 2015; (ii) carrying out calculations solely based on the assessment of Equity at Market Value, whereas the creditors requested the assessment to be based on the Equity Accounting method; (iii) goodwill (control premium) of 34.96% applied to a very small share of the company's capital (2.37%), with no additional political rights; (iv) not taking into consideration the illiquidity of VALEPAR's shares and the fact that said company is a holding company, which would imply a discount based on illiquidity and a discount due to its status as a holding company; (v) fixing the value of VALE's shares based on the average of the 60 trading sessions prior to the reference date, which is inappropriate, given that the proposal was based on market valuation. After error correction, damages will be substantially reduced.

On September 26, 2017, LITEL filed with the Rapporteur a claim for provisional relief requesting the granting of an injunction prohibiting the execution of the arbitration awards. The request was denied on December 18, 2017. Although not final yet, the decision indicated jurisdiction of the Superior Court of Justice given that the participation of a judge barred from voting in a trial when the vote does not interfere in the final result does not annul the decision. Although the provisional relief was denied, the decision indicated that a suspensive effect during the execution process could be granted by lower courts.

With the Report in hand, the Court assigned a hearing in order to hear the parties on the possibility to end the lawsuit, upon conciliation of the parties. At the hearing held on February 7, 2018, the parties declared that they did not reach an agreement in order to end the lawsuit.

According to a decision published on May 2, 2018, the Judge ratified the report submitted in the amount of R\$4,010 billion, refuting the arguments presented by the judgment debtors. The ratification decision was subject to an appeal, still pending judgment, to the Rio de Janeiro Court of Appeals without obtaining an injunction to suspend the Execution. Nevertheless, Elétron S.A. requested and obtained from the Lower Court Judge, by a decision published on July 24, 2018, the summons of LITEL and BRADESPAR, jointly and severally, to pay the amount of the approved expert report, within 15 days. All possible judicial measures are in progress to minimize the effects of the execution proceeding before the Rio de Janeiro Court of Appeals.

Notes to the Financial Statements

At the same time, LITEL filed a motion with the Superior Court of Justice to suspend the Execution proceeding, until the decision on conversion to loss and damage is judged, without success.

In view of the extinction of VALEPAR due to its merger into VALE S.A., on August 14, 2017, BRADESPAR's Management believes that the purpose of the ELÉTRON lawsuit, i.e. 37,500,000 common shares issued by VALEPAR, based on the exchange ratio defined at the moment of merger (1.2065) corresponded to 45,243,750 VALE common shares it came to correspond to 45,243,750 common shares of Vale, whose market value currently amounts to approximately R\$2.4 billion.

Still considering the above-mentioned arbitration award, in October 2015, ELÉTRON filed another arbitration proceeding against BRADESPAR and LITEL, requesting indemnification for damages it claims to have suffered due to the price variation of the requested shares. This arbitration had the hearing to sign the Arbitration Instrument held on June 11, 2018, with acts scheduled to be completed by February 2020. At this stage of the proceeding, it is not possible to make a risk assessment.

Based on the analysis of the above mentioned arbitration and legal proceedings and considering the latest events of the proceedings, such as the beginning of the provisional execution of the amount approved by the lower court, which has not yet been confirmed by the Court of Appeals, and which shall decide, timely, on the different errors of the expert report identified in the appeals filed by the parties, the legal advisors of BRADESPAR ended up classifying as probable the chances of loss related to this litigation, notwithstanding the possible changes of a substantial reduction of the amount calculated at that point. These reasons led the Company's Management to make a provision in the amount of R\$1.2 billion, equivalent to 50% of the adjusted amount of Vale's shares corresponding to the shares originally subject to the litigation. It should be noted that the amount of the provision was conservative by not taking into account the price of the purchase option exercise due to Elétron, set by the arbitration award in the historical amount of approximately R\$632 million.

It should be clarified that the percentage of 50% was indicated by the Judgment Creditor in the execution proceeding and adopted by a decision that determined the payment of the still controversial amount, due to the joint and several liability of the obligation established in the Arbitration Award between LITEL and BRADESPAR.

Regardless of the provision made, BRADESPAR has the possibility to seek from third parties the reimbursement of a relevant part of the losses that it has to disburse because of the litigation (Call Citibank).

III) Legal liabilities – provision for tax risks

BRADESPAR has been challenging in court the legality and constitutionality of a few taxes and contributions, which are fully accrued, notwithstanding the good chances of success in the medium and long-term basis, as per its legal counsels' opinion.

The main issue is:

- COFINS – R\$12,985 (December 31, 2017 – R\$12,846): The Company has petitioned the assessment and payment of COFINS, from November 2001 to January 2004, over effective invoicing, duly defined in Article 2 of Supplementary Law 70/91, thus eliminating the unconstitutional expansion of the calculation bases set out in paragraph 1 of article 3 of Law 9,718/98.

Notes to the Financial Statements

IV) Breakdown of provisions:

	Parent Company and Consolidated			
	1H18		1H17	
	Civil	Tax	Civil	Tax
Opening balance	-	40,073	-	38,483
Monetary restatement	-	497	-	920
Creation of provision (1)	1,185,386	-	-	-
Closing balance	1,185,386	40,570	-	39,403

(1) Change in the assessment criteria of the lawsuit from “possible to probable” (Note 10b II).

c) Contingent liabilities classified as possible losses

ANTARES, a company merged into BRADESPAR, is a party to legal proceedings with the RFB, as successor of the spun-off amount of VBC Participações S.A. (VBC), regarding due compensation for tax losses and social contribution tax loss carryforwards, upon its full spin-off and subsequent liquidation, in amount exceeding the 30% limit established by Law 8,981/95, totaling R\$268,654 on June 30, 2018 (December 31, 2017 – R\$264,441): R\$197,874 for income tax (December 31, 2017 – R\$194,770) and R\$70,780 for social contribution on net income (December 31, 2017 – R\$69,671); thus, we consider as possible BRADESPAR S.A.’s chances of success.

- d) In general, the tax provisions corresponding to lawsuits are considered long term, given the unpredictability of the length of the proceedings in Brazil’s legal system, which is why the Company has not disclosed an estimate of the year when these lawsuits will be concluded.
- e) The Company does not have labor contingencies classified as probable and possible losses, which shall be provisioned or disclosed.

11. EQUITY

a) Ownership structure in number of shares

The share capital is divided into registered, book-entry shares with no par value.

	6.30.2018	12.31.2017
Common shares	122,171,449	122,523,049
Preferred shares	225,862,596	227,024,896
Subtotal	348,034,045	349,547,945
Treasury shares (common shares)	-	(351,600)
Treasury shares (preferred shares)	-	(1,162,300)
Total outstanding shares	348,034,045	348,034,045

b) Treasury shares

The Extraordinary Shareholders’ Meeting of April 27, 2018, approved the cancellation of all shares issued by BRADESPAR held in treasury, acquired through the buyback program, comprising 1,513,900 registered, book-entry shares with no par value, 351,600 of which common and 1,162,300 preferred, without reducing share capital.

Notes to the Financial Statements

12. INCOME TAX AND SOCIAL CONTRIBUTION

I) Parent Company

- a) Offsetable and recoverable taxes, totaling R\$181,625 (December 31, 2017 - R\$133,832), basically refer to income tax and social contribution from previous fiscal years and withholding income tax over financial investment and interest on equity received.
- b) Calculation of income tax and social contribution charges:

	2Q18	2Q17	1H18	1H17
Earnings before taxes (Income Tax and Social Contribution)	(621,240)	(85,769)	(870,444)	342,397
Total income tax and social contribution at the rates of 25% and 9%, respectively	211,222	29,161	295,951	(116,415)
Effect of additions and exclusions in tax calculations:				
Shareholding interest in subsidiaries and investments with substantial influence, taxed in the corresponding companies	6,630	(11,642)	117,060	146,356
Non-deductible provisions and expenses, net of non-taxable income	(214,569)	(459)	(403,448)	(650)
Interest on equity (received and receivable)	-	(78,280)	(55,303)	(78,280)
Others ⁽¹⁾	(979)	30,224	13,734	12,811
Income tax and social contribution for the period	2,304	(30,996)	(32,006)	(36,178)

(1) It mainly includes the creation of civil provision.

- c) Unused tax credits

On June 30, 2018, unused income tax and social contribution tax credits, calculated on temporary additions and tax losses and social contribution tax loss carryforwards, totaled R\$706,016 (December 31, 2017 – R\$316,715).

II) Consolidated

- a) Offsetable and recoverable taxes, totaling R\$181,625 (December 31, 2017 - R\$133,832), basically refer to income tax and social contribution from previous fiscal years and withholding income tax over financial investment and interest on equity received.
- b) Calculation of income tax and social contribution charges:

	2Q18	2Q17	1H18	1H17
Earnings before taxes (Income Tax and Social Contribution)	(621,240)	(85,769)	(870,444)	342,397
Total income tax and social contribution at the rates of 25% and 9%, respectively	211,222	29,161	295,951	(116,415)
Effect of additions and exclusions in tax calculations:				
Shareholding interest in investments with substantial influence, taxed in the corresponding companies	6,557	(11,650)	116,984	146,348
Non-deductible provisions and expenses, net of non-taxable income	(214,496)	(448)	(403,372)	(642)
Interest on equity (received and receivable)	-	(78,280)	(55,303)	(78,280)
Others ⁽¹⁾	(979)	30,221	13,734	12,811
Income tax and social contribution for the period	2,304	(30,996)	(32,006)	(36,178)

(1) It mainly includes the creation of civil provision.

- c) Unused tax credits

On June 30, 2018, unused income tax and social contribution tax credits, calculated on temporary additions and tax losses and social contribution tax loss carryforwards, totaled R\$706,016 (December 31, 2017 – R\$316,715).

Notes to the Financial Statements

13. FINANCIAL RESULT

	Parent Company			
	2Q18	2Q17	1H18	1H17
Financial Revenues				
Income from financial investments	16,196	13,073	43,042	25,597
Interest rate on recoverable taxes	1,527	3,434	3,298	7,485
Others	645	885	733	1,081
	18,368	17,392	47,073	34,163
Financial Expenses				
Debenture interest expenses	(23,530)	(42,994)	(52,264)	(92,621)
Others	(247)	(370)	(492)	(920)
	(23,777)	(43,364)	(52,756)	(93,541)
Net Financial Result	(5,409)	(25,972)	(5,683)	(59,378)

	Consolidated			
	2Q18	2Q17	1H18	1H17
Financial Revenues				
Income from financial investments	16,201	13,077	43,050	25,601
Interest rate on recoverable taxes	1,527	3,434	3,298	7,485
Others	862	971	956	1,166
	18,590	17,482	47,304	34,252
Financial Expenses				
Debenture interest expenses	(23,530)	(42,994)	(52,264)	(92,621)
Others	(247)	(436)	(492)	(985)
	(23,777)	(43,430)	(52,756)	(93,606)
Net Financial Result	(5,187)	(25,948)	(5,452)	(59,354)

14. RELATED PARTIES

- l) Related-party transactions (direct and indirect) are carried out based on conditions and fees compatible with third-party averages, where applicable, on the date of such transactions. The main transactions are detailed below:

a) Parent Company and Consolidated

	Investment with significant influence (1)		Total	
	6.30.2018	12.31.2017	6.30.2018	12.31.2017
Current Assets				
Interest on equity and dividends receivable	-	118,844	-	118,844

(1) Vale S.A.

	Investment with significant influence (1) (2)		Total	
	2Q18	2Q17	2Q18	2Q17
Income from interest on equity	162,657	230,235	162,657	230,235

(1) Vale S.A.; and

(2) Valepar (merged in August 2017).

	Investment with significant influence (1) (2)		Total	
	1H18	1H17	1H18	1H17
Income from interest on equity	162,657	230,235	162,657	230,235

(1) Vale S.A.; and

(2) Valepar (merged in August 2017).

Notes to the Financial Statements

I) Compensation of the Management's key personnel

Each year, the Annual Shareholders' Meeting establishes:

- Management's overall annual compensation, which is defined at the Board of Directors' meeting, to be paid to the members of the Board of Directors and Executive Officers, as provided for by the Company's Bylaws; and
- The amount allocated to fund the supplementary pension plans of the Management, within the Pension Plan for BRADESPAR's Management.

A maximum compensation amount of R\$2,800 (2017 – R\$2,700) and limit of R\$2,650 (2017 – R\$2,600) for private pension plans were established for 2018.

Management short-term benefits

	2Q18	2Q17	1H18	1H17
Proceeds	615	615	938	938
Total	615	615	938	938

Post-employment benefits

	2Q18	2Q17	1H18	1H17
Defined contribution supplementary private pension plans	603	603	1,206	1,109

Other benefits

BRADESPAR does not have long-term benefits upon employment contract termination, share-based compensation or profit sharing for its Management's key personnel.

Equity interest

Members of the Board of Directors and Board of Executive Officers jointly hold the following equity interest in BRADESPAR:

	6.30.2018	12.31.2017
• Common shares	0.4626%	0.3599%
• Preferred shares	0.5238%	0.4687%
• Total Shares	0.5023%	0.4305%

Notes to the Financial Statements

15. FINANCIAL INSTRUMENTS

a) The financial instruments are classified below:

- I) Financial Assets – Loans and Receivables refer to Cash and cash equivalents, of R\$85,100 (December 31, 2017 – R\$1,670,323) at the Parent Company, and R\$86,663 (December 31, 2017 – R\$1,671,661) in the Consolidated; and
- II) Financial Liabilities – Amortized Cost at the Parent Company and Consolidated refer to Debentures Payable, of R\$1,364,891 (December 31, 2017 – R\$1,711,854), and Other Liabilities, of R\$26,016 (December 31, 2017 – R\$25,571).

b) Non-discounted cash flow for financial liabilities

Below, the non-discounted contractual cash flow payable, based on non-derivative financial liabilities, stated by the remaining contractual maturity until the end of the reporting period:

	Parent Company and Consolidated		
	Less than one year	Between one and three years	Total
June 30, 2018			
Debentures payable	665,808	848,072	1,513,880
December 31, 2017			
Debentures payable	1,774,575	-	1,774,575

Cash flows are estimates prepared by the Company and may vary from this analysis due to variations in the respective index.

c) Sensitivity analysis

In compliance with CVM Instruction 475/08, the following chart provides the sensitivity of positions subject to variations in market rates or prices:

Risk Factors	Definition	Scenarios					
		June 30, 2018			December 31, 2017		
		1	2	3	1	2	3
		Interest rate in reais	Exposures subject to variations of fixed interest rates and interest rate coupon	(15)	(2,502)	(4,957)	(79)
Total without Correlation		(15)	(2,502)	(4,957)	(79)	(13,388)	(26,516)
Total with Correlation		(15)	(2,502)	(4,957)	(79)	(13,388)	(26,516)

The sensitivity analysis was performed based on the scenarios developed for the respective dates, always considering the market information of the time and scenarios that would negatively affect our positions.

Scenario 1: Based on the market information (B3, Anbima, etc.), 1-basis point shocks were applied for the interest rate and 1% variation for prices. Example: a 7.65% scenario was applied to a fixed 1-year interest rate of 7.66%;

Scenario 2: Shocks of 25% were applied based on the market. Example: a 7.65% scenario was applied to a fixed 1-year interest rate of 9.56%. The scenarios for the remaining risk factors also represented a shock of 25% in the respective curves or prices; and

Notes to the Financial Statements

Scenario 3: Shocks of 50% were applied based on the market. Example: a 7.65% scenario was applied to a fixed 1-year interest rate of 11.47%. The scenarios for the remaining risk factors also represented a shock of 50% in the respective curves or prices.

16. FAIR VALUE ESTIMATE

The Company took into consideration the same calculation assumptions and methodologies presented in the financial statements as at December 31, 2017 to measure the fair value of assets and liabilities of the period.

- I) Financial Liabilities – Measured at Fair Value at the Parent Company and Consolidated refer to debentures payable, of R\$664,936 in current liabilities, and R\$699,955 (December 31, 2017 – R\$1,711,854) in non-current liabilities; and
- II) The Company does not have assets and liabilities estimated at fair value based on levels 1, 2 and 3.

17. OTHER INFORMATION

- a) The Company did not trade with derivative financial instruments in the periods ended June 30, 2018, and December 31, 2017;
- b) Amounts receivable at the Parent Company and Consolidated regarding the public debenture issue, of R\$700,000 and on December 31, 2017, refer to interest on VALE's equity, in the amount of R\$118,844;
- c) Other Liabilities, in the Parent Company and Consolidated, of R\$27,340 (December 31, 2017 – R\$27,355) basically refer to the fractions of shares arising from the reverse split, as resolved at the Extraordinary Shareholders' Meeting ("ESM") of April 2004, which were sold on the B3 auction in July 2004; the amounts were credited or made available to shareholders;
- d) General and Administrative Expenses, in the Parent Company, refer to Personnel Expenses, of R\$2,566 in 1H18 (1H17 – R\$2,445) and R\$1,471 in 2Q18 (2Q17 – R\$1,447) and Other General and Administrative Expenses, of R\$3,311 in 1H18 (1H17 – R\$3,040) and R\$2,176 in 2Q18 (2Q17 – R\$1,912). In the Consolidated, they refer to Personnel Expenses, of R\$2,566 in 1H18 (1H17 – R\$2,445) and R\$1,471 in 2Q18 (2Q17 – R\$1,447) and Other General and Administrative Expenses, of R\$3,317 in 1H18 (1H17 – R\$3,040) and R\$2,182 in 2Q18 (2Q17 – R\$1,912).
- e) In February 2017, BRADESPAR informed its shareholders and the market in general that it had entered, together with Litel Participações S.A. (LITEL), Litela Participações S.A. (LITELA), Mitsui & Co., Ltd. (MITSUI) and BNDES Participações S.A. (BNDESPAR), as shareholders of VALEPAR, into a new VALEPAR's Shareholders' Agreement (VALEPAR's Agreement), effective as of May 2017. The VALEPAR's Agreement, along with the standard provisions relating to voting rights and right of first refusal for the acquisition of the signatories shares, provides for the submission, by the signatories, of a proposal to VALE with the purpose of enabling its listing on the B3's Novo Mercado special listing segment and making VALE a company without defined control (Proposal). The Proposal is binding on the signatories of VALEPAR's Agreement.

VALE informed that the Extraordinary Shareholders' Meeting held in June 2017, approved the resolutions related to the proposal to restructure its Corporate Governance, object of the Material Facts of February and May 2017, and the Notice to the Market of June 2017.

Notes to the Financial Statements

In August 2017, VALE informed the conclusion of the Corporate Governance restructuring, approved at the Extraordinary Shareholders' Meeting ("ESM") of June 2017, and informed that the number of preferred shares delivered for conversion exceeded the minimum Voluntary Conversion of 54.09% of the class "A" preferred shares (excluding the treasury shares, the merger of which was approved by VALE). In view of the merger, VALEPAR shareholders now hold a direct interest in VALE.

VALE also informs that, as provided for in the Proposal, in August 2017, LITEL, LITELA, BRADESPAR, MITSUI and BNDESPAR entered into VALE's Shareholders' Agreement binding 20% of the common shares issued by the Company, with a maturity of three years.

The Extraordinary Shareholders' Meeting ("ESM") of October 18, 2017, approved the proposal to convert all class "A" preferred shares into VALE common shares, in the ratio of 0.9342 common share to one class "A" preferred share ("Conversion of the Remaining Shares").

Between October 20 and November 19, 2017, dissident class "A" preferred shareholders had the right to withdraw from VALE, based on the equity value on December 31, 2016, of R\$24.26 per share.

18. EVENTS AFTER THE REPORTING PERIOD

- a) On July 2, 2018, BRADESPAR received a total of R\$700 million in funds from its seventh public debenture issue. A total of 70,000 non-convertible debentures were issued on June 28, 2018, at a nominal unit value of R\$10,000;
- b) On July 5, 2018, BRADESPAR informed the holders of the sixth issue of non-convertible debentures, maturing on July 6, 2018, pay R\$5,252.76578900 to each debenture held, as nominal unit value, and R\$31.42262275, as interest, calculated *pro rate temporis* from the payment date of the last interest until the maturity date;
- c) On July 6, 2018, BRADESPAR settled the balance of the nominal unit value and interest of 100% of the single series debentures of the sixth issue, in the amount of R\$665,808; and
- d) On August 14, 2018, the BRADESPAR is expected to pay R\$2.4 billion related to the Execution action filed by Elétron S.A. against the Company (see more information in Note 10b II). The funds necessary for said payment will be raised with the financial market. See Note 1.

Notes to the Financial Statements

19. ADDITIONAL INFORMATION ON INVESTMENTS WITH SIGNIFICANT INFLUENCE

Below, the summary of the Statement of Financial Position and Statement of Income published by VALE, not representing BRADESPAR's proportional interest:

STATEMENT OF FINANCIAL POSITION	6.30.2018	12.31.2017
ASSETS		
Current	59,639,294	62,700,728
Non-Current		
Long-Term	48,945,809	43,965,383
Investments	12,440,545	11,801,596
Property, Plant and Equipment	187,816,290	181,534,815
Intangible Assets	30,805,233	28,094,181
TOTAL	339,647,171	328,096,703
LIABILITIES AND EQUITY		
Current	35,420,455	43,357,526
Non-Current	138,888,861	136,633,535
Equity	165,337,855	148,105,642
TOTAL	339,647,171	328,096,703
Direct Interest	6.30%	6.30%

STATEMENT OF INCOME	2Q18	2Q17	1H18	1H17
Income from Sales and/or Services	31,233,137	23,362,809	59,165,562	50,104,855
Cost of Goods Sold and Services Rendered	(19,462,362)	(16,461,959)	(36,432,705)	(31,327,091)
Gross Profit	11,770,775	6,900,850	22,732,857	18,777,764
Operating Income /(Expenses)	(2,942,063)	(2,075,208)	(4,321,649)	(1,868,633)
Net Financial Result	(10,929,894)	(4,339,850)	(13,001,154)	(6,233,663)
Equity Income	177,390	(83,035)	450,354	141,900
Earnings before Income Taxes	(1,923,792)	402,757	5,860,408	10,817,368
Income Tax and Social Contribution	2,294,377	(155,336)	(44,933)	(2,060,483)
Net Income from Continued Operations	370,585	558,093	5,815,475	8,756,885
Net Income (Loss) from Discontinued Operations	(39,091)	(388,105)	(310,000)	(645,205)
Consolidated Income/Loss for the Period ⁽¹⁾	331,494	169,988	5,505,475	8,111,680
Attributed to Parent Company Shareholders	306,094	60,325	5,418,206	7,951,438
Attributed to Minority Interest	25,400	109,663	87,269	160,242

(1) On July 25, VALE's Board of Directors approved its shareholder compensation payment based on the results of the first half of 2018, in the total amount of R\$7.7 billion, of which R\$6.8 billion as interest on shareholder's equity and R\$893 million as dividends, equivalent to R\$1.480361544 per share and payable on September 20, 2018.

Samarco Mineração S.A. (SAMARCO)'s agreement entered into with federal and state governments is ratified by the court

As disclosed by VALE, in March 2016, the Company entered into an Agreement related to the rupture of the dam, which was ratified by the Regional Federal Court of the 1st Region in May 2016. Said ratification was suspended by the Superior Court of Justice in June 2016, thus restarting the public-interest civil action, in addition to maintaining other legal determinations. The public-interest civil action is currently suspended because of the aforementioned preliminary agreement.

On May 3, 2016, the Federal Prosecution Office (MPF) filed a public-interest civil action against SAMARCO and its shareholders, claiming, among others, the adoption of measures to mitigate social, economic and environmental impacts of the dam failure, as well as other emergency measures; payment of indemnity to the community; and payment of collective emotional distress.

Notes to the Financial Statements

SAMARCO had expected to resume its operations in the last quarter of 2016. However, due to the current status of the necessary procedures and the difficulties related to approval of licenses by government authorities, SAMARCO cannot accurately estimate when its operations will be resumed. Consequently, VALE recognized in its interim financial statements of June 30, 2016 a provision of R\$3.733 billion, corresponding to the best estimate of its obligation related to the Agreement.

SAMARCO is gradually transferring the recovery programs provided for in the agreement to “Fundação Renova”, a foundation that began operating in August 2016.

In January 2017, SAMARCO, VALE S.A. and BHPB entered into two Preliminary Consent Decrees (“TAP”) with the Federal Prosecution Office. The First Decree aimed to outline the process and time frame for negotiations of a Final Agreement, initially expected to occur by June 30, 2017; the parties, however, agreed to extend this term to late June 2018.

The First Decree set the basis for conciliation of public-interest civil actions, in the amounts of R\$20.2 billion and R\$155 billion, respectively, which are currently suspended.

The First Decree provides for the hiring of experts paid for by the companies, as technical assistants to the Federal Public Office, to make a diagnosis of the social-environmental and social-economic impacts and follow the progress of the Agreement; and the holding of public hearings and hiring of technical advisors to the parties, in order to allow the communities to take part in the definition of the content of the Final Agreement.

The First Decree also provides the commitment by SAMARCO, VALE and BHPB to provide a guarantee for fulfillment of the obligations of the remediation programs, as per the two above-mentioned public-interest civil actions, until the execution of the Final Agreement, in the amount of R\$2.2 billion, of which (i) R\$100 million in financial investments; (ii) R\$1.3 billion in performance bond; and (iii) R\$800 million in SAMARCO assets. If, after the end of the term negotiated between the parties, an agreement is not reached, the Federal Public Office may request the reinstatement of the deposit order, of R\$1.2 billion, established in the public-interest civil action of R\$20.2 billion, which is currently suspended, as well as request the execution of guarantees of up to R\$7.7 billion in this action totaling R\$155 billion.

In March 2017, the decision of the 12th Federal Court of the Judicial District of Belo Horizonte ratified the engagement of experts to make a diagnosis of the socio-environmental impacts (LACTECT) and assess socio-economic and socio-environmental programs under the Agreement signed in March 2016 (RAMBOL), established a period of 60 days for the contracting of a company to make a diagnosis of the socio-economic impact, and determined the consolidation and suspension of other related claims in order to avoid contradictory or conflicting decisions and to establish a unified judicial procedure in order for the parties to be able to reach a final agreement; and accepted the guarantees provided by SAMARCO and its controlling shareholders under the Preliminary Agreement. The parties are still negotiating the choice of an expert in the social and economic area.

Additionally, the Company entered into a Second Decree (Second Decree), which establishes a time frame to make funds available to remedy the socio-economic and socio-environmental damages caused by the Fundão dam failure in the municipalities of Barra Longa, Rio Doce, Santa Cruz do Escalvado and Ponte Nova. This agreement was ratified by the 12th Federal Court of the Judicial District of Belo Horizonte.

At the same time, the parties, jointly with the plaintiffs of the public-interest civil action totaling R\$20.2 billion, the Federal Public Office and Public Defender’s Office, negotiate the expected Final Agreement.

On April 20, 2018, VALE announced that, as per the material fact of January 19, 2017, SAMARCO and its shareholders, VALE and BHPB, entered into a Preliminary Consent Decree (TAP) with the Federal Prosecution Office on January 18, 2017 to outline the procedures and time frames for negotiations of a final agreement, especially for public-interest civil actions filed by the Federal Government and others, in the amount of R\$20 billion, and by the Federal Prosecution Office, in the amount of R\$155 billion, due to SAMARCO’s Fundão dam failure.

Notes to the Financial Statements

In the second quarter of 2018, VALE reaffirmed its commitment to recover and pay for the damages caused by SAMARCO's dam failure, ensuring additional funds for the programs managed by Fundação Renova. As a result of this analysis, VALE recorded an additional provision of R\$1.5 billion in its Interim Financial Information of June 30, 2018, which total the present value of the estimates of its secondary liability in supporting the works of Fundação Renova, which correspond to 50% of SAMARCO's additional obligations for the next 12 years. From the beginning of operations until the first half of 2018, a total of R\$4.5 billion was accrued.

VALE is a publicly-held company and, accordingly, it files its information with the CVM. Therefore, more information on VALE, as of June 30, 2018 and March 31, 2017, is available on www.cvm.gov.br.

Cid de Oliveira Guimarães

Accountant – CRC

1SP218369/O-0

Other Relevant Company Information

SHAREHOLDERS WITH MORE THAN 5% OF SHARES OF EACH KIND AND CLASS - ITR

SHAREHOLDING POSITION OF SHAREHOLDERS WITH MORE THAN 5% OF COMPANY SHARES OF EACH KIND AND CLASS, UNTIL INDIVIDUAL LEVEL						
Company: BRADESPAR S.A.					Position on 6/29/2018 (In [Units] Shares)	
Shareholder	Common Shares		Preferred Shares		Total	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Cidade de Deus - Cia. Cial de Participações	44,883,224	36.7379	301,410	0.1334	45,184,634	12.9828
NCF Participações S.A.	30,388,376	24.8735	2,235,627	0.9898	32,624,003	9.3738
Fundação Bradesco	18,179,304	14.8802	-	-	18,179,304	5.2234
BlackRock, Inc. (Funds)	351,600	0.2878	11,614,474	5.1423	11,966,074	3.4382
Aberdeen (Funds)	-	-	11,605,128	5.1381	11,605,128	3.3345
Treasury Shares	-	-	-	-	-	-
Other Shareholders	28,368,945	23.2206	200,105,957	88.5963	228,474,902	65.6473
Total	122,171,449	100.00	225,862,596	100.00	348,034,045	100.00

LEGAL ENTITY SHARE CAPITAL DISTRIBUTION (COMPANY SHAREHOLDER), UNTIL INDIVIDUAL LEVEL						
Name: CIDADE DE DEUS CIA. COMERCIAL DE PARTICIPAÇÕES					Position on 6/29/2018 (In [Units] Shares)	
Shareholder / Quotaholder	Common Shares / Quotas		Preferred Shares / Quotas		Total	
	Number of Shares/Quotas	%	Number of Shares/Quotas	%	Number of Shares/Quotas	%
Nova Cidade de Deus Particip. S.A	3,755,570,498	45.7138	-	-	3,755,570,498	45.7138
Fundação Bradesco	2,776,765,252	33.7995	-	-	2,776,765,252	33.7995
Lia Maria Aguiar	533,490,588	6.4938	-	-	533,490,588	6.4938
Maria Ângela Aguiar	411,197,692	5.0052	-	-	411,197,692	5.0052
Others	738,378,906	8.9877	-	-	738,378,906	8.9877
Total	8,215,402,936	100.00	-	-	8,215,402,936	100.00

LEGAL ENTITY SHARE CAPITAL DISTRIBUTION (COMPANY SHAREHOLDER), UNTIL INDIVIDUAL LEVEL						
Name: NOVA CIDADE DE DEUS PARTICIPAÇÕES S.A.					Position on 6/29/2018 (In [Units] Shares)	
Shareholder / Quotaholder	Common Shares / Quotas		Preferred Shares / Quotas		Total	
	Number of Shares/Quotas	%	Number of Shares/Quotas	%	Number of Shares/Quotas	%
Fundação Bradesco	152,343,061	46.3016	348,644,755	100.00	500,987,816	73.9282
BBD Participações S.A.	176,679,963	53.6984	-	-	176,679,963	26.0718
Total	329,023,024	100.00	348,644,755	100.00	677,667,779	100.00

LEGAL ENTITY SHARE CAPITAL DISTRIBUTION (COMPANY SHAREHOLDER), UNTIL INDIVIDUAL LEVEL						
Name: NCF PARTICIPAÇÕES S.A.					Position on 6/29/2018 (In [Units] Shares)	
Shareholder / Quotaholder	Common Shares / Quotas		Preferred Shares / Quotas		Total	
	Number of Shares/Quotas	%	Number of Shares/Quotas	%	Number of Shares/Quotas	%
Fundação Bradesco	294,340,091	25.1288	1,043,932,143	100.00	1,338,272,234	60.4116
Cidade de Deus - Cia. Cial de Participações	875,232,678	74.7216	-	-	875,232,678	39.5093
Nova Cidade de Deus Particip. S.A.	1,752,357	0.1496	-	-	1,752,357	0.0791
Total	1,171,325,126	100.00	1,043,932,143	100.00	2,215,257,269	100.00

Other Relevant Company Information

LEGAL ENTITY SHARE CAPITAL DISTRIBUTION (COMPANY SHAREHOLDER), UNTIL INDIVIDUAL LEVEL						
Name: BBD PARTICIPAÇÕES S.A.					Position on 6/29/2018 (In [Units] Shares)	
Shareholder / Quotaholder	Common Shares / Quotas		Preferred Shares / Quotas		Total	
	Number of Shares/Quotas	%	Number of Shares/Quotas	%	Number of Shares/Quotas	%
NCD Participações Ltda	-	-	73,929,804	55.6404	73,929,804	23.9195
Treasury	83,951,186	47.6437	9,011,774	6.7824	92,962,960	30.0776
Others	92,255,113	52.3563	49,929,033	37.5772	142,184,146	46.0028
Total	176,206,299	100.00	132,870,611	100.00	309,076,910	100.00

POSITION OF CONTROLLERS, ADMINISTRATORS AND OUTSTANDING SHARES

CONSOLIDATED SHAREHOLDING POSITION OF CONTROLLERS AND ADMINISTRATORS AND OUTSTANDING SHARES Position on 6/29/2018						
Shareholder	Number of Common Shares (in Units)	%	Number of Preferred Shares (in Units)	%	Total Number of Shares (in Units)	%
Controller	95,125,912	77.8626	2,537,037	1.1233	97,662,949	28.0613
Administrators						
Board of Directors	565,120	0.4626	1,182,971	0.5238	1,748,091	0.5023
Board of Executive Officers	-	-	-	-	-	-
Treasury Shares	-	-	-	-	-	-
Other Shareholders	26,480,417	21.6748	222,142,588	98.3530	248,623,005	71.4364
Total	122,171,449	100.00	225,862,596	100.00	348,034,045	100.00
Outstanding Shares	26,480,417	21.6748	222,142,588	98.3530	248,623,005	71.4364

CONSOLIDATED SHAREHOLDING POSITION OF CONTROLLERS AND ADMINISTRATORS AND OUTSTANDING SHARES Position on 6/30/2017 (12 months ago)						
Shareholder	Number of Common Shares (in Units)	%	Number of Preferred Shares (in Units)	%	Total Number of Shares (in Units)	%
Controller	95,125,912	77.6392	3,264,600	1.4380	98,390,512	28.1479
Administrators						
Board of Directors	440,976	0.3599	987,576	0.4350	1,428,552	0.4087
Board of Executive Officers	-	-	85,513	0.0377	85,513	0.0245
Treasury Shares	351,600	0.2870	1,162,300	0.5120	1,513,900	0.4331
Other Shareholders	26,604,561	21.7139	221,524,907	97.5774	248,129,468	70.9858
Total	122,523,049	100.00	227,024,896	100.00	349,547,945	100.00
Outstanding Shares	26,604,561	21.7139	221,524,907	97.5774	248,129,468	70.9858

Unqualified Special Review Report

Independent Auditors' Report on Review of Interim Financial Information

To
The shareholders and the Board of Directors of
Bradespar S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Bradespar S.A. ("the Company"), included in the Quarterly Information Form - ITR for the three-month period then ended June 30, 2018, which comprise the statement of financial position as of June 30, 2018 and the related statements of income, comprehensive income for the three and six-month period then ended, statements of changes in shareholders' equity and cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of these individual and consolidated interim financial information in accordance with the accounting standard CPC 21(R1) – Interim Financial Reporting and IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board - IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information. Our responsibility is to express a conclusion on these individual and consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Brazilian and International Standard 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 auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the International Accounting Standards Board - IASB applicable to the preparation of the Quarterly Information Form - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of value added

The accompanying individual and consolidated interim financial information relating to Statements of Value Added (DVA) for the six-month period ended June 30, 2018, prepared under the responsibility of Company's management, presented as supplementary information for the purposes of IAS 34, were subjected to the same review procedures performed in conjunction with the review of Quarterly Information Form – ITR of the Company. For the purposes of forming our conclusion, we assess whether these statements are reconciled with the individual and consolidated interim financial information and accounting records, as applicable, and whether their form and content comply with the criteria set forth in with the accounting standard CPC 09 – Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added above mentioned have not been prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

Osasco, August 10, 2018

KPMG Auditores Independentes
CRC 2SP028567/O-1 F SP

Original report in Portuguese signed by
André Dala Pola
Contador CRC 1SP214007/O-2

Report of the Fiscal Council or Similar body

Legal Opinion of the Fiscal Council

The members of the Fiscal Council of Bradespar S.A., in the exercise of their legal and statutory duties, carried out the examination of the Comments of the Management on the performance of the Company and the Individual and Consolidated Financial Statements for the 1Q18, in view of the Review Report prepared by KPMG Auditores Independentes on the mentioned Financial Statements presented without reservations, are of the opinion that the aforementioned items, examined under the accounting practices adopted in Brazil and the current corporate law, were prepared and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, duly reflecting the Company's equity and financial position.

São Paulo, SP, August 10, 2018

- Ariovaldo Pereira
- Domenica Eisenstein Noronha
- João Batista de Moraes
- Ricardo Reisen de Pinho
- Vicente Carmo Santo

Officers` Statement on the Financial Statements

Declaration of the CEO and Investor Relations Officer

Eu, Fernando Jorge Buso Gomes, declaro que:

1. Based on my knowledge, the planning presented by the auditors and subsequent discussions on the audit results, I agree with the conclusions provided for in the Report prepared by KPMG Auditores Independentes, there being no disagreement; and
2. I reviewed Bradespar's Financial Statements for the period ended on June 30, 2018 and, based on subsequent discussions, I agree that said Statements reflect fairly all material respects and the Company's financial position for the period presented..

São Paulo, SP, August 10, 2018.

Fernando Jorge Buso Gomes
CEO and Investor Relations Officer

Officers` Statement on the Independent Auditor`s Report

Declaration of the Executive Officer

I, Johan Albino Ribeiro, hereby declare that:

1. Based on my knowledge, the planning presented by the auditors and subsequent discussions on the audit results, I agree with the conclusions provided for in the Report prepared by KPMG Auditores Independentes, there being no disagreement; and

2. I reviewed Bradespar's Financial Statements for the period ended on June 30, 2018 and, based on subsequent discussions, I agree that said Statements reflect fairly all material respects and the Company's financial position for the period presented.

São Paulo, SP, August 10, 2018.

Johan Albino Ribeiro

Executive Officer