Financial Statements

Maestro Locadora de Veículos S.A.

as of December 31, 2017, and 2016 with Independent Auditor’s Report

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Management Report

1. Message from Management

In 2017 Maestro continued to advance significantly in the development of its business plan. The objective to gradually and consistently increase profitability was achieved in the last year with positive income before taxes of R$ 1,050, reaffirming the trend of increasing profitability demonstrated since the second half of 2016.

The main growth vectors have been a relentless pursuit of optimization of the use of assets (operational efficiency at all stages of the long-term lease cycle) and the reduction in financial expenses, in a favorable environment given the decrease in the basic rate interest. The dilution of the fixed cost structure, through growth in rental revenue, still appears as a point for improvement in future periods.

The annual rental revenue grew 4.5%, an increase of R$ 1,796 in the period, reaching a total of R$ 42,070, distributed to 130 customers.

Throughout 2017, we gained and increased participation with important customers and long-term agreements, between 4 and 5 years, increasing the average term of agreements to 39 months (31 months in 2016). The concentration of the portfolio maintains the level of prior years with the largest customer representing 18.7% and the ten largest customers representing 61.4%.

We ended the year of 2017 with a total fleet of 2,429 cars, and 95% of this total was leased. The market value (FIPE) of our fleet is R$ 107,500. A significant increase of 16% compared to R$ 92,800 in 2016.

The average age of the fleet at December 2017 was 16.8 months (18.2 months in December 2016).

Total net debt reached R$ 61,115, lower than the R$ 31,222 and R$ 46,385 net carrying and market value of our fleet (FIPE), respectively.

This debt has a satisfactory and comfortable extension profile of 43.4% and 56.5% maturing in the short and long term.

The operating cash flow, combined with the typical monthly sale of vehicles of the demobilized fleet has been consistently higher than debt payments (interest and principal). Accordingly, lines of credit contracted during 2017, as in 2016, were intended for the purchase of new vehicles, either for renewal of agreements or acquisition of new customers.

Adjusted EBITDA for 2017 reached R$ 21,066 an increase of 5.9% over the prior year. The EBITDA margin on lease net revenue which was 54.4% reached 55.2%, with a decisive contribution stemming from the decrease in direct operating costs. The gross margin rose for the second consecutive year, increasing from 54.6% to 59.7% in the 12-month period.

Net financial income also contributed significantly to the final result, having fallen 11.2% in 2017, reaching the annual amount of R$ 10,816, a decrease of R$ 1,360 in relation to the 12 months of 2016.

Net income amounted to R$ 382 but is not directly comparable to the amount of R$ 12,824 in 2016, which contained the non-recurring adjustment for deferred taxes of R$ 14,076. The effective tax rate in 2017 was 64% due to the carrying over of current/ deferred tax from the prior year. This value should gradually converge to 34% in the medium/long term.

In the 2016 report, we stated that the main obstacle to Maestro's growth was the general reduction in the availability of credit in terms of maturity and cost which at that time justified maintaining the return on the Company's invested capital. In 2017, particularly in the second six-month period, we identified a significant improvement in funding prospects. The profitability of the agreements has remained constant and given our sales pipeline we are confident of relatively rapid acquisition of new agreements.

As in prior years, we will continue to pursue the continued increase in return on invested capital, regardless of economic and market conditions. In this context, we see the current downward trend in the benchmark interest rate and resumption of economic activity as a positive aspect that can be translated into an acceleration of revenue growth and margins.

The reaffirmation of the debenture rating (BBB + long-term) issued on 2/20/2017 by Liberum Ratings confirms the consistency of our recent trajectory and our financial and operational foundation.

We conclude by reaffirming our commitment to continually advance our monetization goals for invested capital, serving our customers in an exemplary manner, with a high level of operational efficiency and financial liquidity. The 2017 numbers confirm this position, and we are confident that we will continue our sustained growth trend in the coming quarters.

2. Operational and financial performance

	Fiscal Year ended December 31,					
	2017	AV	2016	AV	Variation	
(In R$ thousands, except percentages)		**(%)**		**(%)**		**(%)**
Statement of profit and loss net revenue						
Net revenue	70,989	100.0%	59,983	100%	11,006	18%
Gross lease revenue	42,070	59.3%	40,274	67.1%	1,796	4.5%
(-) Tax on lease revenue	(3,890)	-5.5%	(3,725)	-6.2%	(165)	4.4%
Sale of vehicles	32,809	46.2%	23,434	39.1%	9,375	40.0%
Cost of lease and sale of vehicles	(49,783)	70.1%	(41,486)	69.2%	(8,297)	20.0%
Gross profit	**21,206**	**29.9%**	**18,497**	**30.8%**	**2,709**	**14.6%**
General and administrative operating income (expenses) (a)	(9,555)	13.5%	(9,214)	15.4%	(341)	3.7%
Other operating income (b)	215	0.3%	1,790	3.0%	(1,575)	-88.0%
Total operating income (expenses) (a)+(b)	(9,340)	-13.2%	(7,424)	-12.4%	(1,916)	25.8%
Income before financial expenses net of taxes	**11,866**	**16.7%**	**11,073**	**18%**	**793**	**7.2%**
Financial expenses	(12,403)	17.5%	(14,788)	25%	2,385	-16.1%
Financial income	1,587	2.2%	2,612	4%	(1,025)	-39.2%
Financial income, net	(10,816)	-15.2%	(12,176)	-20%	1,360	-11.2%
Income (loss) before taxes	**1,050**	**1.5%**	**-1,103**	**-2%**	**2,153**	**-195.2%**
Deferred income tax and social contribution.	(668)	-0.9%	13,927	23%	(14,595)	-104.8%
Net income (loss) for the period	**382**	**0.5%**	**12,824**	**21%**	**-12,442**	**-97.0%**

Net revenue

Total net revenue consists of lease revenue and vehicle sales revenue.

The 2017 car rental revenue increased by 4.5% year-on-year reaching R$ 42,070. This increase is almost entirely due to the increase in the average ticket and the higher mix, where the fleet leased for the year remained almost stable compared to 2016.

Vehicle sales revenue was R$ 32,809, 40% increase over the prior year, due to the higher number of vehicles at the end of the agreement and available for sale in 2017.

Cost of lease of vehicles

The cost of leasing vehicles, which in 2017 represented 70.1% of net revenues (69.2% in 2016), increased by R$ 8,297 and reached and R$ 49.8 thousand.

The drivers of this variation were:

- The costs associated with vehicles sold increased by R$ 8,238, equivalent to 99.3% of the variation in total billing. This increase was due to a higher volume of car sales at the end of agreements (as mentioned in the previous paragraph).

- Operating costs, including the maintenance of vehicles, fell 4% with the various operational improvement, fleet renew, l and asset management initiatives.

- Depreciation costs increased by 4.2%, less than the 13% increase in vehicle assets in the respective final periods of 2017-2016. Income from the sale of vehicles ensures the robustness of the depreciation rate used.

General and administrative operating income (expenses)

Administrative operating expenses remained stable in real terms, with nominal growth of 3.7%.

The main change driver were accounted relating to third parties with the engagement of tax and tax consultancy services, among others.

In 2016, we received an important positive contribution of R$ 1,790, under "Other operating income", that revenue consists of non-recurring lease items such as refunds in general, including items related to the recovery of upkeep amounts. In 2017, this account returned to normal recurring levels and reached R$ 215.

Income from sale of vehicles with fleet demobilization.

In 2016, we sold the demobilized vehicles fleet at 103% of the total, evidencing the strength of the pricing policy and a reliable demobilization channel. Over the past few years, we have sold our cars through our network of partner-retailers nationwide.

Managerially we define the result of vehicle sales as below:

Revenue from sales of vehicles = A = R$ 23,434
Cost of vehicles (write-off of asset) = B = R$ 23,945 m
Recovery of losses through sale = C = R$ 1,300 (part of the "maintenance" section).

A/(B-C) = 23.4/(24.0-1.3) = 103%.

In 2017, we improved this ratio further, reaching 106% of the asset value. Analogously:

Revenue from sales of vehicles = A = R$ 32,809
Cost of vehicles (write-off of asset) = B = R$ 32,183
Recovery of losses through sale = C = R$ 1,000 (part of "maintenance" section).

A / (B-C) = 32.8 / (32.2-1.2) = 106%.

EBITDA

EBITDA R$ thousand	**2017**	**2016**	**Variation % (17/16)**
Earnings before taxes (EBT)	1,050	-1,104	-195.1%
(-) Financial expenses, net	10,816	12,176	-11.2%
(-) Depreciation	9,200	8,820	4.3%
EBITDA	**21,066**	**19,892**	**5.9%**
Adjusted EBITDA	**21,066**	**19,892**	**5.9%**
Net lease revenue	38,180	36,549	
EBITDA Margin %	**55.2%**	**54.4%**	

Financial expenses, net

Net financial income fell R$ 1,360 or 11.2% even with the slight increase in the debt (see table below), with significant contributions stemming from the fall in the basic interest rate over 2017.

Income Tax and CSLL (Social Contribution on Net Income)

The current income taxes in 2017 totaled R$ 629 an increase of R$ 417 over the prior year, a reflection of a better overall result, and therefore taxable income.

The deferred income tax rate was R$ 39, without direct comparison with the effects of the non-recurring adjustment in 2016.

Income before taxes and net income.

The combination of the aforementioned factors led to a pre-tax profit of R$ 1,050 compared to a loss of R$ (1,103) in the prior year.

Net income reached R$ 382 in 2017. In 2016 the result was positive by R$ 12,824 with the non-recurring effect of the revaluation of deferred assets in accordance with the previous accompanying note.

3. Investments

The Company invested R$ 48,420 in the acquisition of new vehicles in 2017 amounting to a total of 1,052 cars at an average price of R$ 45.9 thousand per vehicle. In 2016 the average value of cars purchased was R$ 43.3 thousand, an increase of 5% on the purchase price. The discounts at vehicle makers remained at equivalent amounts.

4. Indebtedness

Indebtedness	**2017**		**2016**		**Variation 17/16**
	R$ thousand	**%**	**R$ thousand**	**%**	**%**
Current	33,250	43.4%	23,256	33.7%	43.0%
Non-current	43,320	56.6%	45,815	66.3%	-5.4%
Total gross debt	**76,570**	**100.0%**	**69,071**	**100.0%**	**10.9%**
Cash and investments	15,455		10,964		41.0%
Total net debt	**61,115**		**58,107**		**5.2%**

The change in indebtedness for the fiscal year is directly related to the price difference between a new car and a vehicle demobilized under fleet renewal.

The increase in total debt of R$ 3,008, the main vector of which was buying cars where variation in the total fleet (the purchase price) was R$ 10,400.

Changes to the accounts of working capital, mainly Trade accounts payables with increase of R$ 5,279 due to the payment period with vehicle makers at the end of the period in 2017, and operating margin (EBITDA) accounts for the remainder of the variation in net debt.

5. Equity (Capitalization)

The change in net equity reflects the effect of accumulated earnings for the period.

6. Ratios

Ratios (x)	2017	2016
Net debt /EBITDA	**2.90**	2.91
Net debt /Net fleet	**0.66**	0.71
Net debt/PL	**1.23**	1.17

The current ratios ensure sufficient space for future growth without prejudice to financial sustainability at levels appropriate to the Company's business cycle. The growth of the ratios is related to the increase in the value of assets (vehicles) and associated debt.

7. Corporate Governance

In compliance with corporate governance practices, Maestro has a Board of Directors consisting of 5 members and an Executive Board consisting of 3 members.

Board of Directors

Name	Title
Alberto Costa Sousa Camões	Chairman of the Board
Eduardo Magalhães Oliveira	Vice Chairman of the Board
Fernando Zingales Oller do Nascimento	Effective Director
Alan Lewkowicz	Effective Director
Antonio Carlos Romeiras de Lemos	Independent Director

Executive Board

Name	Title
Fábio Lewkowicz	Superintendent-Director
Carlos Miguel O.M. Borges Alves	Chief Administrative, Financial and Investor Relations Officer
Mônica Jorgino Marcondes	Superintendent Director

8. Relationship with independent auditors

In compliance with CVM Rule No.381/2003, which covers the provision of other services by our independent auditors, the Company has adopted the practice of not engaging the consulting services of the independent auditors to avoid conflicts of interest, which may affect auditor independence. The segregation of the independent auditor services was: (i) audit of annual and individual financial statements, review of the quarterly interim and individual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance with accounting practices adopted in Brazil.

[Letterhead of EY]

Independent auditor's report on financial statements

To
Shareholders, Directors, and Officers of **Maestro Locadora de Veículos S.A.**
Embu das Artes, São Paulo

Opinion

We have audited the financial statements of Maestro Locadora de Veículos S.A. ("Company"), which comprise the statement of financial position as at December 31, 2017, and the related statements of profit and loss, comprehensive income, changes in equity and the cash flow statement for the fiscal year then ended, and a summary of Significant accounting policies and other notes.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Maestro Locadora de Veículos S.A. at December 31, 2017, the performance of its operations and its cash flows for the fiscal year then ended in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities, pursuant to those standards are described in the following section entitled "Auditor's responsibilities for the audit of financial statements". We are independent in relation to the Company according to the relevant ethical principles set out in the Code of Ethics of Professional Accountant and professional standards issued by Brazil´s National State Boards of Accountancy (CFC) and comply with other ethical responsibilities in accordance with those standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each of the matters below, a description of how our audit has addressed them, including any comments on the results of our procedures, is presented in the context of the overall financial statements.

We have fulfilled the responsibilities described in the section "Auditor's responsibilities for the audit of the financial statements" section, including those relating to these key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our procedures, including those performed to address the matters below, provide the basis for our audit opinion on the Company's financial statements.

Realization of deferred tax estimate

The Company recognized income tax and social contribution tax assets on temporary differences, tax income and social contribution tax losses as detailed in Note 9, at the amount of R$ 11,825 thousand at December 31, 2017. The Company recognizes these deferred taxes to the extent that there is future taxable income.

This matter was considered one of the key audit matters due to the subjectivity and judgment in estimating future taxable income, considering projections of future results prepared and based on internal assumptions and future economic scenarios.

How our audit addressed this issue

As part of our audit procedures we involved our professional valuation experts in assisting us in the analysis of projections of income and future realization of those deferred tax assets; we analyzed projections for the realization of deferred taxes prepared by management, which mainly included, among other activities: i) the testing of projected financial information used; ii) a comparison of the assumptions and methodologies used in the industry, by competitors and the financial/ economic scenario in Brazil; and iii) an analysis of the use of valuation methods and external information. This information is derived from the Company's business plan approved by those charged with governance.

Based on the result of the audit procedures performed on the recoverability of deferred income tax through availability of future taxable income, which is consistent with management's assessment, we consider that the criteria and assumptions concerning recoverable deferred income tax adopted by management, as well as the related disclosures in Note 9, are acceptable, in the context of the overall financial statements.

Definition of the residual value and useful life of vehicles

As mentioned in Note 2.h, the Company's management defines the residual value of vehicles operating from the expected sale value at the end of their useful life, considering their best estimate and based on records of similar events. The depreciable value of a vehicle is the difference between the acquisition cost and the estimated residual value based on the estimated useful life and is directly related to the expected renewal of the fleet.

This matter was considered one of the key audit issues due to the subjectivity and judgment used in the definition of the useful life of the assets and the estimated residual value.

How our audit addressed this issue

Our audit procedures included, among others: i) building an understanding and evaluating the assumptions used by management in determining the residual value of vehicles; ii) review of the documents which support the definition of the main assumptions used in determining the residual value of vehicles; and iii) an analysis of the results from the sale of vehicles recognized during the fiscal year.

Based on the result of the audit procedures performed on the definition of residual value and useful life of vehicles, which is consistent with management's assessment, we consider that the criteria and assumptions on the definition of residual value and useful life of the vehicles adopted by management, as well as the related disclosures in Note 2.h, are acceptable, in the context of the overall financial statements.

Other matters

Statement of value added

The Statement of Value Added (SVA) for the fiscal year ended December 31, 2017, prepared under Management's responsibility, was subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we assessed whether this statement is reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set forth in CPC 09 - Statement of Value Added. In our opinion, this statement of value added has been properly prepared, in all material respects, in accordance with the criteria set forth in this accounting standard and is consistent with the overall financial statements.

Other information accompanying the financial statements and the auditor's report

The Company's management is responsible for other information including the Management Report.

Our opinion on the financial statements does not cover the Management Report, and we do not express any form of assurance thereon.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on our work, we conclude that there is material misstatement in the Management Report we are required to report that fact. We have nothing to report in this regard.

Management’s responsibility for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue operating as a going concern, disclosing, as applicable, matters relating to its going concern and using the going concern basis of accounting in preparation of the financial statements, unless the management either intends to liquidate the Company, or cease its operations, or has no realistic alternative but to do so.

Those charged with governance of the Company are those with the responsibility for overseeing the preparation of the financial statements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect material misstatements when these exist. Misstatements can arise from fraud or error and are considered material if, individually or jointly, these could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of the audit conducted in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform procedures responsive to those risks and obtain audit evidence this is appropriate and sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than one resulting from error, as may involve overriding internal controls, collusion, forgery, intentional omissions or misrepresentations.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressinan g opinion on the effectiveness of Company´s internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness management´s use of the going concern basis of accounting and, based on the audit evidence obtained, assess whether a material uncertainty exists related to events or conditions that may cast significant doubt as to the ability of the Company to continue operating as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structu, e and content of the financial statements, including the disclosures and whether the financial statements represent the corresponding transactions and events in a manner that achievea s fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our work.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, regarding independence and communicate all relationships or other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were considered material in the audit of the financial statements for the current fiscal year and, accordingly, constitute the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 26, 2018.

ERNST & YOUNG
Auditores Independentes S.S.
2SP034519/O-6

(sgd)
Alessandra Aur Raso
Accountant CRC (Regional Accounting Council)-1SP248878/O-7

Maestro Locadora de Veículos S.A.

Statement of financial position
as of December 31, 2017, and 2016
(In thousands of reais)

	Note	12/31/2017	12/31/2016
Current assets			
Cash and cash equivalents	4	**11,239**	6,293
Restricted-use financial investments	5	**900**	73
Trade accounts receivable	6	**9,230**	10,799
Demobilization of vehicles for fleet renewal	7	**538**	821
Recoverable taxes		**595**	1,028
Prepaid expenses	8	**1,023**	1,337
Other receivable accounts		**852**	668
Total current assets		**24,377**	21,019
Non-current			
Restricted-use financial investments	5	**3,316**	4,598
Trade accounts receivable	6	**2,391**	515
Judicial deposits	14	**-**	101
Prepaid expenses	8	**924**	941
Income tax and social contribution	9,b	**11,825**	11,864
Other receivable accounts		**452**	-
Fixed Assets	10	**93,025**	82,503
Intangible assets		**5**	41
Total noncurrent assets		**111,938**	100,563
Total assets		**136,315**	121,582

	Note	12/31/2017	12/31/2016
Current liabilities			
Trade payables	11	**6.148**	869
Loans and financing	12	**22.104**	12.099
Payable debentures	13	**11.146**	11.157
Salaries, charges, and social contributions		**482**	561
Tax obligations		**714**	414
Other accounts payable		**2.029**	1.047
Total current liabilities		**42.623**	26.147
Non-current			
Loans and financing	12	**31.289**	22.627
Payable debentures	13	**12.031**	23.188
Other accounts payable		**452**	-
Provision for contingencies	14	**18**	100
Total noncurrent liabilities		**43.790**	45.915
Equity			
Capital stock	15	**51.735**	51.735
Retained earnings		**3.796**	3.686
Accumulated losses		**(5.629)**	(5.901)
Total equity		**49.902**	49.520
Total liabilities and equity		**136.315**	121.582

The notes are an integral part to the financial statements.

Maestro Locadora de Veículos S.A.

Statement of profit and loss
Fiscal Years ended December 31, 2017, and 2016
(In thousands of reais)

	Note	12/31/2017	12/31/2016
Net revenue	17	**70,989**	59,983
Lease and vehicle selling costs	18	**(49,783)**	(41,486)
Gross profit		**21,206**	18,497
Operating income (expenses)			
General and administrative expenses	19	**(9,555)**	(9,214)
Other operating income, net	19	**215**	1,790
		(9,340)	(7,424)
Income before net financial expenses and taxes		**11,866**	11,073
Financial income (expenses)			
Financial expenses	20	**(12,403)**	(14,788)
Financial income	20	**1,587**	2,612
Financial income, net		**(10,816)**	(12,176)
Income (loss) before taxes		**1,050**	(1,103)
Current income tax and social contribution	9,a	**(629)**	(212)
Deferred income tax and social contribution.	9,a	**(39)**	14,139
Net income (loss) for the fiscal year		**382**	12,824
Earnings per share – basic and diluted	16	**0.22**	7.40

The notes are an integral part to the financial statements.

Maestro Locadora de Veículos S.A.

Statement of comprehensive income
Fiscal Years ended December 31, 2017, and 2016
(In thousands of reais)

	12/31/2017	**12/31/2016**
Net income (loss) for the fiscal year	**382**	12,824
Other comprehensive income	**-**	-
Total comprehensive income	**382**	12,824

The notes are an integral part to the financial statements.

Maestro Locadora de Veículos S.A.

Statement of changes in equity
Fiscal Years ended December 31, 2017, and 2016
(In thousands of reais)

				Retained earnings			
	Note	Capital stock	Accumulated losses	Legal reserve	Undistributed dividends	Accumulated profits	
Balances at January 1, 2016		51,735	(15,039)	-	-	-	36,696
Net income (loss) for the fiscal year		-	-	-	-	12,824	12,824
Setting up of legal reserve		-	-	641	-	(641)	-
Setting up of reserve for dividends to be distributed		-	-	-	3,045	(3,045)	-
Offset of losses		-	9,138	-	-	(9,138)	-
Balances at December 31, 2016		51,735	(5,901)	641	3,045	-	49,520
Net income (loss) for the fiscal year		**-**	**-**	**-**	**-**	**382**	**382**
Setting up of legal reserve		**-**	**-**	**19**	**-**	**(19)**	**-**
Setting up of reserve for dividends to be distributed		**-**	**-**	**-**	**91**	**(91)**	**-**
Offset of losses		**-**	**272**	**-**	**-**	**(272)**	**-**
Balances at December 31, 2017		**51,735**	**(5,629)**	**660**	**3,136**	**-**	**49,902**

The notes are an integral part to the financial statements.

Maestro Locadora de Veículos S.A.

Cash flow statement - indirect method
Fiscal Years ended December 31, 2017, and 2016
(In thousands of reais)

	12/31/2017	12/31/2016
Cash flow from operating activities		
Net income (loss) for the fiscal year	**382**	12,824
Adjustments:		
Deferred income tax and social contribution.	**39**	(14,139)
Depreciation and amortization	**9,200**	8,820
Residual cost of written-off fixed assets and demobilized vehicles for fleet renewal	**32,212**	24,040
Write-off/ return of fixed assets due to theft and/or a total write-off	**-**	(55)
Financial charges	**10,842**	13,426
Amortization of debenture issuance costs	**704**	705
Estimated loss with doubtful accounts	**673**	573
Reversal of provision for contingencies	**(82)**	-
Recognition / reversal of provision for loss of fixed assets or demobilized vehicles for fleet renewal	**(319)**	113
Variations in assets and liabilities:		
Trade accounts receivable	**(980)**	(4,813)
Acquisition of vehicles (see Note 23)	**(42,878)**	(37,090)
Recoverable taxes	**433**	87
Prepaid expenses	**331**	(717)
Judicial deposits	**101**	(25)
Other receivable accounts	**(636)**	(121)
Trade payables (except vehicle makers)	**(263)**	(349)
Salaries, charges, and social contributions	**(79)**	185
Tax obligations	**300**	110
Other accounts payable	**1,434**	298
Net Cash used in operating activities	**11,414**	3,872
Cash flow from investing activities		
Restricted-use financial investments	**455**	433
Acquisition of other fixed assets	**(2,876)**	(1,298)
Net cash provided by investing activities	**(2,421)**	(865)
Cash flow from financing activities		
Raising of loans, financing, debentures, and consortia	**37,131**	25,703
Repayment of loans, financing, debentures, consortia and finance leases	**(31,205)**	(22,205)
Interest paid	**(9,973)**	(13,552)
Net cash used in financing activities	**(4,047)**	(10,054)
Increase/(decrease) in cash and cash equivalents	**4,946**	(7,047)
Statement of increase (decrease) in cash and cash equivalents		
At the beginning of the fiscal year	**6,293**	13,340
At the end of the fiscal year	**11,239**	6,293
	4,946	(7,047)

The notes are an integral part to the financial statements.

Maestro Locadora de Veículos S.A.

Statement of value added
Fiscal Years ended December 31, 2017, and 2016
(In thousands of reais)

	12/31/2017	12/31/2016
Revenues		
Gross revenue from lease and sale of vehicles	**74,879**	63,708
Other revenues	**5,058**	4,817
Discounts granted and cancellations	**-**	(64)
Estimated loss with doubtful accounts	**(673)**	(573)
	79,264	**67,888**
Inputs acquired from third parties (including ICMS, IPI, PIS, and COFINS)		
Cost of services rendered	**(11,908)**	(10,379)
Materials, energy, third-party services, and other expenses	**(2,836)**	(2,883)
Advertising and publicity	**(101)**	(133)
Cost on disposal for renewal of fleet vehicles and other fixed assets	**(32,183)**	(24,040)
	(47,028)	(37,435)
Gross value added	**32,236**	30,453
Depreciation and amortization	**(9,200)**	(8,820)
Net value added produced by the Company	**23,036**	21,633
Value-added received in transfer		
Financial income	**1,587**	2,612
Total value added to be distributed	**24,623**	24,245
Distribution of value added	**24,623**	24,245
Personnel		
Direct compensation	**4,460**	4,161
Benefits	**594**	495
FGTS (Government Severance Indemnity Fund for Employees)	**234**	224
Taxes, charges, and contributions		
Municipal	**-**	2
Federal	**5,994**	(8,659)
Compensation of third parties' capital		
Interest and expenses on loans and debentures	**10,842**	14,374
Rent	**459**	467
Other	**1,658**	357
Equity remuneration		
Net income (loss) for the fiscal year	**382**	12.824

The notes are an integral part to the financial statements.

Maestro Locadora de Veículos S.A.

Notes to financial statements
as of December 31, 2017, and 2016
(In thousands of reais, unless otherwise stated)

1. Operating Context

Maestro Locadora de Veículos S.A. ("Maestro" or "Company") is a closely-held Brazilian corporation but does not have shares traded in the market. The Company was incorporated on April 5, 2007, with administrative offices located at Avenida Queiroz Filho, 1560, Vila Hamburguesa, São Paulo, in the State of São Paulo and headquartered at Rua Paulo do Vale, 356 - Salão 3 fundos, Vila Cercado Grande, Embu das Artes in the State of Sao Paulo.

The Company operates throughout Brazil in the long-term vehicle without drivers lease segment, providing fleet outsourcing services. The vehicles are acquired from the major vehicle makers in Brazil and remain in use for an average period of two to three years and are then sold in used car retail channels and at specialized auctions. It is important to highlight that on December 31, 2017; the Maestro fleet consisted of 2,429 vehicles (2,486 at December 31, 2016).

At the operational level, we continue to work to ensure the ongoing improvement of logistics and operational efficiency seeking to reduce both the number of days in which a car can be made available to a customer and the period in which a vehicle is sold.

We maintain long-term business partnerships with leading vehicle makers in Brazil ensuring not only a relatively diversified base of potential Trade accounts payables as well as the general competitive conditions for the acquisition of vehicles. Over the years this relationship has guaranteed adequate business terms for the profile of customers we seek to maintain and gain. We also seek continuous improvement in the general conditions for the purchase of vehicles as the Company evolves in its business cycle.

2. Basis of preparation

a) <u>Statement of compliance and basis of preparation</u>

The financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the provisions of corporate law, set out in Law 6404/76, as amended; the rules and regulations issued by Brazilian Securities and Exchange Commission ("CVM"); and accounting pronouncements, interpretations and guidelines issued by the Brazilian FASB ("CPC"), approved by Accounting Pronouncements Committee (CFC) and the CVM, and are in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

2. Basis of preparation - Continued

a) Declaration of conformity with the standards of the Accounting Pronouncements Committees (CPC) and standards of the Brazilian Securities and Exchange Commission (CVM) - Continued

All relevant Company information in this annual financial statement and only that information is being evidenced and corresponds to that used by management in its administration.

The issue of these individual financial statements was authorized by the Company's Board of Directors on March 16, 2018.

b) Functional and reporting currency

The financial statements are presented in reais (R$), which is the Company's functional currency.

c) Use of estimates and judgments

In the preparation of the financial statements, management used judgments, estimates, and assumptions which affect the application of the Company's accounting policies and the reported values of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and assumptions are reviewed continuously. Revisions of estimates are recognized prospectively.

d) Judgments

Information about judgments made in applying accounting policies that have a significant effect on the amounts recognized in the financial statements are included in the following notes:

- Note 7 – Demobilization of vehicles for fleet renewal;
- Note 10 – Fixed Assets (vehicle depreciation) and residual value

2. Basis of preparation - Continued

e) Uncertainties about assumptions and estimates

Information on uncertainties about assumptions and estimates that pose a significant risk of resulting in a material adjustment in the following fiscal year are included in the following notes:

- Note 6 – Trade accounts receivable (changes in the allowance for loan losses);
- Note 7 – Demobilization of vehicles for fleet renewal;
- Note 9 – Deferred income tax and social contribution;
- Note 10 – Fixed Assets (vehicle depreciation and residual value)

f) Financial instruments

Initial recognition and measurement

Financial instruments are recognized as from the date the Company becomes a party to the contractual provisions thereof. When recognized, they are initially measured at fair value plus transaction costs directly attributable to their acquisition or issuance.

Financial assets are classified and recognized into the following categories: financial assets measured at fair value through profit or loss, loans and receivables, held-to-maturity, financial assets available-for-sale or hedge instruments.

Financial liabilities are classified and recognized at fair value through profit or loss, loans and financing, accounts payable or hedge instruments.

The Company has no derivative assets or liabilities measured at fair value through profit or loss.

Subsequent measurement - financial assets

During the reporting period, all financial assets held by the Company were classified as loans and receivables or assets held to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments which, however, are not quoted in an active market. The subsequent measurement of these assets is amortized cost using the effective interest rate method, less impairment or deterioration.

2. Basis of preparation - Continued

f) Financial instruments - Continued

Assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company both intends and is capable of holding to maturity. The subsequent measurement of these assets is amortized cost using the effective interest rate method, less impairment or deterioration.

Financial assets are regularly assessed for deterioration and impairment is recognized, when applicable, if an asset's carrying amount exceeds its value in use indicated by the present value of estimated future cash flows over the amount recorded in assets. This loss is recorded in the statement of profit and loss and in a provision in the statement of financial position reducing the carrying amount of the asset.

Subsequent measurement - financial liabilities

During the fiscal year, all financial liabilities held by the Company were classified as loans and financing or accounts payable.

Loans and financing are contractual loan agreements with interest loans with financial leases. The subsequent measurement of these liabilities is at amortized cost using the effective interest rate method.

Accounts payable are liabilities held mainly with Trade accounts payables or related parties. The subsequent measurement of these liabilities is at amortized cost using the effective interest rate method.

Financial instruments are only recognized as from the date the Company becomes a party to the contractual provisions thereof. When recognized, they are initially measured at fair value plus transaction costs directly attributable to their acquisition or issue, except for financial assets and liabilities classified as measured at fair value through profit or loss, when such costs are charged directly to statement of income for the fiscal year. Their subsequent measurement takes place at each statement of financial position date in accordance with the rules established for each type of classification of financial assets and liabilities into: (i) financial assets and liabilities measured at fair value through profit or loss; (ii) held to maturity; (iii) loans (granted) and receivables; (iv) financial assets not measured at fair value; and (v) available for sale.

2. Basis of preparation - Continued

g) Basis of measurement

The financial statements were prepared based on historical cost, except for the following material items recognized in the statement of financial positions:

- Vehicles undergoing demobilization for fleet renewal are measured at fair value less selling costs;

- Financial instruments designated at fair value through profit or loss are measured at fair value;

h) Significant accounting policies

Accounting practices described in detail below have been consistently applied to all fiscal years presented in these financial statements.

Cash and cash equivalents

Cash equivalents are held by the Company for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company considers cash equivalents a short-term investment readily convertible into a known cash amount and subject to an insignificant risk of change in value. Therefore, an investment normally qualifies as a cash equivalent when it has the short-term maturity, for example, three months or less from the date it is taken out.

Restricted-use financial investments

Restricted-use financial investments refer to bank deposit certificates, which reflect normal market conditions and which, at the statement of financial position date, do not have immediate liquidity and pose no risk of significant changes in interest rate fluctuations. These investments are measured at fair value through profit or loss. These financial investments are pledged in guarantee for Company bank loans.

Trade accounts receivable and allowance for doubtful accounts

Accounts receivable represent the services rendered and the sale of vehicles up to the statement of financial position date and are presented net of the allowance for doubtful accounts, which was recorded in an amount considered sufficient by management to cover possible losses on accounts receivable.

2. Basis of preparation - Continued

h) Significant accounting policies - Continued

Demobilization of vehicles for fleet renewal

The vehicle fleet is renewed after its useful life, which basically comprises the fiscal year in which the fleet is leased to third parties. After this period the vehicles cease depreciation and are held for sale (ancillary activity to their operation). These are measured at the lowest amount between cost and net realizable value, as required by CPC 31 - Non-Current Assets Held for Sale and Discontinued Operations.

The net realizable value is the estimated selling price in the ordinary course of business. Its estimated sales pricing uses reference to market prices, the historical characteristics of the Company's sales, as well as the use and implementation of the fleet that is the subject of the pricing, as a basis.

Deactivating fixed assets occurs due to the need for fleet renewal at the end of the fiscal year of fleet utilization in leasing activities.

Fixed Assets

Recognition and measurement

These are measured at historical acquisition cost less accumulated depreciation and accumulated impairment losses when required.

Costs include expenditures directly attributable to asset acquisition. When parts of an item of Fixed Assets have different useful lives, these are recorded as separate items (major components) of Fixed Assets.

Gains and losses on disposal of Fixed Assets items (calculated are the difference between funds stemming from disposal and the carrying amount of Fixed Assets) are recognized net under “Other operating revenues/ expenses" in Fixed Assets.

The replacement cost of Fixed Assets component is recognized in the carrying amount of the item if it is probable that the economic benefits incorporated in the component will flow to the Company and its cost can be measured reliably. The carrying amount of the component that has been replaced by another is written-off. Daily maintenance costs of property and equipment items are recognized in Fixed Assets as incurred.

(In thousands of reais, unless otherwise stated)

2. Basis of preparation - Continued

h) Significant accounting policies - Continued

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less the residual value (estimated value that the Company shall obtain from the sale of the asset, after deducting the estimated selling costs, if the asset were of the expected age and condition at the end of its useful life).

Depreciation is recognized in profit or loss based on the straight-line method in relation to estimated useful lives of each part of fixed assets item since this method better reflects the pattern of consumption of future economic benefits embodied in the asset. Leased assets are depreciated under the shortest period between the lease term and the useful lives unless it is reasonably certain that the Company shall gain ownership at the end of the lease.

The estimated useful life for Fixed Assets are approximate:

	12/31/2017	**12/31/2016**
Vehicles	2 - 3 years	2 - 3 years
Computer and telephone equipment	5 - 10 years	5 - 10 years
Machinery and equipment	10 years	10 years
Furniture and fixtures	10 years	10 years
Lease of furniture	10 years	10 years
Improvements	10 years	10 years

With regard to the Company's operating vehicles, depreciation is measured as the difference between the cost and the net residual value, where the latter, is the estimated selling price in the ordinary course of business.

Its estimated sales pricing uses reference to market prices, the historical characteristics of the Company's sales, as well as the use and implementation of the fleet that is the subject of the pricing, as a basis.

2. Basis of preparation - Continued

h) Significant accounting policies - Continued

Other assets and liabilities

A liability is recognized in the statement of financial position when the Company has a legal obligation or obligation resulting from a past event that shall probably require an economic resource to settle it. Provisions are set up reflecting the best estimates of the risk involved.

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

Assets and liabilities are classified as current whenever their realization or settlement is likely to occur within the following twelve months. Otherwise, they are stated as noncurrent.

Impairment

Financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that there has been impairment. An asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that loss event had a negative effect on the estimated future cash flows that can be estimated in a reliable manner.

Objective evidence that a financial asset is impaired may include non-payment or late payment by a debtor, restructuring of the amount owed to the Company on terms that the Company would not consider in other transactions, indications that the debtor or issuer shall enter into bankruptcy or the disappearance of an active market for a security. In addition, for an equity instrument, a significant or long-lasting decrease in its fair value below its cost indicates objective evidence of impairment loss.

2. Basis of preparation - Continued

h) Significant accounting policies - Continued

Impairment - Continued

Financial assets measured at amortized cost

The Company considers evidence of impairment of assets measured at amortized cost (for receivables and investment securities held to maturity), both individually and collectively. Individually significant assets are assessed for loss of specific value. In assessing an impairment loss collectively, the Company uses historical default probability trends for the recovery period and the loss amount incurred, adjusted to reflect management's judgment as to whether the assumptions, current economic or credit conditions are such that actual losses shall be higher or lower than those suggested by historical trends.

Non-financial assets

The carrying amounts of the Company´s non-financial assets, with the exception of income tax and social contribution (that comply with the pronouncement CPC 01 R1), are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated.

An impairment loss is recognized if the carrying amount of the asset or Cash Generating Unit (“CGU”) exceeds its recoverable amount.

The recoverable amount of an asset or a cash-generating unit is defined as the higher value between value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market conditions in the fiscal year of capital recoverability and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped to the smallest group of assets that generate continuously used cash inflows which are largely independent of cash flows of other assets or groups of assets ("cash-generating unit or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss.

2. Basis of preparation - Continued

h) Significant accounting policies - Continued

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) as a result of a past event, and when an economic outflow of funds will likely be required to settle the obligation and a when the amount of the obligation can be reliably estimated. When the Company expects that the amount of a provision will be reimbursed, whether in full or in part, the reimbursement is recognized as a separate asset, but only when it is virtually certain. The expense relating to any provision is stated in the statement of profit and loss, net of any reimbursement.

In addition, in rare cases where it is unclear whether there is a present obligation, it is assumed that a past event gives rise to a present obligation if, taking into account all available evidence, it is more likely than not that there is a present obligation at the statement of financial position date.

Net operating revenue

Vehicle lease revenue

Revenue from the lease of assets (vehicles) is measured at the fair value of the consideration received or receivable. Revenues from the lease of the fleet are recognized on a monthly basis by fiscal year of the lease agreement.

Sale of vehicles

The net operating income from the sale of goods (vehicles), which is an ancillary and supplementary activity to vehicle leasing, is measured at the fair value of the consideration received or receivable. Operating revenue is recognized when there is evidence that the most significant risks and rewards of ownership of the assets have been transferred to a buyer, when it is probable that the financial, economic benefits shall flow to the Company, when the associated costs and possible return of vehicles can be estimated reliably, when there is no continued involvement with the goods sold and when the value of net operating revenue can be measured reliably. If it is probable that discounts shall be granted and the amount can be measured reliably, then the discount is recognized as reducing net operating revenue as sales are recognized.

2. Basis of preparation - Continued

h) Significant accounting policies - Continued

Financial income and expenses

Financial income includes interest income on invested funds and late payment interest due on amounts receivable. Interest income is recognized in the statement of profit and loss through the effective interest method.

Financial expenses include interest on loans and financing and changes in the fair value of financial assets measured at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognized in statements of income using the effective interest method.

Income tax and social contribution

The taxation on net income comprises income tax and social contribution. Income tax is calculated on taxable profit at a rate of 15%, plus a surtax of 10% on profit exceeding R$ 240 over 12 months, whereas social contribution tax is calculated at a rate of 9% on taxable profit, both recognized on an accrual basis. Therefore, additions to book losses deriving from temporarily nondeductible expenses or exclusions from temporarily non-taxable income to determine current taxable profit generate deferred tax assets or liabilities.

Prepaid or recoverable amounts are stated in current or noncurrent assets, based on their estimated realization.

Deferred tax credits arising from income and social contribution tax losses are recognized only to the extent that there will be a positive tax base on which the temporary differences are likely to be used.

Deferred income tax and social contribution assets are reviewed at each reporting date and will be reduced to the extent that their realization is no longer probable.

The deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets or liabilities and these relate to income taxes levied by the same tax authority on the same taxable entity.

2. Basis of preparation - Continued

h) Significant accounting policies - Continued

Statements of Cash Flows (DFC)

The annual cash flow information, by the indirect method, is prepared and presented in accordance with the accounting standard CPC 03 (R2) - Statements of Cash Flows (DFC).

Statement of value added

The Company prepared the statement of value added (SVA) in accordance with CPC 09 - Statement of Added Value, which is presented as an integral part of the financial statements in accordance with BR GAAP applicable to publicly traded companies.

i) New or reviewed pronouncements adopted for the first time in 2017

The Company applied certain changes to the standards in force for annual periods beginning on January 1, 2017, or thereafter, for the first time. The Company has decided not to adopt any other standard, interpretation or amendment early, that have been issued but are not yet effective.

The nature and impact of each of the new standards and amendments that are applicable to the Company are described below:

Amendments to IAS 7 - Statements of Cash Flows: Disclosure Initiative

The amendments require entities to present disclosure of changes in their liabilities resulting from financing activities, including changes resulting from cash flows and changes not affecting cash (such as foreign exchange variations). The Company has provided information for the current period and for comparison purposes.

Amendments to IAS 12 - Income Taxes: Recognition of deferred tax assets through unrealized losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable income for which deductions are allowed on the reversal of temporary deductible differences related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable income and explain the circumstances in which taxable income may include the recovery of certain assets at amounts higher than their carrying amount. The Company applied the amendments retrospectively. However, this application has no effect on its financial position or the performance of operations given that the Company has no deductible temporary differences or assets that are within the scope of the changes.

Cycle of annual improvements - 2015-2017

Amendments to IFRS 12 - Disclosures of Interest in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements of IFRS 12 distinct from those provided in paragraphs B10-B16 apply to the interests of an entity in a subsidiary, a joint venture or an affiliate (or a portion of its interest in a joint venture or in an affiliate), which are classified (or included in a group for disposal purposes that is classified) as held for sale. These improvements have no impact on the Company's financial statements.

j) Pronouncements issued, but not yet effective at December 31, 2017

The standards and interpretations issued but not yet adopted by the reporting date for the Company's financial statements are presented below. The Company intends to adopt these standards, if applicable when they enter into force.

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final draft of IFRS 9 - Financial Instruments (CPC 48 - Financial Instruments), which replaces IAS 39 - Financial Instruments: Recognition and Measurement and all previous drafts of IFRS 9. IFRS 9 groups together all three aspects of accounting for financial instruments: classification and measurement, impairment loss and hedge accounting. IFRS 9 is effective for annual periods beginning on January 1, 2018, or thereafter, with early adoption permitted. With the exception of hedge accounting, retrospective application is required, but the presentation of comparative information, however, is not mandatory.

Maestro shall adopt the new standard on the effective date of its entry into force and shall restate comparative information. In 2017, it conducted an assessment of the impact of the three aspects of IFRS 9, and that assessment is based on information currently available and may be subject to change due to reasonable and likely supporting information being made available to the group in 2018 when the Company shall adopt such standard. In general, the Company does not foresee any significant impact on the statement of financial position or in the statement of changes in equity. Pursuant to the analyses made by management, the following considerations have been identified:

(a) Classification and measurement

The Company does not expect a significant impact on its Statement of financial position or equity when applying the classification and measurement requirements of IFRS 9. It is expected to continue to measure the fair value of all financial assets currently held at fair value. Loans and trade accounts receivable are held to pay contractual cash flows and should give rise to cash flows that represent solely principal and interest payments. Accordingly, the Company expects that these continue to be measured at amortized cost under IFRS 9.

(b) Impairment

The Company does not expect a significant impact on its statement of financial position or Statement of profit and loss by applying the new impairment requirement. It also believes that the methodology of calculation of a provision for losses projected by the aging list model is the best model to reflect estimated losses. It is also important to stress that under Company's policy revenue is recognized only after the "acceptance" of its customers, which greatly minimizes the risk of default.

(c) Hedge accounting

The Company does not expect any significant impact on its statement of financial position or equity since it does not have any hedge accounting operations.

IFRS 15 - Revenue from contracts with customers

IFRS 15 (CPC 47 - Revenue from Contracts with Customers) was issued in May 2014 and amended in April 2016 and establishes a five-step model that applies to the revenue stemming from customer contract, regardless of the type of industry or transaction revenue. It applies to all contract customer revenues in accordance with the transfer of goods and services involved. Extensive disclosures are also required by this standard. This statement shall be applied to annual periods as from January 1, 2018. Early adoption, although provided by the IFRS, was not permitted by regulatory authorities in the Brazilian capital market.

Maestro performed an analysis with regard to the identification of the most relevant effects of the standard and did not identify any material effects that required any additional disclosure.

Items such as guarantees, licensing and advances to customers are not applicable to the operation of the Company.

The presentation and disclosure requirements in IFRS 15 are more detailed than in the IFRS currently in force. The reporting requirements represent a significant change from the practice in force and significantly increase the volume of disclosures required in the Company's financial statements. Many of the IFRS 15 disclosure requirements are new, and the Company assessed that the impact of some of these would be significant. In particular, the Company expects that the notes to the financial statements shall be more extensive even if the differences of the standard are not significant.

IFRS 16 - Leases (CPC 06 (R2) - Leasing Operations

The new standard establishes the principles, both for the customer (lessee) and the Trade accounts payable (lessor) on the provision of relevant information on leases so that leasing operations are clearly shown in the financial statements. To achieve this goal, the lessee is required to recognize assets and liabilities arising from a lease agreement. The standard includes two recognition exemptions for lessors - low-value asset and short-term leases (i.e., a lease term of 12 months or less). This Statement shall be applied to annual periods beginning on or after January 1, 2019.

There are no significant amounts in operating leases payable. Therefore, the Company does not expect significant impacts.

In addition, the following new standards, amendments, and interpretations were issued by the IASB. However management does not expect any material impact on the financial statements upon their first-time adoption:

- Amendments to IFRS 2 - Amendments addressing areas involving measurement, classification, and modification of terms and/ or conditions of such transactions will be effective from annual periods beginning on January 1, 2018.

- Amendments to IFRS 4 - Amendments addressing concerns about the adoption of IFRS 9 will be effective from annual periods beginning on January 1, 2018.

The Company intends to adopt those standards when they become effective disclosing and recognizing the impact on the financial statements on the application of such amendments. In 2018, the Company plans to evaluate the potential effect of IFRS 16 on its financial statements.

There are no other statements, standards, and interpretations issued but not yet adopted that may, in the opinion of Management, significantly impact the Company’s disclosed net income or equity.

3. Financial risk management

<u>Overview</u>

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

- Market risk
- Operational risk
- Liquidity risk
- Credit risk

Risk management practices are intended to identify, monitor, analyze, and mitigate potential losses to the Company, establishing limits and controls for their management.

The Executive Board is responsible for establishing and supervising risk management systematically reporting them to the Board of Directors.

a) *Market risk*

Defined as changes in market prices, where the most significant components are interest rate risk and residual value of vehicles.

The Company also seeks an adequate balance between its fixed and floating debt fund raising.

Constant monitoring of future interest rate curves, with direct implications for lease pricing, allows the Company, at every opportunity to mitigate the effects of interest fluctuations in contractual terms, preserving the profitability of these throughout their duration.

The residual values of vehicles, defined as values of fleet sales estimates after termination of the outsourcing contract cycle, are constantly monitored by Management and take into account mainly factors such as current market values of vehicles, the life cycle of the models, vehicle sales channels and government policies with respect to taxes on vehicle sales operations.

3. Financial risk management - Continued

Overview - Continued

b) *Interest rate risk*

Interest rate risk is the risk that the Company may incur economic losses arising from adverse changes in interest rates, which may be caused by factors related to economic downturns and/ or changes in monetary policy in domestic and foreign markets. The Company continuously monitors market interest rates in order to assess any possible need to contract operations to hedge against the risk of volatility in these rates.

c) *Operational risk*

Operational risk is the risk of a structural, technological, personnel, and infrastructure nature that arises from all activities intrinsic to the leasing of vehicles.

Responsibility for risk management and optimization of its monitoring is that of Management. The main operational risks include:

- Performance risk: where controls, processes, and procedures should guarantee full performance of the contracted items maintaining actual costs equal to or lower than the projected costs.

- Asset integrity risk: defined as unforeseen losses such as fines, damages, and claims are covered by well-defined mechanisms for reimbursement and car insurance.

d) *Credit risk*

Credit risk is the risk the Company incurs financial losses due to non-payment of contractual obligations by its customers.

The main elements mitigating the credit risk adopted by the Company are:

- The use of market standard methodology and tools for the analysis and concession of credit;

- Standardization of agreements, within certain parameters that do not reduce flexibility and commercial attractiveness;

- A quick and transparent channel of communication with the customer in order to settle any queries regarding charges in excess of the basic lease payment, such as fines and damages.

(In thousands of reais, unless otherwise stated)

3. Financial risk management - Continued

<u>Overview</u> - Continued

e) *Liquidity risk*

Liquidity risk is defined as that whereby the Company may encounter difficulties in meeting its financial obligations.

The main mitigation tools adopted for this risk are:

The use of market standard methodology and tools for the analysis and concession of:

- Cash Planning: with significant emphasis on the predictability of net CAPEX, i.e., in purchases and sales of vehicles.
- Adoption of minimum cash that fulfills obligations undertaken even in a hypothetical market stress event or systemic liquidity restrictions.

<u>Capital management</u>

The Company's capital Management is carried out in order to ensure the financial sustainability of the Company under its own means, at all times. A high degree of predictability of operating cash flows contributes decisively to such management, resulting from long-term agreements and insignificant effects of seasonality on the business.

Accordingly, it seeks to ensure that at all times the Company´s operating cash flow together with the proceeds from the car sales are equal to or exceed debt servicing, including interest and principal payments.

Accordingly, funding for fleet growth is limited to the sum of operating cash flow (including cash flow from vehicle sales) and new lines of financing, less current debt payments.

The Company seeks to always maintain alternative new lines of financing in order to support its growth plan.

Net debt at the end of the fiscal year is as follows:

	12/31/2017	**12/31/2016**
Loans, financing, debentures, and finance leases - gross debt	**76,570**	69,071
Cash and cash equivalents and restricted use investments	**(15,455)**	(10,964)
Net debt	**61.115**	58.107

(In thousands of reais, unless otherwise stated)

4. Cash and cash equivalents

	12/31/2017	12/31/2016
Cash and banks	**1,080**	181
Financial investments	**10,159**	6,112
	11,239	6,293

Highly liquid short-term investments are immediately convertible into a known cash amount and subject to insignificant risk of any change in market value. The Company has an early redemption option for such investments without loss of yield penalties. These financial instruments refer to investments in Bank Deposit Certificates (CDBs) remunerated at 100% of the Interbank Deposit Certificates (CDI-C) on December 31, 2017, and 2016.

5. Restricted-use financial investments

	12/31/2017	12/31/2016
Current	**900**	73
Non-current	**3,316**	4,598
	4,216	4,671

Restricted-use financial investments refer to Bank Deposit Certificates (CDBs), which, at the statement of financial position date, do not have immediate liquidity and pose no risk of significant changes in interest rate fluctuations measured at fair value. These investments are remunerated at 100% of CDI on December 31, 2017, and 2016 and are linked to the associated loans (guarantees), as disclosed in Note 12.

6. Trade accounts receivable

Current	12/31/2017	12/31/2016
Lease of vehicles	**14,033**	13,053
(-) Allowance for loan losses	**(2,412)**	(1,739)
	11,621	11,314
Current	**9,230**	10,799
Non-current	**2,391**	515
	11,621	11,314

(In thousands of reais, unless otherwise stated)

6. Trade accounts receivable - Continued

The maximum exposure to credit risk for trade accounts receivable at the reporting date was:

Range	12/31/2017	12/31/2016
To be due	**6,506**	6,267
Past due:		
From 01 to 60 days	**927**	1,461
From 61 to 90 days	**98**	732
From 91 to 180 days	**574**	1,112
From 181 to 360 days	**908**	828
Above 360 days	**2,608**	914
Total lease of vehicles	**11,621**	11,314

Accounts receivable classified as "non-current" consist of invoices receivable from customers that are subject to a judicial collection process which the Company does not expect to be realized within one year of the base date statement of financial position.

In the opinion of legal counsel who sponsors the lawsuits, there is a likelihood that the amounts billed shall be recovered in view of the financial strength of the companies concerned.

Changes to the estimated loss on doubtful accounts are as follows:

	Current	Non-current	Total
Balance on 12/31/2015	(196)	(970)	(1,166)
Reversal of provision	322	172	494
Setting up of provision	(161)	(906)	(1,067)
Balance on 12/31/2016	(35)	(1,704)	(1,739)
Reversal of provision	**35**	**123**	**158**
Setting up of provision	**(21)**	**(810)**	**(831)**
Balance on 12/31/2017	**(21)**	**(2,391)**	**(2,412)**

Estimated losses with doubtful accounts were recorded at an amount considered sufficient by the Management to cover possible losses in the collection of receivables.

(In thousands of reais, unless otherwise stated)

7. Demobilization of vehicles for renewal of the fleet

	12/31/2017	12/31/2016
Beginning balance	**821**	4,762
Provision for loss	**-**	(113)
Write-offs	**(32,183)**	(23,945)
Transfer of vehicles (i)	**31,900**	20,117
Closing balance	**538**	821

The Company maintains a policy and procedure for analyzing and comparing the carrying amount of demobilized vehicles for fleet renewal with their net realizable amount. When there is uncertainty as to the realization of their net realizable amount, an impairment loss is recorded.

(i) Transfer of vehicles from fixed assets that were previously in operation. See Note 10.

8. Prepaid expenses

	12/31/2017	12/31/2016
1st license plate	**591**	694
Bank expenses	**1,008**	949
Insurance premium expenses	**143**	145
Other	**205**	490
	1,947	2,278
Current	**1,023**	1,337
Non-current	**924**	941

Prepaid expenses for the 1st license plate is allocated to income in the medium term of 24 months, due to the nature of the lease agreements.

The other prepaid expenses are recognized in accordance with their effective term.

9. Deferred income tax and social contribution tax

Deferred income tax and social contribution tax are calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and the accumulated income and social contribution tax loss base. The rates of these taxes currently in force for calculating deferred tax in Brazil are 25% for income tax and 9% for social contributions.

(In thousands of reais, unless otherwise stated)

9. Deferred income tax and social contribution tax - Continued

Deferred tax assets are recognized to the extent that it is probable that future taxable profits can be used to offset accumulated income and social contribution tax losses, based on projections of future revenue and prepared with internal assumptions and future economic scenarios that may be amended.

a) Reconciliation of income tax and social contribution expenses

	12/31/2017	12/31/2016
Income/(loss) prior to income tax and social contribution tax	**1,050**	(1,103)
Income tax at the nominal rate of 34%	**(357)**	375
Adjustments to state effective rate:		
Bonus to executive board	**(204)**	-
Nondeductible expenses, gifts, incentives, sponsorship	**(74)**	-
(-) Unrecognized tax credits (i)	**-**	(375)
Other	**(33)**	(149)
Reversal of Impairment	**-**	14,076
Total income tax and social contribution tax	**(668)**	**13,927**
Current income tax and social contribution tax for the fiscal year	**(629)**	(212)
Deferred income tax and social contribution tax for the fiscal year	**(39)**	14,139

(i) Tax credits not recognized given the absence of projected future earnings.

b) Statement of financial position

Following are the types of deferred Company's tax asset and liability balances for the comparative fiscal years:

	12/31/2017			12/31/2016
	Assets	**Liabilities**	**Net**	**Net**
Tax loss and negative basis of IRPJ and CSLL	**10,855**	**-**	**10,855**	12,035
Financial lease adjustment	**-**	**(200)**	**(200)**	(171)
Allowance for doubtful accounts	**820**	**-**	**820**	-
Other temporary differences	**350**	**-**	**350**	-
	12,025	**(200)**	**11,825**	11,864

(In thousands of reais, unless otherwise stated)

9. Deferred income tax and social contribution tax – Continued

b) Statement of financial position - Continued

The liability consists of deferred tax payable on leasing operations and the depreciation adjustment on fixed assets between the useful life and the tax rates.

The deferred income tax and social contribution tax asset and liability balances are presented on a net basis in accordance with CPC 32.

c) Profit or loss for the fiscal year

The deferred tax expense recognized in profit and loss is R$ 39, and the current tax expense is R$ 629 for the fiscal year ended December 31, 2017 (R$ 14,139 and R$ (212), respectively, for the fiscal year ended December 31, 2016).

d) Tax loss and negative basis

On December 31, 2017, the Company posted a tax loss balance of R$ 31,694 (R$ 32,445 on December 31, 2016) and the negative basis of R$ 32,572 (R$ 33,323 on December 31, 2016).

Deferred tax assets are recognized to the extent it is probable that the future taxable income will be available to be used in offsetting the temporary differences/tax losses, based on projections of future results made and grounded on internal assumptions and on future economic scenarios that could change, and that on December 31, 2017, indicates that the deferred income tax balance will be offset.

The Company's Management prepared a technical feasibility study on the future realization of deferred tax assets, considering its capacity to generate taxable profits under the context of the main variables of its business. This study was examined based on information extracted from the strategic planning report previously approved by the Board of Directors.

2018	1,777
2019	1,614
2020	1,969
2021	2,249
2022	2,826
2023 onwards	1,390
	11,825

(In thousands of reais, unless otherwise stated)

10. Fixed assets

a) Changes to the fiscal year ended 12/31/2016

Cost	Balances on 12/31/2015	Additions	Write-offs	Transfers	Transfer for renewal (i)	Balances on 12/31/2016
Operational vehicles	74,284	-	(402)	44,509	(22,612)	95,779
Computer and telephone equipment	212	35	-	-	-	247
Machinery and equipment	844	85	-	-	-	929
Furniture and fixtures	107	68	-	-	-	175
Improvements	139	86	-	-	-	225
Fixed Assets in progress	8,827	36,074	-	(44,509)	-	392
Accessories	332	937	-	-	-	1,269
	84,745	37,285	(402)	-	(22,612)	99,016

Depreciation	Depreciation rate	Balances on 12/31/2015	Additions	Write-offs	Transfers	Transfer for renewal (i)
Operational vehicles	11%	(9,649)	(8,180)	307	-	2,495
Computer and telephone equipment	10-20%	(83)	(25)	-	-	-
Machinery and equipment	10%	(323)	(97)	-	-	-
Furniture and fixtures	10%	(41)	(14)	-	-	-
Improvements	10%	(49)	(52)	-	-	-
Accessories	10%	(69)	(388)	-	-	-
		(10,214)	(8,756)	307	-	2,495
Provision for loss and theft		(400)	55	-	-	-
Net fixed assets		74,131	28,584	(95)	-	(20,117)

(In thousands of reais, unless otherwise stated)

10. Fixed assets - Continued

b) Changes to the fiscal year ended 12/31/2017

Cost	Balances on 12/31/2016	Additions	Write-offs	Transfers	Transfer for renewal (i)	Balances on 12/31/2017
Operational vehicles	95,779	-	(54)	45,150	(43,497)	97,378
Computer and telephone equipment	247	27	-	-	-	274
Machinery and equipment	929	-	-	(38)	-	891
Furniture and fixtures	175	3	-	-	-	178
Improvements	225	-	-	-	-	225
Fixed Assets in progress	392	48,420	-	(45,150)	(47)	3,615
Accessories	1,269	2,841	-	38	(147)	4,001
	99,016	51,291	(54)	-	(43,691)	106,562

Depreciation	Depreciation rate	Balances on 12/31/2015	Additions	Write-offs	Transfers	Transfer for renewal (i)	Balances on 12/31/2016
Operational vehicles	11%	(15,027)	(8,001)	25	-	11,709	(11,294)
Computer and telephone equipment	10-20%	(108)	(32)	-	-		(140)
Machinery and equipment	10%	(420)	(103)	-	18	-	(505)
Furniture and fixtures	10%	(55)	(17)	-	-	-	(72)
Improvements	10%	(101)	(76)	-	-	-	(177)
Accessories		(457)	(930)	-	(18)	82	(1,323)
		(16,168)	(9,159)	25	-	11,791	(13,511)
Provision for loss and theft		(345)	-	319	-	-	(26)
Net fixed assets		82,503	42,132	290	-	(31,900)	93,025

(i) Transfer of net fixed assets from the “vehicles” to the Demobilization for fleet renewal account. See Note 7

(In thousands of reais, unless otherwise stated)

10. **Fixed assets** - Continued

c) Leased vehicles

The Company leases vehicles under a number of finance lease agreements, the lease obligations of which are disclosed in Note 12. December 31, 2017, the net carrying amount of leased vehicles was R$ 7,663 (R$ 502 in 2016).

The lease agreements are intended solely for the acquisition of vehicles that will be leased to customers for a period of 24 to 60 months.

d) Guarantees

On December 31, 2017, the equivalent of 89% of the Company´s total fleet (2,149 vehicles) is pledged in guarantee for bank loans, financing and finance leases the residual value of which is R$ 80,758 (R$ 70,472 in December 2016).

11. Trade accounts payable

	12/31/2017	**12/31/2016**
Vehicle makers	**5,648**	106
General Trade accounts payables	**500**	763
	6,148	869

(In thousands of reais, unless otherwise stated)

12. Loans and financing

The Company's debt profile for the fiscal years ended December 31, 2017, and December 31, 2016, is as follows:

December 31, 2017								
Type	**Currency**	**Annual rate (%)**		**Maturity**	**Current**	**Non-current**	**Total**	**% Total**
		Min.	**Max.**					
Working capital (fixed rate)	R$	0.92 p.m.	1.41 p.m.	2019	5,908	8,814	14,722	27.57%
Working capital (floating rate)	R$	0.34 p.m. + CDI	0.47 p.m. + CDI	2019	13,636	15,871	29,507	55.26%
Finance lease (fixed rate)	R$	1.33 p.m.	1.33 p.m.	2022	2,560	6,604	9,164	17.16%
					22,104	**31,289**	**53,393**	

December 31, 2016								
Type	**Currency**	**Annual rate (%)**		**Maturity**	**Current**	**Non-current**	**Total**	**% Total**
		Min.	**Max.**					
Working capital (fixed rate)	R$	0.92 p.m.	1.41 p.m.	2019	1,839	3,283	5,122	14.75%
Working capital (floating rate) (i)	R$	0.34 p.m. + CDI	0.47 p.m. + CDI	2020	10,168	19,251	29,419	84.72%
FINAME (machinery and equipment financing)				2017	92	93	185	0.53%
					12,099	22,627	34,726	

a) Guarantees

Loans and leasing operations are guaranteed by vehicles, as disclosed in Note 10 (d) and/or receivables in some working capital operations.

(In thousands of reais, unless otherwise stated)

12. Loans and financing - Continued

b) Contractual sections

On June 14, 2017, the Company entered into a credit facility with Banco Pan at the principal amount of R$ 9,600, maturing on December 16, 2019. During the effective term, the Company must maintain a minimum of 20% under the balance of financial assets for restricted use.

On June 14, 2017, the Company entered into a credit facility with Banco Panamericano CCB at the principal amount of R$ 10,050, maturing on December 16, 2019 which during the term of effectiveness is subject to quarterly compliance with certain financial ratios and limits related to indebtedness and leverage, payable as from September 30, 2017, based on audited financial statements and annual audited financial statements as of December 31.

The covenants and compliance with financial ratios and limits are as follows:

Contractual conditions	Limit	Realized
(i) The ratio obtained by dividing net financial debt by EBITDA (accumulated past 12 months).	< 4.00	2.90
(ii) The ratio obtained by dividing the net financial debt by equity.	< 3.25	1.23
(iii) The ratio obtained by dividing the net financial debt by the total net fleet.	< 0.85	0.66

On December 31, 2017, the Company met the covenants.

Disclosures regarding the Company's exposure to interest rate and liquidity risks are stated in Note 22.

13. Debentures payable

	12/31/2017	12/31/2016
Payable debentures	**24,700**	36,572
(-) Cost of transaction to issue debentures (i)	**(1,523)**	(2,227)
	23,177	34,345
Current	**11,146**	11,157
Non-current	**12,031**	23,188

(i) expenses with the issuance of the debentures which are amortized over the term of the debt.

(In thousands of reais, unless otherwise stated)

13. Debentures payable - Continued

On January 30, 2015, the Company issued the first issue of 620 simple non-convertible debentures, together with the fiduciary agent Pentágono S.A., structured by Banco Modal at the total amount of R$ 62,000, with an annual remuneration of CDI + 4.17%, having effectively subscribed the amount of R$ 61,230.

The debentures do not have a grace period for amortization of interest or debit balance. These have a 60-month term as from the first day of February 2016, with installments equal to 1.66% of the debtor balance. The termination of amortizations is scheduled for January 30, 2020.

At the general debenture holders´ meeting of the held on June 20, 2016, the following changes were made: (i) to adjust section 6.16 Cash with Security Interest, of the first issue of the debentures, with the purpose of altering the percentages of amortization installments; (ii) to amend item 6.25 in order to adjust the ratio limit between the net debt and EBITDA for the Fiscal Year ended December 31, 2016; (iii) among other items.

The covenants and compliance with financial ratios and limits are as follows:

Contractual conditions	Limit	Realized
(i) The ratio obtained by dividing net financial debt by EBITDA (accumulated past 12 months).	< 4.25	2.90
(ii) The ratio obtained by dividing the net financial debt by equity.	< 3.25	1.23
(iii) The ratio obtained by dividing the net financial debt by the total net fleet.	< 0.85	0.66

14. Provision for contingencies

The Company is subject to civil lawsuits, arising from the common course of operations. Based on information from its legal advisors and the outstanding judicial claims, Management accrued a provision in an amount considered sufficient to cover estimated probable losses with the actions in progress is as follows:

	12/31/2017	12/31/2016
Civil contingencies	**18**	100
Judicial deposits	**-**	(101)

In accordance with accounting practices adopted in Brazil, the Company does not make provision for contingent liabilities classified as probable losses. The estimate of amounts related to possible civil contingencies, based on information from its legal counsel, on December 31, 2017, is R$ 193 (R$ 74 as of December 31, 2016).

(In thousands of reais, unless otherwise stated)

14. Provision for contingencies - Continued

Judicial deposits

The Company has judicial deposits in civil proceedings, and the changes in the provision and judicial deposits are as follows:

	Balances on 12/31/2016	Setting up	Reversals	Balances on 12/31/2017
Contingencies	100	-	**(82)**	**18**
Judicial deposits	(101)	-	**101**	**-**
	(1)	-	**19**	**(18)**

15. Equity

a) Capital stock

The Company's capital stock on December 31, 2017, and December 31, 2016, is divided into 1,733,988 common shares, representing the capital stock of R$ 51,735. The shares have no par value, and the holders are entitled to one vote and have a preference in the liquidation of their portion of capital stock.

The breakdown in the Company's shareholding is as follows:

	12/31/2017 and 12/31/2016		
Shareholders	**%**	**Number of shares**	**Paid-in capital**
Fundo Mútuo de Investimento em empresas emergentes (Mutual Investment Fund in Emerging Companies)	45%	780,687	22,752
Stratus SCP Brasil FIP	31%	541,119	15,770
Lewco Participações e Administração Ltda.	2%	29,629	864
Stratus Investimentos Ltda.	1%	12,249	357
Fábio, Alan, and Natalie Lewkowicz	21%	370,304	11,392
		1,733,988	**51,135**

b) Legal reserve

Corporation Law, as well as the Company's Bylaws, establishes that 5% of net income shall be allocated to the setting up of a legal reserve, provided that it does not exceed 20% of capital stock. In addition, the General Meeting may, at the proposal of the management bodies, allocate the portion of net income deriving from tax benefits to the tax incentive reserve, which may be excluded from the calculation base of the mandatory dividend.

15. Equity - Continued

c) Distribution of dividends

The Company's Bylaws provide for the distribution of a mandatory minimum annual dividend of 25% of the net income for the fiscal year, adjusted in accordance with the Law, except for the assumptions set forth in the shareholders' agreement filed at the Company's headquarters, in Law and in the Bylaws or when bi-annual, intermediate and/ or interim dividends that may have been declared in the fiscal year have been paid.

In 2017 and 2016 Company income was allocated as follows:

	2017	**2016**
Net income (loss) for the fiscal year	**382**	12,824
(-) Legal reserve (5%)	**(19)**	(641)
Calculation basis for dividend distribution	**363**	12,183
Minimum mandatory dividend (25%)	**91**	3,046

16. Earnings per share

Earnings per share are calculated by dividing net income by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares assuming the conversion of all potential ordinary shares that would cause dilution. On December 31, 2017, and 2016, the Company did not have instruments that would have a dilutive effect on the calculation of diluted earnings per share.

The calculation of earnings per share for the fiscal years ended December 31, 2017, and 2016 (in thousands of shares per share and by a number of shares) is as follows:

Basic and diluted	**12/31/2017**	**12/31/2016**
Numerator		
Net income (loss) for the fiscal year	**382**	12,824
Denominator		
Weighted average number of outstanding common shares (in thousands)	1,734	1,734
Basic and diluted earnings per common share	**0.22**	7.40

(In thousands of reais, unless otherwise stated)

17. Net Revenue

Description	12/31/2017	12/31/2016
Lease of vehicles	**42,070**	40,274
Sale of vehicles	**32,809**	23,434
	74,879	63,708
Taxes on services and sales	**(3,890)**	(3,725)
	70,989	59,983

18. Cost of leasing and selling vehicles

	12/31/2017	12/31/2016
Maintenance costs	**(9,351)**	(9,762)
Depreciation costs	**(8,930)**	(8,569)
Costs of vehicles sold	**(32,183)**	(23,945)
Other costs of vehicles sold	**(89)**	-
Costs of Personnel	**(1,600)**	(1,470)
Recovery of PIS and COFINS tax credits	**2,370**	2,260
	(49,783)	(41,486)

19. General and administrative expenses

Description	12/31/2017	12/31/2016
Personnel expenses	**(4,643)**	(4,350)
Third Party Services	**(1,460)**	(1,073)
Occupancy expenses	**(596)**	(705)
General costs	**(1,182)**	(1,193)
Estimated loss with doubtful accounts	**(672)**	(573)
Write-off of bad debt	**(185)**	(492)
Depreciation and amortization expenses	**(269)**	(251)
Communication expenses	**(100)**	(131)
Taxes on other revenues	**(448)**	(446)
Administration fee revenue over fines	**215**	157
Revenue with commission	**-**	741
Other operating income (expenses)	**-**	892
	(9,340)	(7,424)
General and administrative expenses	**(9,555)**	(9,214)
Other operating income, net	**215**	1,790

(In thousands of reais, unless otherwise stated)

20. Financial income

Financial expenses	12/31/2017	12/31/2016
Interest liabilities	**(6,639)**	(5,826)
Expenses and interest on debentures	**(5,199)**	(8,551)
Bank and IOF expenses	**(565)**	(411)
Total	**(12,403)**	(14,788)

Financial income	12/31/2017	12/31/2016
Earnings from financial investments	**1,065**	2,339
Interest income	**522**	273
Total	**1,587**	2,612

21. Related parties

As decided in the AGE dated April 28, 2017, the remuneration established for the members of the Company's Executive Board and Board of Directors for the fiscal year 2017 is R$ 2,471. In the fiscal year ended December 31, 2017, the remuneration paid was R$ 1,258 (R$ 1,372 in 2016), as fixed compensation.

22. Risk management and financial instruments

a) Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the date of the financial statements was:

	12/31/2017	12/31/2016
Cash and cash equivalents and restricted use investments	**15,455**	10,964
Trade accounts receivable	**11,620**	11,314
Other receivable accounts	**1,304**	668
	28,379	22,946

	Amount	12 months or	2 - 5 years	Total
Cash and cash equivalents and restricted-use investments	**15,455**	12,139	3,316	15,455
Trade accounts receivable	**11,620**	9,230	2,391	11,620
Other receivable accounts	**1,304**	852	452	1,304
	28,379	22,221	6,158	28,379

(In thousands of reais, unless otherwise stated)

22. Risk management and financial instruments - Continued

b) Liquidity risks

The following are the contractual exposures of non-derivative financial liabilities, including estimated interest payments and excluding the impact of currency trading agreements on the net position.

	12/31/2017	12/31/2016
Loans and financing, debentures, and consortia payable	**76,570**	69,071
Trade payables	**6,148**	869
Other accounts payable	**2,481**	1,047
	85,199	70,987

The maturity of the Company's financial instruments as of December 31, 2017, is as follows:

	Carrying amount	12 months or less	2 - 5 years	Total
Loans and financing, debentures, and leases	**76,570**	**33,250**	**43,320**	**76,570**
Trade payables	**6,148**	**6,148**	**-**	**6,148**
Other accounts payable	**2,481**	**2,029**	**452**	**2,481**
	85,199	**41,428**	**43,771**	**85,199**

c) Classification and fair value

The main financial instruments contracted, as well as the respective fair values, are as follows:

	12/31/2017		12/31/2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables				
Cash and banks	**1,080**	**1,080**	181	181
Trade accounts receivable	**11,620**	**11,620**	11,314	11,314
Other receivable accounts	**1,304**	**1,304**	668	668
Assets measured at fair value through profit or loss				
Financial investments	**10,159**	**10,159**	6,112	6,112
Restricted-use financial investments	**4,215**	**4,215**	4,671	4,671

22. Risk management and financial instruments - Continued

c) Classification and fair value - Continued

Management believes that the fair values informed do not reflect future changes in the economy, such as interest rates and tax rates, as well as other variables that may affect their determination.

The following methods and assumptions have been used to determine fair value:

- Cash and cash equivalents - these are defined as assets for trading. The carrying amounts shown in the statement of financial position are substantially the same as fair value since their rates of remuneration are based on changes in the CDI.

- Restricted use financial investments - are defined as restricted-use assets given that they are directly linked to the Company's debts. The carrying amounts shown in the statement of financial position are substantially the same as fair value since their rates of remuneration are based on changes in the CDI.

- Trade accounts receivable, other receivable accounts, trade accounts payable and other accounts payable - derive directly from the Company's operations, measured at amortized cost and recorded at their original value, reducing the provision for losses when applicable or relevant.

- Loans, financing, and debentures - are classified as financial liabilities not measured at fair value and are recorded by the amortized cost method according to contractual conditions. This definition was adopted because the amounts are not held for trading, which, according to Management's understanding, reflects the most relevant accounting information. The fair values of these loans are equivalent to their carrying amounts since these are financial instruments with rates that are equivalent to market rates and because these have exclusive characteristics, originating from specific sources of financing to finance the Company's activities.

d) Interest rate risks

The Company´s debt on December 31, 2017, does not contain swap operations or any other contracted derivative.

Sensitivity analysis

In relation to total liabilities, 95% is indexed to CDI and, therefore, exposed to interest rate variation.

(In thousands of reais, unless otherwise stated)

22. Risk management and financial instruments - Continued

d) Interest rate risks – Continued

Sensitivity analysis

On December 31, 2017, the sensitivity analysis includes two stress scenarios, I and II, with an 8.31% and 9.97%increase compared to the base level of the CDI of 6.65%, respectively

Considering that the investments are also indexed to CDI, the net equity effect and the effect on profit and loss in the stress scenarios, is as follows:

	Scenarios		
	Base	**I**	**II**
Interest rate	6.65%	8.31%	9.97%
Variation in relation to the base scenario		25%	50%
Gross debt indexed to CDI	(54,207)	(58,710)	(59,611)
Investments indexed to CDI	14,375	15,568	15,807
Effect on equity exposure	(39,832)	(43,142)	(43,804)
The net effect on profit or loss		(3,310)	(3,972)

23. Transactions not affecting cash

In the fiscal years ended December 31, 2017, and 2016, the following transactions did not affect cash:

	12/31/2017	**12/31/2016**
Statement of cash paid for the acquisition of vehicles:		
Acquisitions of vehicles in the period (Note 10)	**(48,420)**	(36,074)
Trade accounts payables - Vehicle makers (Note 11):		
Balance at the end of the period	**5,648**	106
Balance at the beginning of the period	**106**	1,122
	5,542	(1,016)
Cash paid for the acquisition of vehicles	**(42,878)**	(37,090)

(In thousands of reais, unless otherwise stated)

24. Changes in liabilities from financing activities

	Loans and financing	Debentures	Total
January 1, 2017	34,726	34,345	69,071
Cash flows	(19,333)	(11,872)	(31,205)
Interest paid	(5,658)	(4,315)	(9,973)
Provisioned interest	6,527	4,315	10,842
New leases	37,131	-	37,131
Amortization of funding costs	-	704	704
On December 31, 2017	**53,393**	**23,177**	**76,570**

25. Insurance Coverage

The Company has a policy of maintaining insurance coverage in amounts that the Management considers adequate to cover possible risks and losses with its fixed assets.

Insured assets	Type	12/31/2017
Administrative vehicles	Total coverage (property damage)	**1,600**
Administrative vehicles	Total coverage (personal injury)	**3,200**
Building	Total coverage (property damage)	**3,595**

On January 8, 2017, the Company contracted civil liability insurance for the benefit of its managers (D&O insurance), valid for one year.

25. Insurance Coverage - Continued

The insurance guarantees the payment of financial losses arising from claims made against the managers due to harmful acts for which they are responsible during periods they perform duties in the administration and management of the Company. The policy provides a maximum limit, guarantee of R$ 10,000 and a total net premium of R$ 16. The scope of our auditors' work does not include a review of the sufficiency of insurance coverage, which was determined and analyzed as to its adequacy by Management.

Carlos Alves
Chief Financial Officer

Dnalva Rocha dos Santos
Accountant CRC-SP296885/O-0

Officers´ representation letter on the financial statements

Declaration

By this instrument, the officers of Maestro Locadora de Veículos S.A. ("Company") hereby declare that:

We have reviewed, discussed, and agreed with the financial statements for the fiscal year ended December 31, 2017.

São Paulo, March 26, 2018.

Fabio Lewkowicz
Chief Executive Officer and Commercial and Marketing Officer

Carlos Miguel de Oliveira Martins Borges Alves
Investor Relations Officer and Chief Financial Officer

Monica Jorgino Marcondes
Superintendent Director

Officers´ representation letter on the independent auditor´s report

Declaration

By this instrument, the officers of Maestro Locadora de Veículos S.A. ("Company") hereby declare that:

We have reviewed, discussed and agreed with the opinions expressed in the Ernst & Young Auditores Independentes audit report regarding the Company's financial statements for the fiscal year ended December 31, 2017.

São Paulo, March 26, 2018.

Fabio Lewkowicz
Chief Executive Officer and Commercial and Marketing Officer

Carlos Miguel de Oliveira Martins Borges Alves
Investor Relations Officer and Chief Financial Officer

Monica Jorgino Marcondes
Superintendent Director