Financial Statements

Maestro Locadora de Veículos S.A.

December 31, 2016 and 2015
with Independent Auditor Report

Maestro Locadora de Veículos S.A.

Financial statements

December 31, 2016 and 2015

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Management Report

1-) Management Message

Maestro concludes the year 2016 with significant achievements in its business plan.
We increased our fleet rental revenue, despite the challenging macroeconomic scenario and increase of competition in general and we had a generalized and consistent increase in operating margins over the periods.

Annual lease revenue increased by 6.5%, an increase of R$ 2.4 mi in the period, reaching a total of R$ 40.3 mi, distributed among 140 customers.

Throughout 2016, we replaced our biggest customer from previous years without presenting any volatility in our monthly revenue. The concentration of the portfolio maintains the level of 2015 for the Top1 and Top10: respectively 17.1% and 55.4% of the lease revenue.

We finished the year 2016 with a total fleet of 2,486 cars and 98% of this total are leased. The market value (FIPE) of our fleet reached R$ 99.1 mi, so presenting a growth of 6% in 12 months.
The average age of the fleet and the average term of the contracts in Dec/16 were 18.2 and 31.3 months respectively.

Total net indebtedness at the end of 2016 reached R$ 58.1 mi, lower in R$ 22.7 mi and R$ 41.0 mi to our fleet book and market value at the same date, respectively.
This debt presents, since the issue of debentures in 2015, a very satisfactory extension profile with 33.7% and 66.3% maturing in the short and long terms, respectively.

The operating cash generation added to the typical monthly sale of vehicles in fleet demobilization has been consistently higher than the payment of debt (interest and principal). In this way, lines of credit contracted throughout 2016 were destined to the acquisition of new vehicles, whether for contract renewal or acquisition of new customers.

Adjusted EBITDA in 2016 reached R$ 19.9 mi, an increase of 24% in relation to the previous year. The EBITDA margin, which was 42.3% of net lease revenue (Lease of vehicles (-) taxes) increased to 55.5%, with a decisive contribution to the decrease in the direct operating costs (gross margin increased 43.3%), .

In our message for 2015, we mentioned that the average pre-tax result was R$ (463) thousand/month, due to the impact of the fixed structure raised for the size of the fleet.
In 2016, total pre-tax result was R$ (1,103) thousand, equivalent to a minor loss of R$ (91.8) thousand/month. It is noteworthy that the company reached *break-even* in October 2016, still insufficient to reverse the accumulated of the year, but clearly demonstrating an upward trend of result.

The reversal for profit continues depending on the dilution of the fixed cost via growth.
The main obstacle to this growth in 2016 was the generalized decrease in the availability of credit in conditions of term and cost that made sense to maintain profitability over the invested capital of the company. If there had been a greater supply of financing lines during the last period under the conditions demanded, we would certainly have reached higher levels of growth and consequently greater profitability. The profitability of the contracts has been constant and we have a commercial pipeline that gives us confidence in the relatively fast acquisition of new contracts.

We continue with a perspective of cautious optimism in 2017. We will seek the continuity of increase of profitability over invested capital, regardless of economic and market conditions. However, we see as positive the current trend of the fall in the basic interest rate and resumption of economic activity, which may be translated into acceleration of growth in revenue and margins.

The reaffirmation of the debenture rating (BBB+, long-term), issued on February 22, 2016 by Liberum Ratings, confirms the consistency of our recent trajectory and our financial and operational foundations.

We concluded the mentioned 2015 report that "we have prepared the company to better withstand adverse external situations and we are counting on these advances to seek growing levels of profitability on equity." The 2016 numbers corroborate this position and give us confidence that we will continue our trajectory for the next periods.

2-) Operating and Financing Performance

	Fiscal year ended on December 31, 2016					
	2016	AV	2015	AV	Variation 2016x2015	
(in R$ thousand, except percentage) **Income Statement**		(%)		(%)		(%)
Net revenue	59,983	100%	61,230	100%	-1,247	-2%
Cost of lease and sale of vehicles	-41 .486	69%	-44,230	74%	2,744	-6%
Gross profit	**18,497**	**31%**	**17,000**	**26%**	**1,497**	**9%**
General and management operating revenue [expenses]	-9,214	15%	-11,660	19%	2,446	-21%
Other operating revenue (b)	1,790	3%	853	1%	937	110%
Total operating (a) + (b)	-7,424	-12%	-10,807	-18%	3,383	-31%
Result before financial net expenses and taxes	**11,073**	**18%**	**6,193**	**10%**	**4,880**	**79%**
Net financial expenses Financial expenses	-14,788	25%	-16,561	27%	1,773	-11%
Financial revenue	2,612	4%	4,807	8%	-2,195	-46%
Net financial expenses	-12,176	-20%	-11,754	-19%	-422	4%
Pre-tax profit (loss)	**-1,103**	**-2%**	**-5,561**	**-9%**	**4,458**	**-80%**
Deferred income tax and social contribution	13,927	23%	-3,723	-6%	17,650	-474%
Net (loss) profit of period	**12,824**	**21%**	**-9,284**	**-15%**	**22,108**	**-238%**

Net Revenue

Total net revenue is comprised of vehicle rental revenue and sales revenue.

Revenue from car rentals in 2016 presented increase of 6.4% in relation to the previous year, reaching R$ 40,274. This variation is practically all due to the increase of average ticket and the mix of cars of higher unit values, having the leased fleet of the year in terms of number of units remained practically stable in relation to 2015.
Vehicle sales revenue was R$ 23,434, a decrease of 12.8% in relation to the previous year, due to the lower amount of vehicles at the end of the contract and available for sale in 2015.

Cost of lease and sale of vehicles

The cost of lease and sale of vehicles, which in 2016 represented 69% of net lease revenue (72% in 2015), decreased by R$ 2,743 in relation to 2015, reaching R$ 41,486.

The following contributed to this improvement:

- Vehicle maintenance costs decreased 8.4% with the various initiatives of operational improvement, fleet renewal and asset management.
- Reduction of costs associated with the sale of vehicles of 11.7%, with the lowest amount of units sold.

It is important to note that the decrease in the cost of lease of vehicles occurred despite a 17.9% increase in vehicle depreciation, *pari-passu* evolution with the increase in asset value.

General and management operating revenue (expenses)

Despite the inflationary environment, general and management operating expenses fell significantly in 2016 with the absence of non-recurring effects that affected the previous year. The reduction was 31% equivalent to R$ 3,383.

It also contributed to the increase in "other operating revenues", which increased R$ 937 thousand, practically the value of the previous year. These revenues are comprised, among other things, of non-recurring items of rental as general reimbursements, including items related to the recovery of breakdown in the sale of used items.

Result in sale of vehicles in demobilization to fleet.

In 2016, we sold the vehicles in demobilization to the fleet at 103% of the total cost (after adjustment for breakdown reimbursement, as defined below), evidencing solid pricing policy and solid demobilization channel. Over the last few years, we have sold our cars through our network of tradesmen partners in national territory.
Managerially, we defined the result of the vehicles sale as below:
Revenue of vehicles sale = A = R$23,434 Cost of vehicles (write-off assets) = B = R$23,945
Recovery of breakdown for sale = C = R$1,282 (part of item "other operating revenues").

A/(B-C) = 23,434/(23,945-1,282) = 103%.

EBITDA

EBITDA R$ thousand	**2016**	**2015**	**Var. % (16/15)**
Pre-tax profit (EBT)	-1,103	-5,442	-79.71%
(-) Net financial expenses	12,176	11,755	3.58%
(-) Depreciation	8,820	8,114	9.43%
EBITDA	**19,893**	**14,427**	**38.29%**
(-) Write-off uncollectible	-	1,345	
(-) Non-recurring listing expenses	-	66	
Adjusted EBITDA	**19,893**	**16,022**	**124.52%**

Net financial expenses

Net financial expenses rose R$ 422 thousand or 3.6% in the period, a variation in line with the average indebtedness and the slight increase in the cost of funding in 2016.

Revaluation of income tax deferred charges

With the improvement of the margins of the business and consequent improvement in the perspective of future profitability, we present a deferred tax recoverability plan, allowing the reversal of *impairment* of the income tax deferred charges and CSLL The net effect of this revaluation, which includes effects from prior years, was recognized in 2016, with a positive variation in result of R$ 14,139 thousand.

Pre-tax profit and net profit.

The combination of the aforementioned factors led to a pre-tax result of R$ (1,103) thousand, with expressive improvement in relation to the R$ (5,561) thousand of the previous year.

The net profit reached R$ 12,824 thousand in 2016. In the previous year, the result was negative in R$ (9,284) thousand. This variation is a direct consequence of the pre-tax result and the effect of the revaluation of deferred charges as prior note.

3-) Investments

The Company invested R$ 37,090 thousand in new vehicles in 2016, making a total of 873 vehicles at an average price of R$ 42.5 thousand per vehicle. In 2015, the average value of the cars bought was R$ 37,700, a 12% increase in the unit purchase value, directly reflecting the choice by *mix* of the most expensive cars. The discounts with automakers remained in equivalent values.

4-) Indebtedness

Indebtedness R$ thousand	2016 R$ thousand	2016 Total gross %	2015 R$ thousand	2015 Total gross %	Var 16/15 %
Current	23,256	34%	17,009	26%	37%
Non-current	45,815	66%	47,985	74%	-5%
Total gross indebtedness	**69,071**	**100%**	**64,994**	**100%**	**6%**
Cash and Investments	10,964		18,444		-41%
Total net indebtedness	**58,107**		**46,550**		**25%**

The variation of the indebtedness in the year is directly related to the price difference between the new and demobilized car in the renewal of the fleet.

The increase in total indebtedness, in the amount of R$ 11,557 thousand, has as main vector the net capex (purchase-sale), which was R$ 14,472 thousand.

Operating margin (EBITDA) and variations in working capital accounts explain the remainder of the variation of net indebtedness.

With the issuance of debentures (CVM 476) we had an important extension of the indebtedness profile. Debt owing in the short term (current) slightly increased with the lowest number of financing lines taken in 2016, which a total term contracted was 3-4 years.

4-)Owners' Equity (Capitalization)

The variation in owners' equity fully reflects the effect of accumulated result in the period.

5-) Indicators

Indicators (x)	**2016**	**2015**
Net debt/EBITDA	2.92	1.91
Net debt/net fleet	0.71	0.60
Net debt/PL	1.17	1.67

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

6-) Corporate Governance
Meeting practices of Corporate Governance, Maestro has a Board of Directors composed of 5 members, including an independent director and an Executive Board composed 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	Chief Executive and Commercial Officer.
Carlos Miguel O.M. Borges Alves	Administrative, Financial and IR Officer
Mônica Jorgino Fernandes	Chief Executive Officer

7-) Relationship with the independent auditors
In compliance with CVM Instruction no. 381/2003 about services provision by our independent auditors, the Company adopts the practice of not contracting consulting services from external auditors to avoid conflicts of interest that may eventually affect the independence of the auditors. The total amounts of compensation paid to our auditors of Ernst & Young Auditores Independentes S.S. are based on the full Audit and Quarterly Reviews of the Financial Statements for the year ended on December 31, 2016. For comparative purposes, these services in the year 2015, having KPMG Auditores Independentes as service provider.

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Independent auditors' report on the financial statements

To Shareholders, Directors and Officers of
Maestro Locadora de Veículos S.A.
Embú das Artes - SP

Opinion

We have audited the financial statements of Maestro Locadora de Veículos S.A. ("Company"), which comprise of the balance sheet on December 31, 2016, the respective income statement, comprehensive income statement, changes in equity and cash flows for the year then ended, as well as corresponding explanatory note, including the summary of the main accounting policies.

In our opinion, the financial statements referred above adequately present, in all material respects, the equity and financial position of Maestro Locadora de Veículos S.A. on December 31st, 2016, the performance of its operations and its cash flows for the fiscal year ended on that date, in accordance with the accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted according to the Brazilian and international audit standards. Our responsibilities, in conformity with such standards, are described in the following section, entitled "Responsibilities of auditor for audit of financial statements". We are independent regarding the Company, according to the relevant ethical principles provided in the Professional Accountant Ethics Code and in professional standards issued by the Federal Accounting Council, and we comply with further ethical responsibilities according to such standards. We believe that the audit evidence obtained is sufficient and appropriate to justify our opinion.

Main subject matters of audit

Main subject matters of audit are those that in our professional judgment were the most significant in our audit of current year. These subject matters were addressed in the context of our audit of the financial statements as a whole and in the formation of our opinion on these financial statements and, therefore, we do not express a separate opinion on these subject matters.

- *Estimate of realization of deferred taxes*

As mentioned in Note 9, the balances of income tax and social contribution deferred charges recorded by the Company totaled R$ 11,864 thousand on December 31, 2016 and are recognized to the extent that it is probable that future taxable profits may be used in the compensation of tax loss and negative social contribution bases, as well as in compensation of temporary differences.

The estimate of realization of deferred taxes takes into account the use of subjective assumptions and expectations of future economic scenarios in the preparation of projections of future results, prepared by the Company's Management. The high degree of uncertainties that are related to the use of assumptions and expectations of future economic scenarios in the preparation of projections of future results led us to identify this subject matter as one of the main subject matters of audit.

Our audit procedures included, among others: (a) the involvement of evaluation professionals to assist us in reviewing the reasonableness of the main judgments and estimates used to prepare future result projections; and (b) the involvement of tax professionals to assist us in evaluating the reasonableness of the temporary differences, tax losses and negative social contribution bases determined by the Company over which deferred taxes were calculated.

Additionally, we evaluated the adequacy of the Company's disclosures on the subject, included in Note 9, mentioned above.

- *Definition of vehicles residual value*

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

Our audit procedures included, among others: (a) the understanding and evaluation of the premises used by Management in the definition of the residual value of vehicles; (b) review of the documents that supported the definition of the main assumptions applied in the definition of the residual value of vehicles; and (c) analysis of the result on disposal of vehicles recognized during the year.

Additionally, we evaluated the adequacy of the Company's disclosures on the subject, included in Note 2.h, mentioned above.

Other subjects

Added value statement

The added value statement (AVS) for the year ended on December 31, 2016, prepared under the responsibility of the Company's Management, was submitted to audit procedures performed in conjunction with the audit of the Company's financial statements.

In order to form our opinion, we assess whether this statement is reconciled with the financial statements and accounting records, as applicable, and whether its form and content comply with the criteria set forth in Technical Pronouncement CPC 09 - Added Value Statement. In our opinion, this added value statement has been properly prepared in all material respects in accordance with the criteria set forth in this Technical Pronouncement and is consistent in relation to the financial statements taken as a whole.

Corresponding values audit

The Company's financial statements for the year ended on December 31, 2015 were examined by other independent auditors that issued a report on March 30, 2016 with an unchanged opinion on these financial statements.

Other information with the financial statements and the auditor report

The company's management is responsible for such other information covering the Management Report.

Our opinion of the financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and by doing so, consider whether this report is, in a relevant manner, inconsistent with the financial statements or with our knowledge obtained in the audit or, otherwise, seems to be distorted in a relevant manner. If, based on the work performed, we concluded that there is relevant distortion in the Management Report, we are required to communicate this fact. We have nothing to report in this regard.

Management's responsibilities for the financial statements

The management is responsible for the preparation and suitable presentation of financial statements, according to the accounting practices adopted in Brazil, and for the internal controls determined by itself as necessary for allowing the preparation of final statements free of relevant distortion, regardless if caused by fraud or mistake.

In the preparation of the financial statements, the Management is responsible for the evaluation of the ability of the Company to remain operating, disclosing, when applicable, the subjects related to its operational continuity and the use of such accounting base on the preparation of the financial statements, unless the Management intends to wind up the Company or cease its operations, or if there is no realistic alternative to prevent the closure of the operations.

The Entity's governance officers are those with responsibility for the surveillance of the process of preparation of the financial statements.

Auditors' responsibility for the financial statements audit

Our goals are to obtain reasonable safety that the financial statements, taken jointly, are free from relevant distortion, regardless if caused by fraud or error, and issue audit report containing our opinion. Reasonable safety is a high level of safety, but not a guarantee that the audit carried out according to Brazilian and international audit standards always detect possible existing relevant distortions. The distortions may result from fraud or error and are deemed irrelevant when, individually or jointly, may influence, within a reasonable perspective, the economical decisions of the users taken based on such financial statements.

As part of the audit carried out in compliance with Brazilian and international audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identify and evaluate the relevant distortion risks in the financial statements, regardless if caused by fraud or error, plan and execute audit procedures in response to such risks, as well as obtain evidence of appropriate and sufficient audit to justify our opinion. The risk of non-detection of relevant distortion resulting from fraud is higher than derived from error, as the fraud may involve the act of circumventing internal controls, colluding, falsification, omission or false intentional representations.

- We understand the relevant internal controls for the audit for us to plan audit procedure appropriate in the circumstances, but not with the purpose of expressing opinion on the effectiveness of the internal controls of the Company.
- We evaluate the suitability of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by the Management.
- We concluded on the suitability of the use, by the Management, of the accounting basis of operational continuity and, based on the evidences of obtained audit, if there is relevant uncertainty regarding events or conditions that could raise significant doubt regarding the ability of operational continuity of the Company. If we conclude that there is relevant uncertainty, we should warn in our audit report for the respective in the financial statements or include modification in our opinion, if the disclosures are inappropriate. Our conclusions are based on audit evidences obtained to the date of our report. However, events or future conditions may lead the Company not to remain in operational continuity.
- We evaluated the general presentation, the structure and the content of the financial statements, including the disclosures and of such financial statements represent the corresponding transactions and events in a compatible manner with the purpose of appropriate presentation.

We communicate with the ones responsible for the related governance, among other aspects, about the planned reach, the audit time and the significant audit observations, including possible significant deficiencies in the internal controls we identified during our works.

We also provide the people responsible for governance with a statement that we have complied with the relevant ethical requirements, including applicable independence requirements and communicate any relationships or subject matters that could significantly affect our independence, including, where applicable, respective safeguards.

From the subject matters that were the object of communication with people responsible for governance, we determined those that were considered most significant in audit of the financial statements for the current year, and that, in this way, constitute the Main Subject Matters of Audit. We describe these subject matters in our audit report unless the law or regulation has prohibited public disclosure of the subject matter or when, in extremely rare circumstances, we determine that the subject matter should not be reported in our report because the adverse consequences of such communication may, within a reasonable perspective, overcome the benefits of communication to the public interest

São Paulo, March 22, 2017.

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

Emerson Pompeu Bassetti
Accountant CRC-1SP251558/O-0

Maestro Locadora de Veículos S.A.

Balance Sheet
December 31, 2016 and 2015
(In thousands of reais)

	Note	12/31/2016	12/31/2015
Asset			
Current			
Cash and cash equivalents	4	**6,293**	13,340
Financial investment of restricted use	5	**73**	966
Accounts receivable from customers	6	**10,799**	6,104
Vehicles in deactivation for fleet renewal	7	**821**	4,762
Taxes recoverable		**1,028**	700
Prepaid expenses	8	**1,337**	1,151
Other accounts receivable		**668**	547
Total current assets		**21,019**	27,570
Non-current			
Financial investment of restricted use	5	**4,598**	4,138
Accounts receivable from customers	6	**515**	970
Deposits in Court	15	**101**	76
Taxes recoverable		**-**	415
Prepaid expenses	8	**941**	410
Deferred income tax and social contribution	9	**11,864**	-
Fixed Assets	10	**82,503**	74,131
Intangible		**41**	18
Total non-current assets		**100,563**	80,158
Total assets		**121,582**	107,728

	Note	12/31/2016	12/31/2015
Liabilities			
Current			
Suppliers	11	**869**	2,234
Loans and financing	12	**12,099**	5,363
Debentures payable	14	**11,157**	11,646
Wages, charges and social contributions		**561**	376
Tax obligations		**414**	304
Other Accounts Payable		**1,047**	749
Total current liabilities		**26,147**	20,672
Non-current			
Loans and financing	12	**22,627**	11,884
Debentures payable	14	**23,188**	36,101
Provision for contingencies	15	**100**	100
Deferred income tax and social contribution	9	**-**	2,275
Total non-current liabilities		**45,915**	50,360
Owners' Equity			
Share capital	16	**51,735**	51,735
Profit reserves		**3,686**	-
Accumulated losses		**(5,901)**	(15,039)
Total owners' equity		**49,520**	36,696
Total liability and net equity		**121,582**	107,728

Explanatory notes are an integral part of financial statements.

Maestro Locadora de Veículos S.A.

Income Statement
Years ended on December 31, 2016 and 2015
(in thousands of reais)

	Note	12/31/2016	12/31/2015
Net revenue	18	**59,983**	61,230
Cost of lease and sale of vehicles	19	**(41,486)**	(44,230)
		18,497	17,000
Operating revenues (expenses)			
General and management	20	**(9,214)**	(11,660)
Other net operating revenues	20	**1,790**	853
		(7,424)	(10,807)
Result before financial net expenses and taxes		**11,073**	6,193
Financial revenues (expenses)			
Financial expenses	21	**(14,788)**	(16,561)
Financial revenues	21	**2,612**	4,807
Net financial expenses		**(12,176)**	(11,754)
Pre-tax loss		**(1,103)**	(5,561)
Current income tax and social contribution		**(212)**	
Deferred income tax and social contribution	9	**14,139**	(3,723)
Net profit / loss of the year		**12,824**	(9,284)
Loss per share - basic and diluted	17	**7.40**	(5.35)

Explanatory notes are an integral part of financial statements.

Maestro Locadora de Veículos S.A.

Comprehensive income statement
Years ended on December 31, 2016 and 2015
(in thousands of reais)

	12/31/2016	12/31/2015
Net profit / loss of the year	**12,824**	(9,284)
Other comprehensive results	**-**	-
Total comprehensive results	**12,824**	(9,284)

Explanatory notes are an integral part of financial statements.

Maestro Locadora de Veículos S.A.

Statements of the changes of net equity
Years ended on December 31, 2016 and 2015
(in thousands of Reais)

	Capital Social				Profits Reserve			
	Subscribed	Capital to be paid-in	Paid-in	Losses accumulated	Reserve legal	Dividend not distributed	Profits accumulated	Total owners' equity
Balances on January 1, 2015	51,735	(600)	51,135	(5,755)	-	-	-	45,380
Capital increase	-	600	600	-	-	-	-	600
Loss of the year	-	-	-	(9,284)	-	-	-	(9,284)
Balances on December 31, 2015	**51,735**	**-**	**51,735**	**(15,039)**	**-**	**-**	**-**	**36,696**
Net profit of the year	**-**	**-**	**-**	**-**		**-**	**12,824**	**12,824**
Constitution of legal reserve	**-**	**-**	**-**	**-**	**641**	**-**	**(641)**	**-**
Constitution of reserve of distributable dividends	**-**	**-**	**-**	**-**	**-**	**3,045**	**(3,045)**	**-**
Loss offset	**-**	**-**	**-**	**9,138**	**-**		**(9,138)**	**-**
Balances on Saturday, December 31, 2016	**51,735**	**-**	**51,735**	**(5,901)**	**641**	**3,045**	**-**	**49,520**

Explanatory notes are an integral part of financial statements.

Maestro Locadora de Veículos S.A.

Statements of the cash flows - indirect method
Years ended on December 31, 2016 and 2015
(in thousands of Reais)

	12/31/2016	12/31/2015
Cash flow from operating activities		
Net income for the fiscal year	12,824	(9,284)
Adjustments for:		
Deferred income tax and social contribution	(14,139)	3,723
Depreciation and amortization	8,820	7,468
Residual cost of written-off fixed assets and vehicles in deactivation for fleet renewal	24,040	26,906
Write-off/return of fixed assets for theft and/or total loss	(55)	852
Financial charges	13,426	12,857
Amortization of debentures issuance costs	705	532
Estimated loss with uncollectible account	573	281
Uncollectible accounts receivables write-off	-	1,345
Constitution of provision for contingencies:	-	(12)
Constitution of provision for loss of fixed vehicles and in deactivation for fleet renewal	113	400
Variations in assets and liabilities		
Accounts receivable from customers	(4,813)	(2,194)
Acquisitions of vehicles (see Note 2h)	(37,090)	(43,699)
Taxes recoverable	87	(180)
Prepaid expenses	(717)	(696)
Deposits in Court	(25)	50
Other accounts receivable	(121)	(212)
Suppliers (except automaker)	(349)	413
Wages, charges and social contributions	185	(106)
Tax obligations	110	(119)
Other Accounts Payable	298	312
Net cash used in operating activities	3,872	(1,363)
Cash flow from investment activities		
Financial investment of restricted use	433	4,809
Acquisition of other fixed and intangible assets	(1,298)	(484)
Net cash from (used in) investment activities	(865)	4,325
Cash flow from financing activities		
Raising of loans, financing, debentures and consortium	25,703	71,420
Amortization of loans, financing, debentures, consortium and lease financing	(22,205)	(53,948)
Paid-in capital	-	600
Paid interests	(13,552)	(17,663)
Net cash from (used in) funding activities	(10,054)	409
Increase (decrease) of cash and cash equivalents	(7,047)	3,371
Statement of increase (decrease) of cash and cash equivalents		
At the start of the period	13,340	9,969
At the end of the period	6,293	13,340
	(7,047)	3,371

Explanatory notes are an integral part of financial statements.

Maestro Locadora de Veículos S.A.

Added value statement
Fiscal years ended on Saturday, December 31, 2016 and 2015
(In thousands of reais)

	12/31/2016	12/31/2015
Revenues	**63,708**	64,895
Gross revenue of lease and sale of vehicles Other revenues Granted	**4,817**	3,977
discounts	**(64)**	(220)
Estimated loss with uncollectible account	**(573)**	(281)
	67,888	68,371
Inputs acquired from third parties (including ICMS, IPI, PIS and COFINS)		
Costs of services provided	**(10,379)**	(13,260)
Materials, energy, third parties services and others	**(2,883)**	(5,967)
Commercial and advertising	**(133)**	(25)
Result on disposal of vehicle fleet renewal and other fixed assets	**(24,040)**	(26,906)
	(37,435)	(46,158)
Gross added value	**30,453**	22,213
Depreciation and amortization	**(8,820)**	(7,468)
Net added value produced by Company	**21,633**	14,745
Added valued received in transfer Financial revenues	**2,612**	4,807
Total added value to distribute	**24,245**	19,552
Distribution of the added value Personnel	**24,245**	19,552
Direct Compensation	**4,161**	3,055
Benefits	**495**	333
FGTS	**224**	172
Taxes, fees and contributions		
Municipal	**2**	-
Federal	**(8,659)**	8,361
Compensation of third parties capitals		
Interests and expenses on loans	**5,823**	5,239
Interests and expenses on debentures	**8,551**	9,406
Rental Rates	**467**	336
Others	**357**	1,934
Compensation from own capital		
Net profit / loss of the year	**12,824**	(9,284)

Explanatory notes are an integral part of financial statements.

1. Operations

Maestro Locadora de Veículos S.A. ("Maestro" or "Company") is a Brazilian publicly held corporation, however, it has no shares traded in the market. The Company was organized on April 5, 2007, with administrative office located at Avenida Queiroz Filho, 1560, Vila Hamburguesa, São Paulo, 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 São Paulo.

The Company operates throughout the national territory in the segment of long-term vehicles lease, without a driver, providing fleet outsourcing services. The vehicles are purchased from major automakers in the country, remain in use for an average term of 2 to 3 years and are subsequently sold in used resale channels and specialized auctions. It should be noted that as of December 31, 2016, Maestro's fleet was composed of 2,486 vehicles (2,651 on December 31, 2015).

In the operational scope, we continue working to ensure the continuous improvement of logistical and operational efficiency in order to reduce both the number of days the car is made available to the customer and the term in which the vehicle is sold.

We maintain long-term commercial partnerships with the main automakers of the country, ensuring not only a relatively diversified base of potential suppliers but also competitive general conditions for vehicle acquisition. This relationship has guaranteed, over the years, commercial conditions that are adequate to the profile of customers that we seek to maintain and achieve. We also seek the continuous improvement of these general conditions of vehicle acquisition as the Company evolves in its business cycle.

2. Preparation basis

a) Declaration of Conformity in relation to the standards of the Accounting Pronouncements Committee (CPC) and the rules of Brazilian Securities and Exchange Commission (CVM)

The financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, which include the corporate law, the rules of Brazilian Securities and Exchange Commission (CVM) and the Pronouncements of the Accounting Pronouncements Committee (CPC).

2. Preparation basis - Continuation

a) Declaration of Conformity in relation to the standards of the Accounting Pronouncements Committee (CPC) and the rules of Brazilian Securities and Exchange Commission (CVM)-- Continuation

All the relevant information specific to this annual financial statement, and only them, are being evidenced and correspond to those used by Management in its management.
The issuance of this annual financial statement was authorized by the Company's Board of Directors on March 22, 2017

b) Functional currency and presentation currency
The financial statements are presented in Reais, which is the Company's functional currency.

c) Use of estimates and judgments

In preparing these financial statements, Management used judgments, estimates and premises that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. The real results may deviate from these estimates. Estimates and premises are continuously reviewed. The reviews of estimates are prospectively recognized.

d) Judgments
The information on judgments made in the application of accounting policies that have significant effects on the amounts recognized in the financial statements are included in the following explanatory note:

- Note 07 - Vehicles in deactivation for fleet renewal;
- Note 10 - Fixed (vehicles depreciation) and residual value

2. Preparation basis - Continuation

e) Uncertainties on premises and estimates

Information on the uncertainties about premises and estimates that have a significant risk of resulting in a significant adjustment in the next year are included in the following explanatory notes:

- Note 06 - Accounts receivable from customers (transaction by PECLD);
- Note 07 - Vehicles in deactivation for fleet renewal;
- Note 09 - Deferred income tax and social contribution;
- Note 10 - Fixed (vehicles depreciation and residual value).

f) Financial instruments

Initial recognition and measurement

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

Financial assets are classified and recognized as fair value through result, loans and receivables held to maturity, financial assets available for sale, or coverage instruments.

Financial liabilities are classified and recognized as fair value through result, loans and financing, accounts payable or coverage instruments.

The Company does not have derivatives, assets or liabilities measured at fair value through result.

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 payments or determinable which are not quoted in active market. Subsequent measurement of these assets is at amortized cost using the effective interest rate method, less impairment or damage.

2. Preparation basis - Continuation

f) Financial instruments - Continuation

Subsequent measurement - financial assets--Continuation

Assets held to maturity are non-derivative financial assets with fixed or determinable payments and with fixed maturities that the Company has the intention and ability to hold to maturity. Subsequent measurement of these assets is at amortized cost using the effective interest rate method, less impairment or damage.

Financial assets are regularly evaluated for damage and impairment loss and recognized, if applicable, if the book value of the asset is greater than its value in use, indicated by the present value of estimated future cash flows on the amount accounted in the asset. This loss is recorded in the income statement and a provision account in the balance to reduce the book value of the asset

Subsequent measurement - financial liabilities

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

Loans and financing are contractual agreements for loans with interests and financial lease loans. Subsequent measurement of these liabilities is at amortized cost using the effective interest rate method.

Accounts payable are financial liabilities held mainly with suppliers and related parties. Subsequent measurement of these liabilities is at amortized cost using the effective interest rate method.

Financial instruments are only recognized as of the date on which the Company becomes a party to the contractual provisions of the financial instruments. When they recognized, they are initially recorded at fair value plus transaction costs that are directly attributable to their acquisition or issuance, except in the case of financial assets and liabilities classified in the category at fair value through income, where such costs are directly posted in the result of the year. Its subsequent measurement occurs at each balance date in accordance with the rules established for each type of classification of financial assets and liabilities in: (i) financial assets and liabilities measured at fair value through result; (ii) held to maturity; iIii) loans (granted) and receivables; (iv) financial liabilities not measured at fair value; and (v) available for sale.

2. Preparation basis - Continuation

g) Basis of measurement

The financial statements were prepared based on the historical cost, except the following items materials recognized in the balance sheets:

- Vehicles in deactivation for fleet renewal are measured at fair value less sale cost;
- Financial instruments designated at fair value through result are measured at fair value.

h) Main accounting policies

The accounting policies described in detail below have been consistently applied to all the fiscal years presented in the financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and financial investments with an original maturity of three months or less from the date of hiring, which are subject to insignificant risk of change in value and are used in the management of short-term obligations.

Financial investment of restricted use

Financial investments of restricted use refer to certificates of deposit, which reflect the usual market conditions and at the balance sheet date, do not have immediate liquidity and have no risk of significant variations of fluctuations in function of the interest rate and measured at fair value through result. These financial investments are guarantors of the Company's bank loans.

Accounts receivable from customers and provision for uncollectible account

The accounts receivable represent the services provided and the sale of vehicles up to the balance sheet date and are presented net of provision for uncollectible account, which was constituted in an amount considered sufficient by Management to cover possible losses on realization of accounts receivable.

2. Preparation basis--Continuation

h) Main accounting policies - Continuation

Vehicles in deactivation for fleet renewal

The fleet of vehicles is renewed after its economic useful life, which basically comprises the year in which the fleet is rented to third parties. After this year, the vehicles cease their depreciation and are kept for sale (ancillary activity to their operation). These are measured at the lower value among cost and net realizable value, as required by CPC 31 - Non-current Assets Held for Sale and Discontinued Operation.

Net realizable value is the estimated selling price in the ordinary course of business. Its estimated selling pricing is based on market reference prices, the Company's historical commercialization characteristics, as well as the use and application of the fleet object of pricing.

The deactivation of fixed assets occurs due to the need for renewal of the fleet at the end of the year of use of the fleet in rental activities.

Fixed Assets

Recognition and measurement.

Items of fixed assets are measured at historical acquisition cost deducted from accumulated depreciation and losses of reduction to recoverable value *(impairment)* accumulated, constituted when necessary.

The cost includes expenses that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are recorded as individual items (principal components) of fixed assets.

Gains and losses on disposal of an item of fixed assets (determined by the difference between the resources from the disposal of and the book value of fixed assets), are recognized in other operating revenues/ expenses in the result.

The replacement cost of a component of the fixed assets is recognized in the book value of the item if it is probable that the economic benefits incorporated into the component shall flow to the Company and its cost can be reliably measured. The book value of the component that has been reset by another is written-off. The day-to-day maintenance costs of fixed assets are recognized in result as incurred.

(In thousands of Reais, unless otherwise indicated)

2. Preparation basis - Continuation

h) Main accounting policies - Continuation

Fixed--Continuation

Depreciation

Depreciation is calculated on the depreciable value, which is the cost of an asset, or other replaced value of the cost, deducted from the residual value (estimated value that the Company shall obtain from the sale of the asset, after deducting estimated selling expenses, if the asset already had the age and the expected condition for the end of its useful life).

Depreciation is recognized in the result based on the linear method with respect to the estimated useful lives of each part of an item of fixed assets, since this method is the one that most closely reflects the consumption pattern of the future economic benefits incorporated in the asset. Leased assets are depreciated for the shorter year among lease term and the useful lives, unless it is reasonably certain that the Company shall obtain ownership at the end of the lease term.

The estimated useful lives of properties of fixed assets are approximately:

	12/31/2016	12/31/2015
Vehicles	2 - 3 years	2 - 3 years
Computing and telephony equipment	5 - 10 years	5 - 10 years
Machinery and equipment	10 years	10 years
Furniture and fixtures	10 years	10 years
Leased furniture	10 years	10 years
Improvements	10 years	10 years

In relation to the Company's operating vehicles, depreciation is measured by the difference between cost and net residual value, the latter being the estimated selling price in the normal course of business.

Its estimated selling pricing is based on market reference prices, the Company's historical commercialization characteristics, as well as the use and application of the fleet object of pricing.

2. Preparation basis - Continuation

h) Main accounting policies - Continuation

Other assets and liabilities

A liability is recognized in the balance sheet when the Company has a legal or constituted obligation as a result of a past event and it is probable that an economic resource shall be required to settle it. Provisions are recorded based on the best estimates of the risk involved.

An asset is recognized in the balance when it is probable that its future economic benefits shall be generated in favor of the Company and its cost or value can be safely measured.

Assets and liabilities are classified as current when their realization or settlement is likely to occur in the next 12 months. Otherwise, they are shown as non-current.

Reduction to recoverable value

Financial assets (including receivables)

A financial asset not measured at fair value through the result is evaluated at each presentation date to determine whether there is objective evidence that there has been a loss in its recoverable value. An asset has a loss in its recoverable value if objective evidence indicates that a loss event occurred after the initial recognition of the asset and that loss event had a negative effect on projected future cash flows that can be reliably estimated.

The objective evidence that financial assets have lost value may include non-payment or late payment by the debtor, restructuring of the amount due to the Company on conditions that the Company would not consider in other transactions, indications that the debtor or issuer shall file for bankruptcy, or the disappearance of an active market for a bond. In addition, for an equity instrument, a significant or prolonged decline in its fair value below its cost is objective evidence of loss for reduction to recoverable value.

2. Preparation basis--Continuation

h) Main accounting policies--Continuation

Reduction to recoverable value--Continuation

Financial assets measured by amortized cost

The Company considers evidence of loss of assets value measured by amortized cost (for receivables and bonds of investments held to maturity) at both individualized and collective levels. Individually significant assets are evaluated in respect to the loss of specific value. In evaluating the collective recoverable amount, the Company uses historical trends in the probability of default, the term of recovery and the amounts of loss incurred, adjusted to reflect Management's judgment on the assumptions that the current economic and credit conditions are such that the actual losses are likely to be higher or lower than those suggested by historical trends.

Non-financial assets

The book values of the Company's non-financial assets, except for deferred income tax and social contribution (which follow pronouncement CPC 01 R1), are reviewed at each presentation date to determine if there is any indication of loss in recoverable value. If such an indication occurs, then the recoverable value of the asset is estimated.

A loss by reduction in recoverable value is recognized if the book value of the asset or Cash Generating Unit ("CGU") exceeds its recoverable value.

The recoverable value of an asset or a cash generating unit is greater between the value in use and the fair value less sale expenses. In assessing the value in use, estimated future cash flows are discounted to their present values through the pre-tax discount rate that reflects current market conditions in respect to the year of recoverability of the capital and the specific risks of the asset or CGU. For the purpose of testing the recoverable value, assets that cannot be individually tested are grouped into the smallest group of assets that generates cash inflows of continuous use that are largely independent of the cash flows of other assets or groups of assets (the "cash generating unit or CGU").

A loss by reduction to recoverable value is recognized if the book value of an asset or its CGU exceeds its estimated recoverable value. Losses of value are recognized in the result.

2. Preparation basis - Continuation

h) Main accounting policies - Continuation

Provisions

Provisions are recognized when the Company has an obligation (legal or not formalized) as a consequence of a past event, it is probable that an economic resource is required to settle it and a reliable estimate of the value of the obligation can be made. When the Company expects the amount of a provision to be repaid in whole or in part, the reimbursement is recognized as a separate asset, but only when the reimbursement is practically certain. The expense in relation to any provision is presented in the income statement, net from any refunding.

In addition, in rare cases where it is not clear whether or not a present obligation exists, a past event is assumed to give rise to a present obligation if, taking into account all available evidence, it is more likely yes than no that it exists an obligation present at the balance sheet date.

Operating net revenue

Vehicles lease revenue

The properties (vehicles) lease revenue is measured at the fair value of the consideration received or receivable. Fleet lease revenues are recognized on a monthly basis for the year of the lease agreement.

Vehicles sale

The net operating revenue from the sale of properties (vehicles), ancillary and complementary activity to the leasing activity of vehicles, 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 benefits inherent to the ownership of the properties have been transferred to the buyer, that it is probable that the financial economic benefits shall flow to the Company, that the associated costs and the possible return of vehicles can be reliably estimated, that there is no continuous involvement with the properties sold, and that the value of net operating revenue can be reliably measured. If discounts are likely to be granted and the amount can be reliably measured, then the discount is recognized as a reduction in net operating revenue as sales are recognized

2. Preparation basis - Continuation

h) Main accounting policies - Continuation

Financial revenues and expenses

Financial revenues include interest revenue on invested funds and interest for late payment levied on receivables amounts. Interest revenue is recognized in result, through the effective interest method.

Financial expenses include interest expenses on loans and financing, changes in the fair value of financial assets measured at fair value through result. Loans costs that are not directly attributable to the acquisition of a qualifying asset are measured in the result using the effective interest method.

Income tax and social contribution

Taxation on profit comprises income tax and social contribution. Income tax is calculated on taxable profit at the tax rate of 15%, plus an additional of 10% for profits that exceed R$ 240 in the period of 12 months, while the social contribution is calculated at the tax rate of 9% on taxation profit, recognized on an accrual basis. Therefore, inclusions to expenses accounting loss, temporarily non deductible or exclusions from the revenue temporarily non taxable for the current taxable profit calculation, generate deferred tax credits or debits.

Advances or values that may be subject to offsets are shown in current or non-current assets, according to its realization forecast.

Deferred tax liabilities arising from tax loss or negative social contribution base are only recognized to the extent that it is probable that there shall be a positive taxable basis for which temporary differences may be used.

Deferred income tax and social contribution assets are reviewed at each report date and shall be reduced to the extent that their realization is no longer probable.
Deferred tax assets and liabilities are offset if there is a legal right to offset current tax liabilities and assets and they relate to income taxes levied by the same taxing authority on the same entity subject to taxation.

(In thousands of Reais, unless otherwise indicated)

2. **Preparation basis** - Continuation

h) Main accounting policies - Continuation

Cash Flow Statement (CFS)

The annual cash flow information, by indirect method, is prepared and presented in accordance with accounting pronouncement CPC 03 (R2) - Cash Flows Statement (CFS). The cash effects that did not affect the CFS are presented as a supplementary disclosure below

Supplementary disclosure to cash flow financial statement

	12/31/2016	**12/31/2015**
Statement of cash paid for acquisition of vehicles: Acquisition of vehicles in the period (Note 10)	**(36,074)**	(44,771)
Suppliers - automakers (Note 11):		
Balance at the end of period	**106**	1,122
Balance in the beginning of period	**1,122**	50
	(1,016)	1,072
Cash paid for acquisition of vehicles	**(37,090)**	(43,699)

Added value statement

The Company prepared added value statement (AVS) under the terms of the technical statement CPC 09 - Added Value Statement, which are presented as integral part of the financial statement according to BR GAAP applicable to publicly held companies.

i) Pronouncements issued, but that are not in force on December 31, 2016

The rules and interpretations issued, but not adopted yet, until the issuance date of the financial statements are presented below. The Company intends to adopt these rules, if applicable, when they come into force.

IFRS 9 - Financial Instruments (CPC 48 - Financial Instruments)

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments, which replaces IAS 39 - Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of accounting for financial instruments: classification and measurement, loss by reduction to recoverable value and hedge accounting. IFRS 9 is in force for annual periods beginning on January 1, 2018 or after this date. Except for hedge accounting, retrospective application is required, however, it is not mandatory to present comparative information

2. Preparation basis - Continuation

i) Pronouncements issued, but that are not in force on December 31, 2016-Continuation

IFRS 9 - Financial Instruments (CPC 48 - Financial Instruments)--Continuation

The Company is in the initial phase of adopting IFRS 9 with regard to identifying the most relevant effects of the rules, identifying eventual changes in computerized systems, establishing internal controls, adequate and required policies and procedures to collect and disclose information required in this new normative. Up to the date of disclosure of these financial statements no material effects had been identified that required any further disclosure.

IFRS 15 - Revenues of Contracts with Customers (CPC 47 - Revenue of Contract with Customer)

IFRS 15, issued in May 2014, establishes a new five-step model that shall be applied to revenues from contracts with customers. According to IFRS 15, revenues are recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of properties or services to a customer. The new rule for revenues shall replace all current revenue recognition requirements according to IFRS. Full retrospective adoption or modified retrospective adoption is required for annual periods beginning on January 1, 2018.

The Company is in the initial phase of adopting IFRS 15 with regard to identifying the most relevant effects of the rules, identifying eventual changes in computerized systems, establishing internal controls, adequate and required policies and procedures to collect and disclose information required in this new normative. Up to the date of disclosure of these financial statements no material effects had been identified that required any further disclosure.

IAS 7 - Disclosure Initiative - Amendments to IAS 7

Amendments to IAS 7 Cash Flows Statement are part of the IASB disclosure initiative and require an entity to provide disclosures that enable users of financial statements to assess changes in liabilities arising from financing activities, including both changes arising from in cash flow as changes that do not affect the cash. In the initial adoption of the amendment, entities are not required to provide comparative information relatively to prior periods. The changes are effective for annual periods beginning on January 1, 2017 and the Company is in the definition phase if these changes shall be adopted in the preparation of the financial statements ending on December 31, 2017

2. **Preparation basis** - Continuation

i) Pronouncements issued, but that are not in force on December 31, 2016-Continuation

IFRS 16 - Leasing Operations

IFRS 16 was issued on January 2016 and replaces IAS 17, unifying the accounting treatment of operating and financial leases for the model similar to financial leasing with impact on fixed assets and financial liabilities. This rule is effective as of January 1, 2019 and the Company is in the content evaluation phase of the said rules and the possible impacts of adopting this pronouncement.

There are no other standards and interpretations issued and not adopted yet, that may, in Management's opinion, have a significant impact on the results or owners' equity disclosed by the Company

3. Financial risk management

General View

The Company presents exposure to the following risks arising from the use of financial instruments:

- Market risk
- Interest rate risk
- Operational risk
- Credit Risk
- Liquidity risk

Risk management practices aim to identify, monitor, analyze and mitigate potential losses to the Company, establishing limits and controls for its management.

The Executive Board has responsibility for the establishment and supervision of risk management by systematically reporting them to the Board of Directors.

3. Financial risk management - Continuation

General View - Continuation

a) *Market risk*

Defined as changes in market prices, the most relevant component of which is the interest rate and residual value risk of vehicles.

The Company also seeks an adequate balance between its post and pre-fixed debt raising.

The constant monitoring of the future interest curves, with direct implication in the pricing of the rent, allows the Company, at any time, to mitigate effects of interest fluctuations in the terms of the contract, preserving the profitability of these over its duration.

Vehicle residual values, defined as estimated values for the sale of the fleet after the end of the outsourcing contract cycle, are constantly monitored by Management and take into account factors such as current vehicle market values, models life cycle, sales channel of vehicles and government policies in relation to taxes levied on vehicle sales operations.

b) *Interest rate risk*

Interest rate risk is one in which the Company may suffer economic losses due to adverse changes in interest rates, which may be caused by factors related to economic crises and/or changes in monetary policy in the domestic and foreign markets. The Company continuously monitors market interest rates in order to assess the possible need to contract operations with the objective of protecting against the volatility of these rates.

c) *Operational risk*

Operational risk is that of structural, technological, personal and infrastructure nature that arise from all the intrinsic activities of car rental.

3. Financial risk management - Continuation

General View - Continuation

c) *Operating* risk - Continuation

The responsibility for risk management and optimization of its monitoring is of Management. Among the main operational risks are:

- Performance risk: where controls, processes and procedures must guarantee the faithful compliance with contracted items, maintaining real costs equal to or less than projected.
- Asset integrity risk: defined as unplanned losses such as fines, damages and claims are covered by perfectly defined mechanisms of reimbursement and self-insurance.

d) *Credit Risk*

Credit risk is the Company's risk of incurring financial losses arising from the non-payment of contractual obligations by its customers.

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

- Use of standard market methodology and tools in the analysis and assignment of credit;
- Standardization of contracts, within certain parameters that do not reduce flexibility and commercial attractiveness;
- Fast and transparent communication channel with the Customer in order to expeditiously resolve possible questions of charges additional to basic rent, such as fines and damages.

e) *Liquidity risk*

Liquidity risk is defined as one in which the Company may encounter difficulties in fulfillment of its financial obligations.

(In thousands of Reais, unless otherwise indicated)

3. Financial risk management - Continuation

General view - Continuation

e) *Liquidity risk- Continuation*

The main mitigating tool for this risk is the use of standard market methodology and tools in the analysis and concession of:

- Cash planning: with great emphasis on the predictability of net capex, that is, in the purchases and sales of vehicles.
- Adoption of minimum cash flow, which allows contractual obligations to be met even in the event of hypothetical market stress or systemic liquidity reduction.

Capital management

The Company's capital management is carried out in a way that ensures, at any time, the financial sustainability of the Company by its own means. The high predictability of operating cash flows arising from long-term contracts and the inherent nature of low seasonality in the business contribute in a decisive form in this management.

In this sense, it is sought to ensure that at all times, that the Company's operating cash flow, added to the resources from the sale of cars, are equal to or greater than the indebtedness service, including interest and principal payments.

In this way, financing for fleet growth is measured by the sum of the operating cash flow (including cash flow from the sale of vehicles) and new financing lines, deducted from current debt payments.

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

Below we show the net debt at the end of the year:

	12/31/2016	**12/31/2015**
Loans, financings, debentures and financial leases - gross debt	**69,071**	64,994
Cash and cash equivalent and financial investment of restricted use	**(10,964)**	(18,444)
Net Debt	**58,107**	46,550

(In thousands of Reais, unless otherwise indicated)

4. Cash and cash equivalents

	12/31/2016	12/31/2015
Cash and banks	**181**	647
Financial investments	**6,112**	12,693
	6,293	13,340

The short-term financial investments of high liquidity are readily convertible in a known cash sum and are subjected to an insignificant value change risk. The Company has the option of early redemption of these financial investments, without loss of profitability penalty. These financial instruments refer to Certificates of Deposit (CDBs) remunerated at 100% of Interbank Certificates of Deposit (CDIs-C) as of December 31, 2016 and 100% at December 31, 2015.

5. Financial investment of restricted use

	12/31/2016	12/31/2015
Current	**73**	966
Non-current	**4,598**	4,138
	4,671	5,104

They refer to Certificates of Deposit (CDBs), that at the balance sheet date, do not have immediate liquidity and have no risk of significant variations of fluctuations in function of the interest rate and measured at fair value. These investments are remunerated at 100% of the CDI as of December 31, 2016 and 100% as of December 31, 2015, and are bound to the associated loans (guarantors), as disclosed in Note 12.

6. Accounts receivable from customers

Current	12/31/2016	12/31/2015
Vehicle rental	**13,053**	8,240
(-) Provision for uncollectible account	**(1,739)**	(1,166)
	11,314	7,074
Current	**10,799**	6,104
Non-current	**515**	970
	11,314	7,074

(In thousands of Reais, unless otherwise indicated)

6. Accounts receivable from customers-Continuation

The maximum exposure to credit risk for accounts receivable from customers at the report date was:

Range	12/31/2016	12/31/2015
To be due	**6,267**	4,094
Past due:		
Within 1 to 60 days	**1,461**	898
Within 61 to 90 days	**732**	461
Within 91 to 180 days	**1,112**	356
Within 181 to 360 days	**828**	337
Over 360 days	**2,653**	2,094
	13,053	8,240

Accounts receivable classified as "Non-current" are composed of invoices receivable from customers that are in the process of judicial collection in which the Company does not have an expectation of realization within one year of the base date of the balance sheet.

According to the opinion of the lawyers sponsoring such actions, the chances of recovery of the invoiced amounts exist, in view of the financial solidity of the companies in question.

The transaction of the estimated loss with uncollectible account is presented below:

	Current	Non Current	Total
Balance on 12/31/2014	(495)	(390)	(885)
Reversion of provision	1,445	(1,245)	200
Constitution of provision	(1,146)	665	(481)
Balance on 12/31/2015	**(196)**	**(970)**	**(1,166)**
Reversion of provision	**322**	**172**	**494**
Constitution of provision	**(161)**	**(906)**	**(1,067)**
Balance on 12/31/2016	**(35)**	**(1,704)**	**(1,739)**

The estimated losses with uncollectible accounts were constituted in amount considered sufficient by Management to cover possible losses on the realization of credits.

(In thousands of Reais, unless otherwise indicated)

7. Vehicles in deactivation for fleet renewal

	12/31/2016	12/31/2015
Opening Balance	**4,762**	1,789
Provision for loss	**(113)**	(323)
Write-off	**(23,945)**	(26,906)
Transfer of vehicles (1)	**20,117**	30,202
Final balance	**821**	4,762

The Company maintains a policy and procedure for analyzing and comparing the book value of vehicles in deactivation for renewal of the fleet with its net realizable value. And, when there are uncertainties in respect to the realization of its net realizable value, a provision for loss *(impairment)* is constituted.

(1) Transfer of fixed vehicles previously in operation. See Note 10

8. Prepaid expenses

	12/31/2016	12/31/2015
1st license plate	**694**	930
Bank expenses	**949**	283
Insurance premium expenses	**145**	51
Other	**490**	297
	2,278	1,561
Current	**1,337**	1,151
Non-current	**941**	410

The prepaid expenses of 1st license plate are appropriate to the result in the average period of 24 months, due to the nature of the lease contracts.

Other prepaid expenses are appropriate according to their effectiveness term.

(In thousands of Reais, unless otherwise indicated)

9. Deferred income tax and social contribution

a) Balance Sheet

We present below the nature representing the balances of deferred tax assets and liabilities of the Company in the comparative periods:

	12/31/2016			12/31/2015
	Assets	**Liabilities**	**Net**	**Net**
Tax loss and negative basis of IRPJ and CSLL	**12,035**	**-**	**12,035**	8,230
Financial lease adjustment	**-**	**(171)**	**(171)**	(7,420)
Depreciation adjustment	**-**	**-**	**-**	(3,709)
Other temporary additions	**-**	**-**	**-**	624
	12,035	**(171)**	**11,864**	(2,275)

The asset is composed of tax losses and negative basis of IRPJ and CSLL and other temporary differences, represented by provisions for uncollectible account, loss of recoverable value of vehicles in deactivation for fleet renewal and contingencies.

The Company expects to generate sufficient taxable profit to offset fully deferred tax assets in the coming years and recognizes in its interim accounting information the deferred tax assets arising from tax losses, negative basis of income and social contribution taxes and temporary differences. Based on the technical study of generation of future taxable profits, approved by the Board of Directors, the Company estimates to recover these tax liabilities in up to 10 years.

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

b) Result of period

The deferred taxes result recognized in the income statement for the year ended on December 31, 2016 is R$ 14,139 (expense of R$ (3,723) in the year ended on December 31, 2015).

(In thousands of Reais, unless otherwise indicated)

10. Fixed Assets

a) Transaction of the year ended on 12/31/2016

Cost	Balances on 12/31/2015	Additions	Write-off	Transfers	Transfer. for renewal (1)	Balances in 12/31/2016
Operating vehicles	74,284	-	(402)	44,509	(22,612)	**95,779**
Computing equipment and telephony	212	35	-	-	-	**247**
Machinery and equipment	844	85	-	-	-	**929**
Furniture and fixture	107	68	-	-	-	**175**
Improvements	139	86	-	-	-	**225**
Fixed assets in progress	8,827	36,074	-	(44,509)	-	**392**
Fixtures	332	937	-	-	-	**1,269**
	84,745	37,285	(402)	-	(22,612)	**99,016**

Depreciation	Interest depreciation	Balances in 12/31/2015	Additions	Write-off	Transfer. for renewal (1)	Balances in 12/31/2016
Operating vehicles	11%	(9,649)	(8,180)	307	2,495	**(15,027)**
Computing equipment and telephony	10-20%	(83)	(25)	-	-	**(108)**
Machinery and equipment	10%	(323)	(97)	-	-	**(420)**
Furniture and fixture	10%	(41)	(14)	-	-	**(55)**
Improvements	10%	(49)	(52)	-	-	**(101)**
Fixtures	10%	(69)	(388)	-	-	**(457)**
		(10,214)	(8,756)	307	2,495	**(16,168)**
Provision for loss and theft		(400)	55	-	-	**(345)**
Net fixed assets		74,131	28,584	(95)	(20,117)	**82,503**

(In thousands of Reais, unless otherwise indicated)

10. Fixed assets-Continuation

b) Transaction of the year ended on 12/31/2015

Cost	Balances in 12/31/2014	Additions	Write-off	Transfers	Transfer. for renewal (1)	Balances in 12/31/2015
Operating vehicles	72,301	520	(220)	40,392	(38,709)	74,284
Equipment of computing and telephony	164	48	-	-	-	212
Machinery and equipment	778	66	-	-	-	844
Furniture and fixture	107	-	-	-	-	107
Improvements	139	-	-	-	-	139
Fixed assets in progress	4,968	44,251	-	(40,392)	-	8,827
Fixtures	-	263	-	-	-	263
Consortium advance	319	62	(381)	-	-	-
	78,776	45,210	(601)	-	(38,709)	84,676

Depreciation	Interest depreciation	Balances in 12/31/2014	Additions	Write-off	Transfer. for renewal (1)	Balances in 12/31/2015
Operating vehicles	11%	(10,960)	(7,268)	72	8,507	(9,649)
Equipment of computing and telephony	10-20%	(60)	(23)	-	-	(83)
Machinery and equipment	10%	(207)	(116)	-	-	(323)
Furniture and fixture	10%	(30)	(11)	-	-	(41)
Improvements	10%	(36)	(13)	-	-	(49)
		(11,293)	(7,431)	72	8,507	(10,145)
Provision for loss and theft		-	(400)	-	-	(400)
Net fixed assets		67,483	37,379	(529)	(30,202)	74,131

(1) Transfer from fixed assets to the "Vehicles" account in deactivation for fleet renewal". See note 7.

c) Leased vehicles

The Company leases vehicles under a series of lease agreements, which lease obligations are disclosed in Note 13. At December 31, 2016, the residual book value of leased vehicles was R$ 502 (R$ 1,252 in December 2015).

Lease agreements are exclusively for the acquisition of vehicles that shall be leased to customers for a period of 24 to 36 months.

d) Guarantees

As of December 31, 2016, the equivalent of 90% of the Company's total fleet (2,225 vehicles) is guarantor of bank loans, financing and financial leases which residual value is R$ 70,472 (R$ 69,602 in December 2015).

(In thousands of Reais, unless otherwise indicated)

11. Suppliers

	12/31/2016	12/31/2015
Automakers	**106**	1,122
Several suppliers	**763**	1,112
	869	2,234

12. Loans and financing

The Company's indebtedness profile for the periods ended on December 31, 2016 and December 31, 2015 is summarized in the tables below:

Saturday, December 31, 2016

		Rate year (%)		Year of		Non		
Modality	**Currency**	**Min.**	**Max.**	**maturity**	**Current**	**current**	**Total**	**Total %**
Working capital (pre)	R$	0.92 per month	1.41 per month	2019	**2,665**	**3,894**	**6,559**	**14.66%**
Working capital (post)	R$	0.34 per month + CDI	0.47 per month + CDI	2019	**14,812**	**23,179**	**37,991**	**84.89%**
Finame				2018	**105**	**97**	**202**	**0.45%**
					17,582	**27,170**	**44,752**	
Interests to incur (ii)					**(5,483)**	**(4,543)**	**(10,026)**	
Total					**12,099**	**22,627**	**34,726**	

December 31, 2015

		Rate year (%)		Year of		Non		
Modality	**Currency**	**Min.**	**Max.**	**maturity**	**Current**	**current**	**Total**	**Total %**
Working capital (pre)	R$	0.92 per month	1.41 per month	2019	1,208	3,553	4,761	22.52%
Working capital (post) (i)	R$	0.34 per month + CDI	0.47 per month + CDI	2019	4,310	11,175	15,485	73.24%
Lease financial (post)	R$	0.28 per month + CDI	0.45 per month + CDI	2017	630	268	898	4.25%
					6,148	14,996	21,144	
Interests to incur (ii)					(785)	(3,112)	(3,897)	
Total					5,363	11,884	17,247	

(i) On May 30, 2016, the Company issued a bank credit note in favor of Banco Caixa Geral in the total amount of R$ 20,000 at an interest rate of 100% CDI + 5.50% per annum. The debt due in May 2020 and has fiduciary disposition of vehicles and fiduciary assignment of receivables arising from vehicle fleet lease agreements in guarantee for payment.

(In thousands of Reais, unless otherwise indicated)

12. Loans and financings-Continuation

(ii) Balance refers to interest to be accrued on loans and financing operations, which are appropriate to result for the effectiveness term of the contract.

a) Guarantees

Loans and leasing operations are guaranteed by the composition of vehicles, as disclosed in Note 10 letter "d" and/or receivables in certain working capital operations.

b) Contractual clauses

On August 4, 2014, the Company contracted line of credit with Banco Panamericano CCB in the principal amount of R$ 5,619, with final maturity on August 4, 2017, which during the effectiveness term is subject to the quarterly fulfillment of certain indexes and financial limits related to indebtedness and leverage, required as of June 30, 2015, based on the audited interim accounting information and the audited annual financial statements as of December 31.

The contractual condition and compliance with financial indexes and limits are presented below:

Contractual condition	Restriction	Realized
(i) Index obtained from the division of net financial debt by EBITDA (accumulated last 12 months)	< 4.00	2.92
(ii) Index obtained from the division of net financial debt by owners' equity	< 3.25	1.17
(iii) Index obtained from the division of net financial debt by total net fleet	< 0.85	0.71

On December 31, 2016, the Company met the clauses of *covenants.*

The disclosures about the Company's exposure to interest rate and liquidity risks are in Note 23.

(In thousands of Reais, unless otherwise indicated)

13. Financial lease liabilities

The financial lease liabilities comprise only the amounts related to vehicles, which were leased with a transfer clause at the end of the contract for a value significantly lower than the market value. These contracts do not have renewal clauses.

Financial lease contracts are made at pre-fixed rates with fixed and post-fixed installments with variable installments up to the contract period. The vehicles acquired through lease are subject to an operating lease with the Company's customers that can be terminated at any time by both parties, by means of a formal notice.

On December 31, 2016, the Company made liquidity of the financial lease agreements.

The maturities of these obligations are distributed as follows:

	Minimum payments future of lease		Interest		Present value of minimum payments of lease	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**	**12/31/2016**	**12/31/2015**
Less than one year	-	630	-	(98)	-	532
Between one and five years	-	268	-	(10)	-	258
	-	898	-	(108)	-	790

14. Debentures payable

	12/31/2016	12/31/2015
Debentures payable	**36,572**	50,679
(-) Costs of transaction for issuance of debentures (i)	**(2,227)**	(2,932)
	34,345	47,747
Current	**11,157**	11,646
Non-current	**23,188**	36,101

(i) Expenses with the issuance of debentures, which are amortized in the effectiveness term of the debt.

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

(In thousands of Reais, unless otherwise indicated)

14. Debentures payable - Continuation

The debentures do not have a grace period for amortization of interest and due balance and have a term of 60 months as of the February 1, 2016, with installments equal to 1.66% of the due balance. The termination of the amortizations is scheduled for January 30, 2020.

At the general meeting of the debenture holders held on June 20, 2016, by debenture holders resolution, the following changes were made: (i) to adjust clause 6.16 of the Species with Real Guarantee, from the first issue of the debentures, in order to change percentages of amortization installments; (ii) to amend item 6.25 in order to adjust the ratio index limit between the net debt and EBITDA for following-up the fiscal year ended on December 31, 2016; (iii) among others.

The contractual condition and compliance with financial indexes and limits are presented below:

Contractual condition	Restriction	Realized
(i) Index obtained from the division of net financial debt by EBITDA (accumulated in the last 12 months)	< 4.25	2.92
(ii) Index obtained from the division of net financial debt by owners' equity	< 3.25	1.17
(iii) Index obtained from the division of net financial debt by total net fleet	< 0.85	0.71

15. Provision for contingencies

The Company is subject to civil lawsuits, arising from the normal course of operations. The Management, based on information of its legal advisors and analysis of the pending legal demands constituted provision in an amount considered sufficient to cover the estimated losses with the ongoing claims, as follows:

	12/31/2016	12/31/2015
Civil Contingencies	**100**	100

In accordance with accounting practices adopted in Brazil, the Company does not make provision for contingencies classified as probable loss. The estimate of values related to possible civil contingencies, based on information from its legal advisors, on December 31, 2016 is R$ 74 (R$ 1,100 on December 31, 2015).

(In thousands of Reais, unless otherwise indicated)

15. Provision for contingencies - Continuation

Deposits in Court

The Company has judicial deposits in the civil sphere, which transaction in the provision and judicial deposits are shown below:

	Balances on 12/31/2015	Constitution	Reversion	Balances on 12/31/2016
Contingencies	100	-	-	**100**
Deposits in Court	(76)	(26)	1	**(101)**
	24	(26)	1	**(1)**

16. Owners' Equity

a) Share capital

The Company's capital as of December 31, 2016 and December 31, 2015 is composed of 1,733,988 common shares, representing the capital of R$ 51,735. The shares have no nominal value, and the holders are entitled to one vote and have preference in the liquidation of their portion in the capital.

On January 30, 2015, the founder shareholders (Fábio Lewkowicz, Alan Lewkowicz, Natalie Lewkowicz Rivkind, as well as Holding Lewco controlled by them) paid-in R$ 600, totaling 1,733,988 paid-in shares with subscribed capital of R$ 51,735.

The shareholding structure was as follows:

	12/31/2016 and 12/31/2015		
Shareholders	**%**	**Quantity of Shares**	**Capital paid-in**
Investment Mutual Fund in emerging companies	45.02%	780,687	22,752
Stratus SCP Brasil FIP	31.21%	541,119	15,770
Lewco Participações e Administração Ltda.	1.71%	29,629	864
Stratus Investimentos Ltda.	0.70%	12,249	357
Fábio, Alan and Natalie Lewkowicz	21.36%	370,304	11,992
		1,733,988	**51,735**

16. Owners' Equity - Continuation

b) Legal reserve

The Corporation Act, as well as the Company's Articles of Incorporation, establishes that 5% of net profit shall be allocated to the constitution of a legal reserve, provided that, it does not exceed 20% of the capital. In addition, the General Meeting may, at the proposal of the management bodies, allocate to the tax incentive reserve the portion of the net profit resulting from the tax benefits, which may be excluded from the tax base of the mandatory dividend.

c) Dividend allocation

The Company's Articles of Incorporation provide for the distribution of a mandatory minimum annual dividend of 25% of the result for the period, adjusted in accordance with the Law, except for the assumptions provided in the shareholders' agreement filed at the Company's headquarters, in Law and in the Articles and half-yearly and intermediate and/or intercalate dividends that may have been declared in the period.

Management has suggested the retention of all net profit for the year ended on December 31, 2016 in virtue of the Company is in the investment phase of its operation and, at this moment, the distribution of dividends is incompatible with the Company's business plans.

The suggestion of the allocation of profits proposed by Management was ratified at a meeting of the Board of Directors and at an Special Shareholders' Meeting, both on March 22, 2017. See Note 25.

17. Profit / loss per share

The loss per share is calculated by dividing the net result by the weighted average number of outstanding common shares during the year.

The following table sets forth the calculation of loss per share for the periods ended on December 31, 2016 and December 31, 2015 (in thousands of values per share and quantity of shares):

Basic and diluted	**12/31/2016**	**12/31/2015**
Numerator		
Net profit / loss of the year	**12,824**	(9,284)
Denominator		
Weighted average of number of outstanding common shares (in thousands)	**1,734**	1,734
Net profit/loss basic and diluted per common share	**7.40**	(5.35)

(In thousands of Reais, unless otherwise indicated)

18. Net revenue

Description	12/31/2016	12/31/2015
Vehicle rental	**40,274**	37,849
Vehicles sale	**23,434**	26,872
taxes on services and sales	**(3,725)**	(3,491)
	59,983	61,230

19. Cost of lease and sale of vehicles

Description	12/31/2016	12/31/2015
Maintenance cost	**(9,762)**	(10,660)
Depreciation cost	**(8,569)**	(7,268)
Cost of vehicles sold	**(23,945)**	(27,135)
Costs with personnel	**(1,470)**	(1,303)
Recovery of credits of PIS and COFINS	**2,260**	2,137
	(41,486)	(44,229)

20. General and administrative expenses

Description	12/31/2016	12/31/2015
Expenses with personnel	**(4,350)**	(3,967)
Third parties services	**(1,073)**	(2,258)
Expenses with occupation	**(705)**	(523)
Overheads	**(1,193)**	(1,986)
Provision for uncollectible account	**(573)**	(281)
Uncollectible accounts receivables write-off	**(492)**	(1,624)
Expenses with depreciation and amortization	**(251)**	(523)
Communication expenses	**(131)**	(25)
Taxes on other revenues	**(446)**	(474)
Revenue of management rate on fines	**157**	138
Revenue with commission (i)	**741**	-
Other operating revenues (expenses)	**892**	716
	(7,424)	(10,807)
General and administrative	**(9,214)**	(11,660)
Other net operating revenue	**1,790**	853

(i) Commissions received in intermediation in the sale of third-parties vehicles

(In thousands of Reais, unless otherwise indicated)

21. Financial result

Financial expenses	12/31/2016	12/31/2015
Interest expenses	**(5,826)**	(5,239)
Expenses and interests of debentures	**(8,551)**	(9,406)
Bank expenses and IOF	**(411)**	(1,916)
Total	**(14,788)**	(16,561)

Financial revenue	12/31/2016	12/31/2015
Financial investment income	**2,339**	3,710
Interest receivable	**273**	1,097
Total	**2,612**	4,807

22. Related parties

In the period ended on December 31, 2016, the total compensation of the Managers was R$ 1,372 (R$ 1,388 as of December 31, 2015), as fixed compensation.

23. Risk management and financial instruments

a) Credit Risk

The book value of financial assets represents the maximum credit exposure. The maximum exposure of credit risk at the date of the quarterly information was:

	12/31/2016	12/31/2015
Cash and cash equivalents and financial investment Accounts receivable from customers Other accounts receivable	**10,964** **11,314** **668**	18,444 7,074 547
	22,946	26,065

	Fair	12 months or	2- 5 years	Total
Cash and cash equivalents and investment Accounts receivable from customers Other accounts receivable	**10,964** **11,314** **668**	6,366 10,799 668	4,598 515	10,964 11,314 668
	22,946	17,833	5,113	22,946

(In thousands of Reais, unless otherwise indicated)

23. Risk management and financial instrument -Continuation

b) Liquidity risk

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.

	12/31/2016	12/31/2015
Loans and financings and debentures	**69,071**	64,994
Suppliers	**869**	2,234
Other Accounts Payable	**1,047**	749
	70,987	67,977

See below the maturity schedule of the Company's financial instruments as of December 31, 2016:

	Fair value	12 months or less	2- 5 years	Total
Loans and financings, debentures and leases	69,071	23,256	45,815	69,071
Suppliers	869	869	-	869
Other Accounts Payable	1,047	1,047	-	1,047
	70,987	25,172	45,815	70,987

c) Classification and fair value

The following table sets forth the main financial instruments contracted, as well as the respective fair values:

	12/31/2016		12/31/2015	
	Book value	Fair value	Book value	Fair value
Loans and receivables				
Cash and cash equivalents	181	181	647	647
Accounts receivable from customers	11,314	11,314	7,074	7,074
Other accounts receivable	668	668	547	547
Assets measured at fair value by result				
Financial investments	6,112	6,112	12,693	12,693
Financial investment of restricted use	4,671	4,671	5,104	5,104

23. Risk management and financial instruments - Continuation

c) Classification and fair value--Continuation

Management understands that the fair values reported do not reflect future changes

in the economy, such as interest rates and tax rates and other variables that may have an effect on its determination.

The following methods and assumptions were adopted in determining fair value:

- Cash and cash equivalents - are defined as assets for trading. The book values reported in the balance sheet are substantially corresponding to the fair value, in virtue of remuneration rates being based on the variation of the CDI.
- Financial investments of restricted use - are defined as assets of restricted use, as they are directly bound to the Company's debts. The book values reported in the balance sheet are substantially corresponding to the fair value, in virtue of remuneration rates being based on the variation of the CDI.
- Accounts receivable from customers, other accounts receivable, suppliers and other accounts payable - arise directly from the Company's operations, measured at amortized cost and recorded at their original value, deducting from provision for losses when applicable or relevant.
- Loans, financing and debentures - are classified as financial liabilities not measured at fair value and are recorded using the amortized cost method in accordance with the 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 financings are equivalent to their book value, since they are financial instruments with rates that are equivalent to market rates and because they have exclusive characteristics, originating from specific sources of financing for financing the Company's activities.

d) Interest rate risk

The Company does not have in its indebtedness of December 31, 2016 operations of *swap* or any other derivative contracted.

(In thousands of Reais, unless otherwise indicated)

23. Risk management and financial instruments -Continuation

d) Interest rate risk--Continuation *Sensitivity analysis*

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

For December 31, 2016, the sensitivity analysis includes two *stress* scenarios, I and II, with 17.90% and 21.49%, respectively, of increase in relation to the base level of the CDI of 14.32%.

Considering that the investments are also indexed to the CDI, the net equity effect and the result, in the *stress* scenarios, is shown in the table below:

	Scenarios		
	Base	**I**	**II**
Interest rate	14.32%	17.90%	21.49%
Variation in relation to base scenario	-	25%	50%
Gross debt indexed to CDI	(74,563)	(87,910)	(90,579)
Investments indexed to CDI	10,783	12,713	13,099
Effect on equity exposure	(63,780)	(75,197)	(77,480)
Net effect on result	-	(11,417)	(13,700)

24. Insurance coverage

The Company's policy is to maintain insurance coverage in the amount that Management deems appropriate to cover the possible risks and possible losses with claims of its fixed assets.

Insured assets	Modalities	12/31/2016
Administrative Vehicles	Total coverage (material damage)	1,300
Administrative Vehicles	Total coverage (material damage)	2,600
Building	Total coverage (material damage)	3,615

On January 8, 2016, the Company contracted civil liability insurance for the benefit of its managers (D&O insurance), valid for one year.

24. Insurance coverage - Continuation

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

25. Subsequent events

At a meeting of the Board of Directors held on March 22, 2017, the members unanimously and with no restriction approved the withholding, based on § 4 of article 202 of the Corporation Act, of the amount equivalent to the minimum mandatory dividend relative to the fiscal year ended on December 31, 2016. The amounts withheld shall be, in the form of § 5 of Article 202 of Corporation Act, recorded in a special reserve and, if not absorbed by losses in subsequent years, shall be paid as a dividend as soon as the Company's financial situation permits.

Carlos Alves
Chief Financial Officer

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

Officer's declaration for the financial statements

Statement

By this private instrument, the officers of Maestro Locadora de Veículos S.A. designated below ("Company") state that:

They reviewed, discussed and agreed with the annual financial statement of the period ended on December 31, 2016.

São Paulo, March 22, 2017.

Fábio Lewkowicz
Chief Executive Officer and Commercial and Marketing Officer

Carlos Miguel de Oliveira Martins Borges Alves
Officer of Relationship with Investors and Administrative and Financial Officer

Monica Jorgino Marcondes
Chief Executive Officer

Officer's declaration for the independent auditors report

Statement

By this private instrument, the officers of Maestro Locadora de Veículos S.A. designated below ("Company") state that:

They reviewed, discussed and agreed with the opinions expressed in audit report of Ernst & Young Auditores Independentes, relatively to Financial Statement of Company relative to year ended on December 31, 2016.

São Paulo, March 22, 2017.

Fábio Lewkowicz
Chief Executive Officer and Commercial and Marketing Officer

Carlos Miguel de Oliveira Martins Borges Alves
Officer of Relationship with Investors and Administrative and Financial Officer

Monica Jorgino Marcondes
Chief Executive Officer