Mills Estruturas e Serviços de Engenharia S.A.

Quarterly information
as at March 31, 2018
(A free translation of the original report in Portuguese containing financial statements prepared in accordance with accounting
practices adopted in Brazil)

KPDS 225890

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Independent Auditor's Report on Review of Interim Financial Information - ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil, CVM rules and the International Financial Reporting Standards - IFRS)

To the Board of Directors and Management
Mills Estruturas e Serviços de Engenharia S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying interim financial information of Mills Estruturas e Serviços de Engenharia S.A. ("Company"), contained in the quarterly information - ITR for the quarter ended March 31, 2018, which comprises the balance sheet as at March 31, 2018, and the statements of operations and comprehensive income (loss), changes in shareholders' equity and cash flows for the three-month period then ended, including the explanatory notes.

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

Scope of review

We conducted our review in accordance with Brazilian and International Interim Information Review Standards (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of the management responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and consequently, it did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Conclusion
Based on our review, we are not aware of any fact that might lead us to believe that the interim financial information included in the quarterly information is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the IASB, applicable to the preparation of quarterly information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters - Statement of added value
The statements of added value (DVA) for the three-month period ended March 31, 2018, prepared under the responsibility of the Company's management, and presented herein as supplementary information for IAS 34 purposes, have been subject to review procedures also applied to the Company's quarterly information - ITR. In order to form ourconclusion, we assessed whether those statements are reconciled to the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria established by Technical Pronouncement CPC 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of added value were not prepared, in all material respects, consistently with the Company interim financial information taken as a whole.

Rio de Janeiro, May 7, 2018

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
Original report in Portuguese signed by
Luis Claudio França de Araújo
Accountant CRC RJ-091559/O-4

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Mills Estruturas e Serviços de Engenharia S.A.

Balance sheet as of March 31, 2018 and December 31, 2017

(In thousands of Brazilian Reais)

	Notes	3/31/2018	12/31/2017
Assets			
Current assets			
Cash and cash equivalents	3	84,062	67,826
Restricted bank deposits	4	64,169	63,291
Trade receivables	5	47,314	56,757
Inventories	6	15,385	16,089
Inventories - other assets held for sale	7	3,611	4,246
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	8	4,753	6,531
Taxes recoverable	8	6,053	6,983
Advances to suppliers		173	176
Derivative financial instruments	28	16	-
Other assets		3,739	3,376
Assets held for sale	9	7,151	7,151
		236,426	232,426
Non-current assets			
Restricted bank deposits	4	85,162	87,228
Deferred taxes - IRPJ and CSLL	18	165,992	159,973
Judicial deposits	19	11,038	10,968
Other assets		102	82
		262,294	258,251
Investments			
Financial assets at fair value through other comprehensive income	10	55,234	55,234
Property, plant and equipment	11	590,279	639,689
Intangible assets	12	36,710	37,976
		682,223	732,899
Total assets		1,180,943	1,223,576

The accompanying notes are an integral part of this interim financial information.

Mills Estruturas e Serviços de Engenharia S.A.

Balance sheets as of March 31, 2018 and December 31, 2017

(In thousands of Brazilian Reais – R$)

	Notes	3/31/2018	12/31/2017
Liabilities and equity			
Current			
Trade payables	13	16,624	16,898
Payroll and related taxes		13,589	14,185
Borrowings and financing	14	3,180	3,182
Debentures	15	127,671	122,094
Tax debt refinancing program (REFIS)		1,357	1,345
Taxes payable	20	2,858	5,451
Dividends and interest on equity payable		3	3
Derivative financial instruments	28	-	18
Provision for post-employment benefits	17	-	963
Other liabilities		798	1,300
		166,080	165,439
Non-current			
Borrowings and financing	14	4,901	5,688
Debentures	15	169,397	168,411
Provision for tax, civil and labor risks	19	20,315	21,364
Tax debt refinancing program (REFIS)		7,218	7,492
Provision for post-employment benefits	17	9,165	7,939
Other liabilities		634	663
		211,630	211,557
Total liabilities		377,710	376,996
Equity			
Share capital	21	688,319	688,319
Capital reserves	21	33,287	32,964
Earnings reserves	21	151,459	151,459
Treasury shares	21	(20,287)	(20,287)
Equity adjustments	21	(5,875)	(5,875)
Accumulated losses	21	(43,670)	-
Total equity		803,233	846,580
Total liabilities and equity		1,180,943	1,223,576

The accompanying notes are an integral part of this interim financial information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of operations

Three-month periods ended March 31, 2018 and 2017

(In thousands of Brazilian Reais – R$)

	Notes	3/31/2018	3/31/2017
Net revenue from sales and services	23	78,987	66,120
Cost of sales and services	24	(69,534)	(67,609)
Gross profit (loss)		9,453	(1,489)
Selling, general and administrative expenses	24	(27,908)	(37,531)
Other operating income (expenses)	25	(7,490)	(15,482)
Loss before finance income (costs) and taxes		(25,945)	(54,502)
Finance income	26	4,120	11,658
Finance costs	26	(7,799)	(14,965)
Loss before taxes		(29,624)	(57,809)
Current and deferred income and social contribution taxes	18	(803)	18,887
Loss from continuing operations		(30,427)	(38,922)
Loss for the period		(30,427)	(38,922)
Basic and diluted loss per share - R$	22	(0.19)	(0.24)

The accompanying notes are an integral part of this interim financial information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of comprehensive income (loss)

Three-month periods ended Marh 31, 2018 and 2017

(In thousands of Brazilian Reais – R$)

	Notes	3/31/2018	3/31/2017
Loss for the period		(30,427)	(38,922)
Total comprehensive income (loss) for the period		(30,427)	(38,922)

The accompanying notes are an integral part of this interim financial information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of changes in shareholders' equity

Three-month periods ended Marh 31, 2018 and 2017

(In thousands of Brazilian Reais – R$)

			Capital reserves		Earnings reserves						
	Share capital	Advance for future capital increase	Stock option premium	Share premium	Legal	Expansion	Appropriated retained earnings	Treasury shares	Equity adjustments	Accumulated losses	Total
At January 1, 2017	688,319	-	49,383	(18,448)	32,611	63,649	193,580	(20,287)	9,142	-	997,949
Stock option premium	-	-	805	-	-	-	-	-	-	-	805
Loss for the period	-	-	-	-	-	-	-	-	-	(38,922)	(38,922)
At March 31, 2017	688,319	-	50,188	(18,448)	32,611	63,649	193,580	(20,287)	9,142	(38,922)	959,832
At December 31, 2017	688,319	-	51,412	(18,448)	32,611	-	118,848	(20,287)	(5,875)	-	846,580
Adjustment on first-time adoption of CPC 48 / IFRS 9	-	-	-	-	-	-	-	-	-	(13,243)	(13,243)
At January 1, 2018	688,319	-	51,412	(18,448)	32,611	-	118,848	(20,287)	(5,875)	(13,243)	833,337
Stock option premium	-	-	323	-	-	-	-	-	-	-	323
Loss for the period	-	-	-	-	-	-	-	-	-	(30,427)	(30,427)
At March 31, 2018	688,319	-	51,735	(18,448)	32,611	-	118,848	(20,287)	(5,875)	(43,670)	803,233

The accompanying notes are an integral part of this interim financial information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of cash flows

Three-month periods ended Marh 31, 2018 and 2017

(In thousands of Brazilian Reais – R$)

	3/31/2018	3/31/2017
Cash flows from operating activities		
Loss for the period	(30,427)	(38,922)
Adjustments:		
Depreciation and amortization	34,155	38,274
Deferred income and social contribution taxes	803	(18,887)
Provision (reversal) for tax, civil and labor risks	(1,583)	(110)
Accrued expenses on stock options	323	805
Post-employment benefits	263	-
Residual value of property, plant and equipment and intangible assets sold and written-off	17,897	22,184
Interest and monetary exchange gains and losses, net	7,426	13,896
Provision (reversal) for impairment loss on trade receivables	456	(2,855)
Impairment loss on inventories held for sale	385	2,985
Provision (reversal) for slow-moving inventories	996	(1,428)
Other provisions	944	(170)
(Increase) decrease in assets and increase (decrease) in liabilities:		
Trade receivables	(10,970)	1,059
Acquisitions of rental equipment	(211)	(1,783)
Inventories	(292)	(1,993)
Taxes recoverable	930	3,872
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	1,778	3,642
Judicial deposits	3	88
Other assets	(379)	2,234
Trade payables	(1,870)	987
Payroll and related taxes	(597)	(748)
Taxes payable	(2,855)	(774)
Other liabilities	(549)	447
Lawsuits settled	(346)	(500)
Interest paid	(152)	(6,024)
Net cash generated by operating activities	16,128	16,279
Cash flows from investing activities:		
Acquisition of PP&E for own use and intangible assets	(190)	(7,249)
Net cash generated from investing activities		

Mills Estruturas e Serviços de Engenharia S.A.

Statements of cash flows

Three-month periods ended Marh 31, 2018 and 2017

(In thousands of Brazilian Reais – R$)

	3/31/2018	3/31/2017
	(190)	(7,249)
Cash flows from financing activities		
Restricted bank deposits	1,087	-
Amortization of borrowings and debentures	(789)	(785)
Net cash used in financing activities	298	(785)
Net increase in cash and cash equivalents	16,236	8,245
Cash and cash equivalents at the beginning of the period	67,826	330,682
Cash and cash equivalents at the end of the period	84,062	338,927
Net increase in cash and cash equivalents	16,236	8,245

Until March 31, 2018 the Company wrote off bills that were past due up to five years, totaling R$ 3,215, and exchanged credits amounting to R$ 1,048 for rental assets, which are not recognized in the statement of cash flows because they do not reflect cash movements.

The accompanying notes are an integral part of this interim financial information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of added value

Three-month periods ended Marh 31, 2018 and 2017

(In thousands of Brazilian Reais – R$)

	3/31/2018	3/31/2017
Revenues:		
Sales of products and services	89,920	92,526
Cancelations and discounts	(3,447)	(19,596)
Other revenues	7,061	3,277
(Recognition)/reversal of impairment loss on trade receivables	(456)	2,855
	93,078	79,062
Inputs purchased from third parties:		
Cost of sales and services	(2,049)	(1,053)
Materials, energy, outside services and others	(22,780)	(29,128)
Write-off of assets	(18,282)	(22,185)
Gross added value	49,967	26,696
Depreciation, amortization and depletion	(34,154)	(38,274)
Net added value produced by the Company	15,813	(11,578)
Added value received in transfer		
Finance income	4,120	11,658
Total added value for distribution	19,933	80
Distribution of added value:		
Personnel and payroll taxes	**24,312**	**25,649**
Salaries	18,449	19,780
Benefits	4,544	4,466
(FGTS)	1,319	1,403
Taxes and contributions	**13,726**	**(6,136)**
Federal	12,778	(6,882)
State	692	323
Municipal	256	423
Lenders and lessors	**12,322**	**19,489**
Interest and exchange gains (losses)	7,594	14,324
Rentals	4,728	5,165
Shareholders	**(30,427)**	**(38,922)**
Loss for the period	(30,427)	(38,922)
Added value distributed	19,933	80

The accompanying notes are an integral part of this interim financial information.

Notes to the quarterly information as of March 31, 2018

(In thousands of Brazilian Reais - R$, unless otherwise stated)

1 Operations

Mills Estruturas e Serviços de Engenharia S.A. ("Mills" or "Company") is a publicly-traded corporation with registered offices in the City of Rio de Janeiro - Brazil. The Company operates basically in the infrastructure, construction and manufacturing industries, engaging in the following main activities:

(a) Rental and sale, including import and export, of steel and aluminum tubular structures, shoring and access equipment for construction works, as well as reusable concrete formworks, along with the development of related engineering projects, and the provision of supervisory and optional assembly services.

(b) Sale, rental and distribution of aerial work platforms and telescopic handlers, as well as parts and components, and technical assistance and maintenance services for such equipment.

(c) Holding of ownership interests in other companies, as partner or shareholder.

The Company's bylaws also establish the following activities:

(a) Rental, assembly, and disassembling of access tubular scaffolding in industrial areas.

(b) Performance of industrial painting, sandblasting, heat insulation, boilermaker and refractory services, as well as other services inherent in such activities.

The Company's operations are segmented according to the new organization and management model, already reflected on the financial statements as at December 31, 2017, approved by Management, containing the following business units: Construction and Rental. The descriptions of each business unit are included in note 27.

The interim information contained in this quarterly information was approved by the Company's Board of Directors and authorized for issue on May 7, 2018.

2 Summary of significant accounting policies

2.1 Basis of presentation

The Company's interim financial information comprises the interim financial statements and has been prepared in accordance with Technical Pronouncement CPC 21 (R1), which addresses interim financial reporting, and in accordance with International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board - IASB.

This interim financial information does not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the financial statements of Mills for the year ended December 31, 2017, which have been prepared in accordance with accounting policies adopted in Brazil and the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Boards (IASB).

In compliance with Brazilian Securities and Exchange Commission (CVM) Circular 003/2011, of April 28, 2011, we present below the notes to the most recent annual financial statements (for the year ended December 31, 2017), which, in view of the lack of significant changes this quarter, are not being reproduced in full in this interim financial information:

The notes not included in the period ended March 31, 2018 are "Critical accounting judgments and key estimates and assumptions", "Financial risk management", "Capital management", "Other receivables - sale of investee", "Tax debt refinancing program (REFIS)", "Proposed dividends and interest on equity", "Impairment losses", restated, in the disclosure of the financial statements for 2017, in notes 3, 4, 5, 12, 24, 27 and 31, respectively.

2.2 Basis of preparation

Except for the impacts disclosed in note 2.3, the accounting policies, calculation methods, significant accounting judgments, estimates and assumptions used in this interim financial information are the same used in the financial statements for the year ended December 31, 2016, disclosed in Notes 2 and 3. These financial statements were filed with CVM on March 13, 2018 and published on the newspaper Valor Econômico and the Official Gazette of the State of Rio de Janeiro on March 21, 2018.

2.3 Changes in significant accounting policies

A number of new standards or amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018. The Company has adopted these amendments in the preparation of these financial statements. The Company did not early adopt the standards.

CPC 48 / IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the guidance existing in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new model of expected credit loss to calculate the impairment of financial assets and new requirements on hedge accounting. The standard maintains the existing guidance on the recognition and derecognition of financial instruments of IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Therefore, these assets were classified as financial assets measured at amortized cost under CPC 48 / IFRS 9. In the transition to CPC 38 / IFRS 9, the Company defined the methodology to monitor the history of changes in the aging of trade receivables, thus recognizing on the first-time adoption a

provision for impairment of receivables of R$ 19,956, which was recognized as a reduction to assets against the accumulated losses in the amount of R$ 13,171, and in deferred income tax and social contribution assets in the amount of R$ 6,785.

Regarding cash and cash equivalents, a provision for impairment was recognized on the first-time adoption in the amount of R$ 22, which was recognized as a reduction to cash and cash equivalents against accumulated losses in the amount of R$ 15 and deferred income tax and social contribution assets in the amount of R$ 7.

As regards restricted bank deposits, a provision for impairment was recognized on the first-time adoption in the amount of R$ 87, which was recognized as a reduction to restricted bank deposits against accumulated losses in the amount of R$ 57 and deferred income tax and social contribution assets in the amount of R$ 30.

These effects were recognized in the opening balance sheet of 2018 and are shown in the table below:

	Balance at December 31, 2017	Adjustments on the adoption of CPC 48 / IFRS 9	Adjusted opening balance at January 1, 2018
Balance Sheet			
Cash and cash equivalents	67,826	(22)	67,804
Restricted bank deposits	150,519	(87)	150,432
Allowance for doubtful debts	(133,801)	(19,956)	(153,757)
Deferred taxes - IRPJ and CSLL	159,973	6,822	166,795
Accumulated losses	-	13,243	13,243

In accordance with the management model adopted by the Company, Management believes that the classification and measurement of financial assets to be adopted for most of the financial investments will be at fair value through profit or loss and the bank deposits linked to debentures will be classified as at amortized cost.

The Company considers that its cash and cash equivalents and restricted bank deposits have low risk based on the external credit ratings of the counterparties.

CPC 47 / IFRS 15 - Revenue from Contracts with Customers

IFRS 15 requires an entity to recognize the amount of revenue reflecting the consideration it expects to receive in exchange for the control of these assets or services. The new standard replaces most of the detailed guidance on revenue recognition that existed in the IFRS. The new standard is effective on or after January 1, 2018. The standard may be adopted on a retrospective basis, using a cumulative effect approach. The Company engaged a specialized consulting firm to diagnose the need for compliance with the standard IFRS 15 - Revenue from Contracts with Customers. The diagnosis was concluded and the result of the analyses was that there is no impact for the Company.

2.4 New standards and interpretations

A new standard or amendment to standard and interpretation is effective for annual periods beginning on or after January 1, 2019. The Company did not adopt these amendments in the preparation of this quarterly information. The Company does not plan to early adopt this standard.

IFRS 16 - Leases
IFRS 16 introduces a single model of lease accounting in the balance sheet for lessees. A lessee recognizes a right-of-use asset which represents its right to use the leased asset and a lease liability which represents its obligation to make lease payments. Optional exceptions are available for short-term leases and leases of low value assets. The lessor accounting remains similar to the current standard, that is, lessors continue to classify leases as finance or operating. The new standard will replace the existing lease standards, including CPC 06 (IAS 17) - Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - Additional Aspects of Lease Transactions. The new standard is effective for annual periods beginning or after January 1, 2019. Early adoption is permitted only for financial statements in accordance with IFRSs and only for entities that apply IFRS 15 Revenue from Contracts with Customers beginning on or after the initial application date of IFRS 16. The Company started its studies related to the implementation of IFRS 16 in the fourth quarter of 2017 and expects to conclude them by the third quarter of 2018, in order to be fully prepared for the definitive implementation of the new standard as of January 1, 2019.

The Accounting Pronouncements Committee (CPC) has not yet issued an accounting pronouncement corresponding to IFRS 16. Therefore, the early adoption of this IFRS is not permitted for entities that disclose their financial statements in accordance with accounting policies adopted in Brazil.

3 Cash and cash equivalents

	3/31/2018	12/31/2017
Cash and banks	949	45
Short-term investments	83,113	67,781
	84,062	67,826

Cash and cash equivalents consist basically of deposits and highly liquid short-term investments, which are readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

As at March 31, 2018, short-term investments consist of repurchase agreements and bank deposit certificates (CDB) bearing average interest of 99.04% of the interbank deposit certificate (CDI) (100.13% as at December 31, 2017).

4 Restricted bank deposits

On May 19, 2017, debenture holders approved at their general meeting held on March 22, 2017, due to the renegotiation of the terms of the debenture indenture, related to covenants, the pledging of collateral consisting of a fiduciary transfer made by opening a restricted account, held by the Company on behalf of the debenture holders, in an amount equivalent to 50% of the outstanding balance, measured monthly as mentioned in note 15. The segregation between current and non-current was made using the same segregation of the debenture liabilities.

	3/31/2018	12/31/2017
Current	64,169	63,291
Non-current	85,162	87,228
Total	149,331	150,519

5 Trade receivables

	3/31/2018			12/31/2017		
Business unit	**Gross receivables**	**Impairment loss**	**Net receivables**	**Gross receivables**	**Impairment loss**	**Net receivables**
Construction	109,665	(86,355)	23,310	105,241	(77,632)	27,609
Rental	87,525	(63,521)	24,004	83,925	(54,777)	29,148
Manufacturing Services (*)	1,122	(1,122)	-	1,392	(1,392)	-
Total	198,312	(150,998)	47,314	190,558	(133,801)	56,757
Current	198,312	(150,998)	47,314	190,558	(133,801)	56,757

(*) Remaining amount receivable from customers of the Manufacturing Services business unit, which was discontinued on November 30, 2013.

Due to the first-time adoption of CPC 48 / IFRS 9 beginning on January 1, 2018, there was the replacement of the incurred loss model for financial assets of IAS 39 by the expected credit loss model.

A simplified approach was adopted to calculate the provision for impairment loss on trade receivables, through a provision matrix, which uses the historical default rates on the expected lifetime of trade receivables. We identified that the Company's trade receivables have common risk characteristics in a same business segment.

In this approach the key assumptions used in the calculation of the provision for impairment loss on the Company's trade receivables were defined, as follows:

- Definition of aging by business segment;
- Calculation of the rollforward speed of each aging for the last 12 months;
- The calculation is a result of the average historical default in the last 12 months applied on the trade receivables balances of each aging for each Business Unit; and
- The aging of outstanding invoices issued is considered in the calculation.

Movement in the impairment loss on trade receivables:

	3/31/2018	**12/31/2017**
Balance at the beginning of the year	(133,801)	(138,494)
Effect of first-time adoption of CPC 48 / IFRS 9 (i)	(19,956)	-
Impairment loss on trade receivables - net of P&L effect (iI)	(456)	(10,598)
Write-offs	3,215	15,291
Balance at the end of the period	(150,998)	(133,801)

(i) The Company defined a methodology to monitor the history of changes in the aging of trade receivables (adjustment due to the first-time adoption of IFRS 9 / CPC 48 amounting to R$ 19,956), as mentioned in note 2.3.

(ii) In the period ended March 31, 2018, the impairment loss on trade receivables totaled R$ 1,577 (at December 31, 2017 - R$ 60,831) and the reversal of the impairment loss on trade receivables totaled R$ 1,121 (at December 31, 2017 - R$ 50,233), generating a net P&L negative effect of R$ 456 (at December 31, 2017, net P&L negative effect of R$ 10,598).

Aging schedule of trade receivables:

	3/31/2018	12/31/2017
Not yet due	51,072	45,114
Not yet due (bills with original due dates extended)	12,566	17,194
1-60 days past due (*)	16,634	12,504
61-120 days past due (*)	5,497	4,226
121-180 days past due (*)	3,908	2,912
Over 180 days past due (*)	108,635	108,608
Total	198,312	190,558

(*) (*) The analysis above was performed considering the extended due dates of the bills.

6 Inventories

	3/31/2018	12/31/2017
Raw materials	37	37
Goods for resale	2,678	2,787
Spare parts and supplies	15,202	14,801
Provision for slow-moving inventories (*)	(2,532)	(1,536)
Total	15,385	16,089

(*) (*) Inventory items without movement for more than one year.

Inventories of raw materials consist of toll manufacturing processes to meet the demands of the Company and its customers. Inventories of spare parts consist mainly of access equipment. All inventories are stated at average cost.

7 Inventories - Other assets held for sale

The following contract in US Dollars was signed to sell cargo handling equipment:

Contract date	Type	Quantity	Delivery schedule	Acquisition cost	Accumulated depreciation
03/15/2017	Telescopic handlers	170	Apr 2017 to Jul 2018	24,690	14,038

The following contract in reais was signed to sell cargo handling equipment:

Contract date	Type	Quantity	Delivery schedule	Acquisition cost	Accumulated depreciation
01/05/2018	Telescopic handlers	58	Jan 2018 to Oct 2018	9,259	6,481

The acquisition cost and accumulated depreciation mentioned above were transferred from rental equipment (property, plant and equipment) to inventories - other assets held for sale. With the transfer, the depreciation of such equipment was ceased and the proceeds from the sale transaction is recognized only when the item is delivered.

For the contract signed on March 15, 2017, the Company entered into a hedge by acquiring a derivative instrument (NDF - Non-Deliverable Forward), as described in note 28.3.

In accordance with technical pronouncement CPC 16, inventories shall be measured at their cost value or net realizable value, whichever is lower. Realizable value was calculated according to total sales value, less the residual value of the assets transferred to inventories, including expenses on maintenance and internal freight to be incurred. Consequently, due to the amounts involved and estimated expenses for sale, an impairment allowance had to be recognized in the amount of R$ 2,005.

	3/31/2018	12/31/2017
Inventories - Other assets held for sale	5,616	5,865
Provision (reversal) for impairment loss on trade	(2,005)	(1,619)
	3,611	4,246

8 Taxes recoverable

	3/31/2018	12/31/2017
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax) (*)	4,753	6,531
PIS and COFINS (taxes on revenue) (**)	4,523	5,599
ICMS (State VAT) (***)	1,137	1,018
Others	393	366
	10,806	13,514
Current	10,806	13,514

(*) (*) Refers to negative balance of income tax, arising from the withholding income tax on redemption of investments in 2017, which will be adjusted for inflation monthly according to the SELIC rate and offset against taxes of the same nature during 2018.

(**) PIS and COFINS credits refer basically to amounts recoverable on acquisition of property, plant and equipment offset at the rate of 1/48 per month against non-cumulative PIS and COFINS federal tax obligations, most of which are expected to be realized by 2018.

(***) Refers to ICMS (State VAT) levied on the Company's operations, arising from the purchase of goods for resale.

9 Assets held for sale

Up to the quarter ended March 31, 2018, the Company signed a contract, consisting of the exchange of receivables for properties, amounting to R$ 7,151, which will not be used in its operations. These properties were put up for sale.

In accordance with Technical Pronouncement CPC 31, an asset shall be classified as asset held for sale if its carrying amount will be recovered through a sales transaction instead of continuous use. Consequently, the Company classified these assets received through exchange in the assets held for sale account.

10 Financial assets at fair value through other comprehensive income

a. Non-controlling interest

On February 8, 2011, the Company acquired 25% of the capital of Rohr S.A. Estruturas Tubulares ("Rohr") for R$ 90,000. Rohr is a privately-held company specialized in access engineering and civil construction solutions, which operates mainly in the heavy construction and industrial maintenance sectors.

In the fourth quarter of 2011, the stake in Rohr was increased from 25% to 27.47%, resulting from a buyback by Rohr of 9% of its shares, which are currently in its treasury and will be canceled or proportionally distributed to its shareholders.

The Company assessed that, as at March 31, 2018, it does not have significant influence in conformity with CPC 18 (R2) and there is no change in relation to the assessment as at December 31, 2017.

b. Impairment loss

In 2017, the Company reviewed the fair value of the financial instrument related to the investment in Rohr S.A. based on an internal study. The fair value of this asset was determined according to economic estimates made under the income approach by forecasting discounted cash flows over a ten-year term plus perpetuity, for evidencing the amount stated in the accounting records considering the long- term maturation of infrastructure and civil construction investments.

The fair value measurement is performed at year-end and since there were no material changes in the conditions previously analyzed, Management understands that there is no change in the estimated fair value of the investment in Rohr as at March 31, 2018 in relation to December 31, 2017, when it amounted to R$ 55,234. The change in fair value was recorded in the Company's profit or loss, net of deferred income and social contribution taxes, in the year ended December 31, 2017.

11 Property, plant and equipment

	Equipment for rental and operational use	Rental equipment in progress	Total rental and operational use equipment	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Construction in progress	Total assets in use	Total PP&E
Cost of PP&E, gross												
Balance at December 31, 2016	1,426,339	141	1,426,480	24,432	24,138	15,191	1,529	9,317	10,993	27	85,627	1,512,107
Acquisition	14,422	3,889	18,311	562	-	7	243	475	102	6,330	7,719	26,030
Write-offs/disposals	(171,137)	-	(171,137)	(15,760)	-	(264)	(386)	-	(42)	-	(16,452)	(187,589)
Write-offs/disposals Adjustment for PIS and COFINS credits	(1,596)	-	(1,596)	-	-	-	-	-	-	-	-	(1,596)
Transfers	3,917	(3,917)	-	6,050	-	-	-	71	5	(6,126)	-	-
Reclassification	181	(40)	141	3,412	-	-	-	-	-	-	3,412	3,553
Reversal (allowance for) for impairment	-	-	-	3,926	-	-	-	-	-	-	3,926	3,926
Transfer to assets held for sale	(12,972)	-	(12,972)	-	-	-	-	-	-	-	-	(12,972)
Balance at December 31, 2017	1,259,154	73	1,259,227	22,622	24,138	14,934	1,386	9,863	11,058	231	84,232	1,343,459
Acquisition	1,272	-	1,272	41	-	-	-	-	-	83	124	1,396
Write-offs/disposals	(65,756)	-	(65,756)	(105)	-	-	-	-	(26)	-	(131)	(65,887)
Write-offs/disposals Adjustment for PIS and COFINS credits	(117)	-	(117)	-	-	-	-	-	-	-	-	(117)
Transfers	-	-	-	275	-	-	-	9	-	(284)	-	-
Reclassification	73	(73)	-	-	-	-	-	-	-	-	-	-
Transfer to assets held for sale	(612)	-	(612)	-	-	-	-	-	-	-	-	(612)
Balance at March 31, 2018	1,194,014	-	1,194,014	22,833	24,138	14,934	1,386	9,872	11,032	30	84,225	1,278,239

Accumulated depreciation	Equipment for rental and operational use	Rental equipment in progress	Total rental and operational use equipment	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Construction in progress	Total assets in use	Total PP&E
Balance at December 31, 2016	(650,320)	(39)	(650,359)	(15,321)	(3,496)	(11,986)	(1,080)	(2,860)	(5,813)	-	(40,556)	(690,915)
Depreciation	(133,033)	-	(133,033)	(3,486)	(670)	(1,778)	(196)	(835)	(858)	-	(7,823)	(140,856)
Write-offs/disposals	108,685	-	108,685	10,572	-	256	174	-	28	-	11,030	119,715
Write-offs/disposals												
Adjustment for PIS and COFINS credits	-	-	-	(355)	-	-	-	(85)	-	-	(440)	(440)
Transfer to inventories held for sale	8,726	-	8,726	-	-	-	-	-	-	-	-	8,726
Balance at December 31, 2017	(665,942)	(39)	(665,981)	(8,590)	(4,166)	(13,508)	(1,102)	(3,780)	(6,643)	-	(37,789)	(703,770)
Depreciation	(31,330)	-	(31,330)	(618)	(167)	(384)	(32)	(214)	(212)	-	(1,627)	(32,957)
Write-offs/disposals	47,562	-	47,562	28	-	-	-	-	15	-	43	47,605
Reclassification	(39)	39	-	-	-	-	-	-	-	-	-	-
Write-offs/disposals												
Adjustment for PIS and COFINS credits	-	-	-	(63)	-	-	-	(22)	-	-	(85)	(85)
Transfer to inventories held for sale	1,247	-	1,247	-	-	-	-	-	-	-	-	1,247
Balance at March 31, 2018	(648,502)	-	(648,502)	(9,243)	(4,333)	(13,892)	(1,134)	(4,016)	(6,840)	-	(39,458)	(687,960)
Annual depreciation rates - %	10	-	-	10	4	20	20	10	10	-	-	-
Property, plant and equipment, net												
Balance at December 31, 2017	593,212	34	593,246	14,032	19,972	1,426	284	6,083	4,415	231	46,443	639,689
Balance at March 31, 2018	545,512	-	545,512	13,590	19,805	1,042	252	5,856	4,192	30	44,767	590,279

Rental equipment can be summarized as follows: access scaffolding, formworks, shoring, aerial work platforms and telescopic handlers.

We present below the main acquisitions and reclassifications accumulated through March 31, 2018, by group of assets:

Shoring	12
Aerial work platforms and telescopic handlers	1,247
Machinery and equipment for operational use	13
Leasehold improvements	41
Construction in progress	83
Total	1,396

The depreciation for the period, allocated to cost of services and general and administrative expenses, amounts to R$ 30,607 and R$ 2,350 as at March 31, 2018 (R$ 34,240 and R$ 2,781 as at March 31, 2017), respectively.

Certain items of property, plant and equipment are pledged as collateral for borrowings (Note 14).

The purchase and sale of rental equipment are being presented in the statement of cash flows as operating activity.

Review of estimated useful life

There was no change in the remaining estimated useful lives of fixed assets, and, thus, there was no change in the depreciation rate for the period ended March 31, 2018.

Provision for impairment of goodwill

Management found signs of impairment for the Construction and Rental business units in 2017, based on CPC 01, and, accordingly performed the applicable impairment tests. The recoverable value of this group of assets was determined according to market economic projections made under the income approach, by forecasting discounted cash flow. To determine the value in use of goodwill a period of ten-year plus perpetuity was considered, due to the long period of maturation of the investments in infrastructure and civil construction, and to determine the value in use of property, plant and equipment a ten-year period was considered, according the useful life of the asset.

Based on this assessment, Management concluded that there is no need to recognize an allowance for the impairment of the assets held by the Construction and Rental Business Units for the year ended December 31, 2017.

Management did not identify indications of impairment for the Construction and Rental Business Units during the first quarter of 2018.

12 Intangible assets

	Software	Trademarks patents	Intangible assets in progress	Goodwill on investments	Total intangible assets
Cost of intangible assets, gross					
Balance at December 31, 2016	52,367	3,156	-	13,376	68,899
Acquisition	997	-	2,445	-	3,442
Disposals	(10)	-	-	-	(10)
Transfers	-	-	-	-	-
Reclassification	(1,151)	-	(2,402)	-	(3,553)
Balance at December 31, 2017	52,203	3,156	43	13,376	68,778
Acquisition	-	-	54	-	54
Transfers	49	-	(49)	-	-
Balance at March 31, 2018	52,252	3,156	48	13,376	68,832
Accumulated amortization					
Balance at December 31, 2016	(20,409)	(817)	-	(4,232)	(25,458)
Amortization	(4,803)	(61)	-	-	(4,864)
Disposals	10	-		-	10
Adjustment for PIS and COFINS credits	(490)	-		-	(490)
Balance at December 31, 2017	(25,692)	(878)	-	(4,232)	(30,802)
Amortization	(1,198)	-	-	-	(1,198)
Adjustment for PIS and COFINS credits	(122)	-		-	(122)
Balance at March 31, 2018	(27,012)	(878)	-	(4,232)	(32,122)
Annual amortization rates - %	20	10	-	-	-
Intangible assets, net					
Balance at December 31, 2017	26,511	2,278	43	9,144	37,976
Balance at March 31, 2018	25,240	2,278	48	9,144	36,710

Impairment loss on goodwill

Goodwill arose on the acquisition of Jahu in 2008 and the acquisition of GP Sul in 2011, and is being considered as contribution of the Construction business unit, which represents a Cash-Generating Unit (CGU) to which the goodwill is allocated.

The recoverable amount of this asset was determined according to the same assumptions described in note 11.

13 Trade payables

	3/31/2018	12/31/2017
Domestic suppliers	16,209	16,479
Foreign suppliers	415	419
	16,624	16,898

As at March 31, 2018 and December 31, 2017, trade payables consist basically of installment purchase of spare parts and supplies, services and PP&E.

14 Borrowings and financing

Borrowings were used for financing the expansion of the Company's investments and for its general use and expenses. They bear interest at the CDI (Interbank Deposit Certificate rate) and TJLP (Long-term Interest Rate).

The Company entered into rental equipment financing agreements that bear interest at the TJLP rate plus interest of 0.2% to 0.90% per year, with monthly amortization through June 2021.

Borrowings and financing are as follows:

	3/31/2018	12/31/2017
Current	3,180	3,182
Non-current	4,901	5,688
Borrowings and financing (*)	8,081	8,870

The financial institutions with which the Company has borrowing and financing agreements as at March 31, 2018 are as follows:

- Banco do Brasil
- Itaú BBA

The table below shows the pledged guarantees outstanding at the financial reporting dates:

	3/31/2018	12/31/2017
Guarantees provided:		
Collateral sale (*)	27,103	27,103
Total guarantees	27,103	27,103

(*) Refers to equipment purchased under the Federal Equipment Financing Program (FINAME).

The installments to fall due at the end of the period ended March 31, 2018 are shown below:

2018	2,391
2019 to 2021	5,690
	8,081

The Company's loan reffering to FINAME and related to Itaú BBA has restrictive clauses of covenants with the following pre-established parameters:

(1) Financial ratio from quotient of division of the net debt (ii) by EBITDA (i), shall be equal to or lower than 3; and

(2) Financial ratio from quotient of division of the EBITDA by net financial expenses (iii), shall be equal to or higher 2.

(i) "EBITDA" means, based on the Company's four immediately preceding Consolidated Financial Statements, profit or loss before income tax and social contribution, less income and plus expenses generated by finance income and costs and nonoperating income and expenses, depreciation and amortization, and nonrecurring income and expenses.

The definitions of items (ii) and (iii) are already presented in note 15.

The Company received timely the waiver of the financial agent Itaú BBA in relation to the FINAME loan.

15 Debentures

Description	Series	Issued amount	Beginning	Maturity	Finance charges	3/31/2018	12/31/2017
2nd issue	2nd series	109,060	Aug/2012	Aug/2020	IPCA + 7.00 p.a.	160,814	156,811
Issue cost						(221)	(251)
						160,593	156,560
3rd issue	Single	200,000	May/2014	May/2019	116.00% CDI	136,653	134,175
Issue cost						(178)	(230)
						136,475	133,945
Total debentures						297,068	290,505
Current						127,671	122,094
Non-current						169,397	168,411

2nd issue of debentures

The second issue of Company debentures, of a total of 27,000 simple, nonconvertible, registered, unsecured debentures, in two series, was approved on August 3, 2012, totaling R$270,000 and unit face value of R$10. The transaction costs associated with this issue, in the amount of R$1,810, are being recognized as borrowing costs, in accordance with the contractual terms of the issue.

The debentures included in the table above have their maturities according to the issue of each series, as follows:

- **2nd series -** 10,906 second series debentures, totaling R$109,060, with maturity on August 15, 2020, subject to adjustment for inflation based on the accumulated variation of the IPCA. The face value of the second series debentures will be amortized in three annual installments as from the sixth year of their issue and interest paid annually will correspond to 5.50% p.a. At a general meeting held on March 22, 2017 debenture holders decided that interest paid annually will correspond to 7.00% per year of the amount adjusted for inflation as described above**.**

3rd issue of debentures
The third issue of Company debentures, of a total of 20,000 simple, nonconvertible, registered, unsecured debentures, in a single series, was approved on May 30, 2014, totaling R$200,000 and unit face value of R$10. These debentures mature on May 30, 2019 and bear interest equivalent to 108.75% of the CDI, payable semiannually, and amortized in three annual, consecutive installments, commencing on May 30, 2017. At a general meeting held on March 22, 2017 debenture holders decided that the interest is 116.00% of CDI. The transaction costs associated with this issue, in the amount of R$745, are being recognized as borrowing costs, in accordance with the contractual terms of the issue.

As at March 31, 2018, the balances of debentures including transaction costs are R$ 127,915 in current liabilities and R$ 169,552 in non-current liabilities and R$ 127,671 and R$ 169,397 less transaction costs respectively (as at December 31, 2017, the gross balance of debentures is R$ 122,338 in current liabilities and R$ 168,647 in non-current liabilities, and R$122,094 and R$ 168,411 less transaction costs).

The main decisions made at the general meeting held by debenture holders on March 22, 2017, were:

- Replacement of EBITDA by Operating Cash Flow - FCO (i), for the calculation of covenants for the purpose of early maturity;
- Pledge of collateral consisting of a fiduciary transfer made by the Company in up to 60 days as of March 22, 2017 by opening a restricted account, on behalf of debenture holders, in an amount equivalent to 50% of the outstanding balance, measured monthly;
- Keeping of EBITDA in covenants for the purpose of clearance of restricted account and restrictions on dividend distribution and loans between related parties;
- Renegotiation of the interest rates as described above;
- Limitation of dividends above the minimum legal level of 25%;
- Restriction on loans between related parties.

Covenants

The debenture indentures require compliance with debt and interest coverage ratios under preset parameters, which were altered by decision of debenture holders at their general meeting of March 22, 2017, as follows:

(1) Financial ratio from the quotient of the division of the Net Financial Debt (ii) by FCO shall be equal to or lower than 3; and

(2) Financial ratio from the quotient of the division of FCO by Net Finance Expense (iii) shall be equal to or higher than 2.

(i) "FCO" means, based on the Company's four immediately preceding consolidated financial statements, net cash generated by operating activities less interest and net monetary gains and losses, acquisitions of rental PP&E items and interest paid; and

(ii) "Net Debt" means, based on the Company's immediately preceding consolidated financial statements, (a) the sum of the Company's onerous debts, on a consolidated basis, to companies, including borrowings and financing with third parties and/or related parties and issue of fixed-rate securities, convertible or not, in the local and/or international capital markets, as well as guarantees provided by the Company, but excluding debts arising from tax installment payments; (b) less the sum of the Company's cash and cash equivalents (cash and short-term investments), on a consolidated basis;

(iii) "Net Finance Expense" means, based on the Company's four immediately preceding consolidated financial statements, the balance of the difference between the consolidated gross finance income and the consolidated gross finance costs.

Considering the changes in covenants approved by debenture holders at their general meeting of March 22, 2017, at the closing of the period ended March 31, 2018, all covenants have been complied with.

16 Related parties

a. Transactions and balances

There were no loans between the Company and its officers during the periods ended March 31, 2018 and the year 2017.

As at March 31, 2018 and December 31, 2017, the Company had no consulting service agreements with members of the Board of Directors.

Management compensation

The amounts relating to compensation paid to members of the Company's management are as follows:

	3/31/2018	31/03/2017
Salaries and payroll charges - officers	1,869	1,315
Fees paid to Board of Directors members	378	454
Share-based payments	139	336
Total	2,386	2,105

17 Employee benefits

a. Post-employment benefits

The Company recognized for the first-time adoption in 2017 a provision for post-employment benefits, related to healthcare plans of former employees.

The amounts related to these benefits were calculated based on a valuation prepared by an independent actuary as at December 31, 2017, and are recognized in the financial statements in accordance with IAS 19 (CPC 32 R1).

	3/31/2018	12/31/2017
Current	-	**963**
Effect of first-time adoption Healthcare Plan - Law 9,656/98	-	963
Reclassification	(963)	-
Non-current	**9,165**	**7,939**
Effect of first-time adoption Healthcare Plan - Law 9,656/98	-	7,939
Reclassification	963	-
Impact on profit or loss	263	-
Total	9,165	8,902

b. Stock option plan

The Company has stock option plans approved by shareholders at their general meeting aimed at integrating its executives in the Company development process in the medium and long terms. These plans are managed by the Company and the grants are approved by the Board of Directors.

			Share options in thousands			
Plans	**Grant date**	**Final exercise date**	**Share options granted**	**Share options exercised**	**Share options canceled**	**Outstanding share options**
2010 Program	5/31/2010	5/31/2016	1,475	(1,369)	(106)	-
2011 Program	4/16/2011	4/16/2017	1,184	(597)	(166)	421
2012 Program	6/30/2012	5/31/2018	1,258	(402)	(369)	487
2013 Program	4/30/2013	4/30/2019	768	(91)	(164)	513
2014 Program	4/30/2014	4/30/2020	260	-	(72)	188
2016 Program	4/28/2016	4/28/2024	1,700	-	(495)	1,205

In order to price the cost of the Top Mills Special Plan relating to its equity component, the applicable volatilities were determined at the risk-free rates and stock prices based on valuations of 6.6 times the EBITDA, less net debt, and the Company used the Black-Sholes model to calculate the fair value.

On March 31, 2014, the Company approved at the Board of Directors meeting:

the creation of the 1/2014 Stock Option program; (ii) the definition of the criteria to set the strike price of options and their payment terms; (iii) the definition of the terms and conditions of exercise of options; and (iv) the authorization for the Executive Officers to grant the stock options to the beneficiaries eligible under the 2014 Program.

At the Board of Directors meeting held on May 21, 2015, the Company decided to sell the Company's shares held in treasury in order to exercise the option to purchase the profit-sharing bonds under the 2010, 2011, 2012, 2013 and 2014 Stock Option Programs (see note 21.b).

On April 28, 2016, the Company decided at the Board of Directors meeting to approve the Company's new stock option plan, according to the 1/26 program.

The plans granted as from 2010 were classified as equity instruments and the weighted average fair value of the options granted was determined according to the Black-Scholes valuation model, considering the following assumptions:

Program	Grant	Weighted average fair value by option - R$	Weighted average price of the share at the grant date - R$	Strike price at the grant date - R$	Volatility at the grant	Dividend yield at the grant date	Annual risk-free interest rate at the grant date	Maximum strike period at the grant date
2010	First	3.86	11.95	11.50	31.00%	1.52%	6.60%	6 years
2010	Second	5.49	14.10	11.50	31.00%	1.28%	6.37%	6 years
2011	Single	6.57	19.15	19.28	35.79%	1.08%	6.53%	6 years
2012	Basic	21.75	27.60	5.86	37.41%	0.81%	3.92%	6 years
2012	Discretionary	12.57	27.60	19.22	37.41%	0.81%	3.92%	6 years
2013	Basic	24.78	31.72	6.81	35.34%	0.82%	3.37%	6 years
2013	Discretionary	11.92	31.72	26.16	35.34%	0.82%	3.37%	6 years
2014	Basic	22.46	28.12	7.98	33.45%	0.75%	12.47%	6 years
2014	Discretionary	11.16	28.12	30.94	33.45%	0.75%	12.47%	6 years
2016	Discretionary	2.63	4.31	2.63	71.45%	1.51%	14.25%	8 years

The strike price of the shares granted under the Plan is set by the Company's Board of Directors.

The table below presents the accumulated balances of the plans in the balance sheets and the effects on the statement of operations.

	3/31/2018	12/31/2017
2002 Plan:		
Capital reserve	1,446	1,446
Number of shares exercised (thousands)	3,920	3,920
Top Mills, Special CEO and Ex-CEO Plans:		
Capital reserve	1,148	1,148
Number of shares exercised (thousands)	1,055	1,055
Mills Rental Executives Plan		
Capital reserve	4,007	4,007
Number of shares exercised (thousands)	391	391
2010 Plan:		
Capital reserve	5,693	5,693
Number of exercisable options (thousands)	106	106
Number of shares exercised (thousands)	1,369	1,369
Number of shares canceled (thousands)	106	106
2011 Program (2010 Plan):		
Capital reserve	7,329	7,329
Number of exercisable options (thousands)	422	422
Number of shares exercised (thousands)	597	597
Number of shares canceled (thousands)	166	166

	3/31/2018	12/31/2017
2012 Program (2010 Plan):		
Capital reserve	14,162	14,162
Number of exercisable options (thousands)	487	487
Number of shares exercised (thousands)	402	402
Number of shares canceled (thousands)	369	369
2013 Program (2010 Plan):		
Capital reserve	11,900	11,900
Number of exercisable options (thousands)	513	513
Number of shares exercised (thousands)	91	91
Number of shares canceled (thousands)	164	164
2014 Program (2010 Plan):		
Capital reserve	4,652	4,470
Number of exercisable options (thousands)	188	189
Number of shares canceled (thousands)	72	71
2016 Program:		
Capital reserve	1,398	1,257
Number of exercisable options (thousands)	1,205	1,540
Number of shares canceled (thousands)	495	160
Total recognized as equity (accumulated)	51,735	51,412
Effect on profit (loss)	(323)	(2,029)

18 Income and social contribution taxes

a. Reconciliation of the income tax and social contribution benefit (expense)

The reconciliation of income and social contribution tax expense between statutory and effective rates is as follows:

	3/31/2018	3/31/2017
Loss for the period before income and social contribution	(29,624)	(57,809)
Statutory income and social contribution tax rate	34%	34%
Income and social contribution taxes at statutory rate	10,072	19,655
Nondeductible provisions (*) and permanent differences	(422)	(768)
Unrecognized deferred tax assets on tax losses (i.d)	(10,453)	-
Total current and deferred income and social contribution taxes	(803)	18,887
Effective rate	-3%	33%

(*) Non-deductible expenses comprise expenses on the accrual of provision for cancellations, gifts, debt waivers, and non-compensatory fines.

b. Movement in deferred income and social contribution taxes during the year, not considering the offset of balances:

Description	December 31, 2017	Additions	Write-offs	March 31, 2018
Stock options	8,265	109	-	8,374
Property, plant and equipment hedge	(551)	(111)	143	(519)
Provision for costs and expenses	23	27	(2)	48
Provision for slow-moving inventories	521	355	(18)	858
Impairment loss on trade receivables	13,392	4,754	(5,471)	12,675
Adjustment to impairment of trade receivables on first-time adoption of CPC 48 / IFRS 9	-	9,744	(2,959)	6,785
Adjustment to financial instruments on first-time adoption of CPC 48 / IFRS 9	-	48	-	48
Impairment allowance - Rohr	8,906	-	-	8,906
Fair value adjustment - Rohr	2,029	-	-	2,029
Finance leases	(456)	-	47	(409)
Provision for realization of tax credit	30	-	-	30
Provision for tax, civil and labor risks	7,263	1,884	(2,242)	6,905
Derivatives - Non-deliverable Forward (NDF)	-	(11)	-	(11)
Provision for discounts and cancelations	1,182	293	(860)	615
Tax losses	124,243	-	-	124,243
Accelerated depreciation	(3,764)	-	188	(3,576)
GP Andaimes Sul Locadora goodwill	(672)	-	-	(672)
Jahu goodwill	(2,437)	-	-	(2,437)
Adjustment for inflation of judicial deposits	(1,649)	-	(20)	(1,669)
Exchange loss	338	21	-	359
Exchange gain	(225)	(28)	8	(245)
Bonus payable	114	264	(379)	(1)
Debentures	(163)	-	29	(134)
Provision for post-employment benefits	3,027	88	(7)	3,108
Impairment	551	281	(149)	683
Hedge provision (sale)	6	-	(7)	(1)
	159,973	17,718	(11,699)	165,922

c. Deferred taxes that are recognized directly in shareholders' equity.

The balance of deferred taxes recognized in shareholders' equity at March 31, 2018 is R$ 6,822, related to the first-time adoption of CPC 48 / IFRS 9.

d. The bases and expectations for realization of the deferred income tax and social contribution are presented below:

Nature	Bases for realization
Stock option	Exercise of options
Discount to present value	Tax realization of the loss/gain
Property, plant and equipment hedge	Depreciation of the asset
Provision for slow-moving inventories	Write-off or sale of the asset
Provision for impairment	Realization of the provision
Fair value adjustment - Rohr	Sale of stake in the investment
Provision for costs and expenses	Payment
Provision for loss on lawsuit Murilo Pessoa	Receipt of the amount
Impairment loss on trade receivables	Filing of lawsuits and past-due receivables
Finance leases	Realization of the asset over the straight-line depreciation Finance leases period
Provision for tax, civil and labor risks	Tax realization of the loss or settlement of the lawsuit
Provision for realization of tax credit	Realization of tax credit
Provision for discounts and cancelations	Reversal/realization of the provision
Taxes with required payment suspended	Payment or reversal of the provision
Accelerated depreciation	Tax depreciation over five years
GP Andaimes Sul Locadora goodwill	Disposal/impairment of the asset
Jahu goodwill	Disposal/impairment of the asset
Adjustment for inflation of judicial deposits	Withdrawal of the deposit
Exchange differences	Payment of the borrowing
Tax losses	Expectation of future taxable profits (i)
Bonus payable	Payment
Debentures	Amortization of the borrowing cost
Impairment	Reversal/realization of the provision
Hedge provision (sale)	Derivative contracting/settlement
Provision for post-employment benefits	Reversal/realization of the provision

(i) In the impairment test for tax losses made on December 31, 2017, based on the budget for 2018 and the Company's long-term projections, the recoverability of deferred income tax and social contribution assets was close to the maximum limit of 10 years established by CVM Instruction 371/02. Based on this study and in a conservative manner, the Company decided to not recognize the deferred income tax and social contribution on tax losses beginning in January 2018. The aumont of deferred income tax and social contribuition assets was composed, in series, of R$ 10,453.

19 Provisions for tax, civil and labor risks and judicial deposits

The Company is a party to tax, civil and labor proceedings that have arisen in the normal course of business and is discussing the related matters both at the administrative and judiciary levels. These proceedings are backed by judicial deposits, when applicable.

Based on the opinion of the Company's outside legal counsel, management understands that the appropriate legal measures already taken in each situation are sufficient to cover potential losses and preserve the Company's equity, being reassessed periodically.

The Company does not have any contingent assets recognized.

Breakdown of the provision for tax, civil and labor risks

	3/31/2018	12/31/2017
Tax (i)	4,879	4,834
Civil (ii)	1,872	2,051
Labor (iii)	10,048	11,095
Success fees (iv)	2,461	2,359
Legal fees and costs (v)	1,055	1,025
Total	20,315	21,364

Movement in the provision for tax, civil and labor risks:

	3/31/2018	12/31/2017
Balance at January 1	21,364	20,125
Provision	304	6,537
Adjustment for inflation	533	1,876
Reversals	(1,886)	(7,174)
Balance for the period	20,315	21,364

(i) Consists basically in a writ of mandamus filed for by the Company when challenging the increase in the PIS and COFINS rates (established by the non-cumulative regime of these contributions, with the enactment of Laws 10,637/2002 and 10,833/2003). The Company maintains a judicial deposit for this provision, related to the differences in rates.

(ii) The Company has lawsuits filed against it relating to civil liability and compensation claims.

(iii) The Company is a defendant in various labor lawsuits. Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty premium and equal pay.

(iv) Contingent fees are generally set at up to 10% of the amount of the claim, payable to outside legal counsel according to the success achieved in each claim. Payment is contingent upon a favorable outcome of the lawsuits.

(v) Consists of the provision for legal fees and costs incurred with lawsuits, with probable risk of unfavorable outcome to the Company

a. Breakdown of judicial deposits

	3/31/2018	12/31/2017
Tax (i)	8,079	7,988
Labor (ii)	2,959	2,980
	11,038	10,968

(i) As at March 31, 2018, judicial deposits for tax lawsuits totaled R$ 8,079. The reconciliation of this amount refers basically to the challenge of the increase in the PIS and COFINS rates, in the total amount of R$ 4,388, as informed below in tax contingencies item “i”, (sub item “a”), and, also, judicial deposits made on behalf of certain municipalities due to the understanding of our legal counsel as regards the levy of the ISS (service tax) on asset rental income. The balance recognized in this line item is R$ 3,188. Since 2003, with the enactment of Supplementary Law 116 and based on the opinion of its legal counsel, the Company has not made judicial deposits of this nature.

(ii) The judicial deposits are linked to various labor lawsuits in which the Company is the defendant. Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty premium and equal pay.

The Company is a party to tax, civil and labor lawsuits involving risks of loss classified by management as possible according to the assessment of its legal counsel, for which no provision was recognized as estimated below:

	3/31/2018	12/31/2017
Tax (i)	47,869	43,336
Civil (ii)	15,279	6,886
Labor (iii)	12,863	11,634
Total	76,011	61,856

(i) Tax (main items):

(a) Disallowance of allegedly nondeductible expenses, included in PIS and COFINS, by the Brazilian Federal Revenue Service, involving former Mills Formas, due to agreements entered into with various customers, under which Mills Formas was responsible for carrying out the services that were previously carried out by the employees of the former Mills do Brasil;

(b) Assessment of deficiency by the Finance Department of the State of Rio de Janeiro consisting of ICMS and fine allegedly due on transfers of goods without the payment of the related tax.

(c) Non-recognition by the INSS (National Institute of Social Security) of the possibility of offsetting payments improperly made as social security contribution, based on the method established by Law 9,711/98;

(d) Imposition by the Brazilian Federal Revenue of fine allegedly due on installment payment of credits derived from voluntary reporting;

(e) Assessment by the Brazilian Federal Revenue Service of alleged deficiency in Tax on Profit (ILL), judged unconstitutional by the STF (Federal Supreme Court).

(f) Non-approval of the credits of the negative balance compensation statements originated from the rectification of the DIPJ of the calendar year 2012. The Brazilian Federal Revenue Service considered these compensation statements not declared, according to article 74, paragraph 3, item VI of the Law No. 9,430/96. The Company filed for a writ of mandamus seeking to guarantee its net and certain right to have the compensation statements analyzed, since these do not fit into any of the legal assumptions alleged by the Brazilian Federal Revenue Service.

(ii) Civil
Lawsuits filed against the Company relating to compensation for pain and suffering and property damages.

(a) The change was mainly caused by the change in the likelihood of loss from remote to possible, related to a lawsuit for pain and suffering and property damages.

(iii) Labor
The Company is a defendant in various labor lawsuits. Most of the lawsuits involve collection of termination amounts, compensation for pain and suffering, inclusion of premium in the compensation, reinstatement and salary adjustments, and related effects.

20 Taxes payable

	3/31/2018	12/31/2017
PIS and COFINS (taxes on revenue)	1,941	4,856
INSS (Social Security Contribution)	131	167
ICMS (State VAT)	589	178
ISS (Service Tax)	89	133
Others	108	117
	2,858	5,451

21 Equity

a. Share capital

The Company's fully subscribed and paid-in capital as at March 31, 2018 is R$688,319 (December 31, 2017 - R$688,319), comprising 175,586 thousand (December 31, 2017 - 175,586 thousand) registered ordinary shares without par value. Each ordinary share entitles to one vote in the shareholders' meetings.

Under the bylaws, the Board of Directors can increase the capital up to a ceiling of 200,000 thousand shares.

a.1 Capital contribution - issue of new shares

On April 19, 2016, the Board of Directors decided to approve an increase in the Company's share capital, through private subscription of new shares, approved at the Company's Board of Directors Meeting held on February 5, 2016 ("Capital Increase").

a.2 Share issue

The Company's share issue has been made as approved by the Company's Board of Directors due to the exercise of stock options by beneficiaries.

The table below shows the shareholding structure at the reporting dates:

	3/31/2018		12/31/2017	
Shareholders	**Number of shares (in thousands)**	**Percentage**	**Number of shares (in thousands)**	**Percentage**
Andres Cristian Nacht[6]	13,817	7.87%	13,817	7.87%
Snow Petrel S.L.	23,677	13.48%	23,677	13.48%
Fundo de Investimento em participações Axxon Brazil Private Equity Fund II[3]	12,294	7.00%	12,294	7.00%
Brandes Investment Partners[4]	17,568	10.01%	17,568	10.01%
Fama Investimentos Ltda.[5]	8,788	5.01%	8,788	5.01%
BTG Pactual WM Gestão de Recursos Ltda.[2]	10,419	5.93%	13,395	7.63%
Other signatories of the Company Shareholders Agreement [2]	23,044	13.12%	23,044	13.12%
Others	65,979	37.58%	63,003	35.88%
	175,586	100.00 %	175,586	100.00 %

1. Signatories of the Company's Shareholders Agreement, excluding Andres Cristian Nacht and Snow Petrel S.L., the position as at December 31, 2016, already reported to CVM, pursuant to CVM Instruction No. 358/02 is considered.

2. On April 13, 2016, it became the holder of a material ownership interest according to information officially received by the Company and disclosed to CVM.

3. On July 20, 2016, it became the holder of a material ownership interest according to information officially received by the Company and disclosed to CVM.

4. On December 4, 2017, it became the holder of a material ownership interest according to information officially received by the Company and disclosed to CVM.

5. On November 8, 2017, it became the holder of a material ownership interest according to information officially received by the Company and disclosed to CVM.

6. On December 19, 2017, it became the holder of a material ownership interest from 11.79% to 7.87%, distributing the number of shares related to the difference of 3.92% among Antonia Nacht, Pedro Nacht and Tomas Nacht, resulting in 2,295,736 shares for each of them..

b. Earnings reserves

b.1 Legal reserve

The legal reserve is set up annually by allocating 5% of the profit for the year until it reaches a ceiling of 20% of share capital. The purpose of the legal reserve is to ensure the integrity of the capital and it can be used only to offset losses and increase capital.

b.2 Expansion reserve

The purpose of the expansion reserve is to provide funds to finance additional investments in fixed and working capital and expand corporate activities. Under the Company's bylaws, the ceiling of the expansion reserve is 80% of the Company's share capital.

b.3 Earnings reserves

Consists of the retention of the remaining balance of retained earnings in order to fund the business growth project set out in the Company's investment plan, according to the capital budget proposed by the Company's management, to be submitted for approval at the General Meeting, pursuant to Article 196 of the Brazilian Corporation Law.

c. Capital reserve

The capital reserve includes the transaction costs incurred in capital funding amounting to R$ 15,069, net of taxes, relating to the primary public offering of shares, the stock option premium reserve amounting to R$ 51,735, the stock option plans for employees, and the share issue cost in May 2016 of R$3,379, totaling a capital reserve of R$ 33,287 as at March 31, 2018 (December 31, 2017 - R$ 32,964).

d. Treasury shares

The balance of treasury shares as at March 31, 2018 and December 31, 2017 is 2,278,422 shares totaling R$ 20,287 and includes the cost of the canceled shares, amounting to R$ 557, the amount of the buyback of shares in 2015 of R$ 19,777, and the amount of the sale of shares of R$ 47.

e. Equity adjustments

Refers to the provision for post-employment benefits recognized in 2017, as detailed in note 17.a.

22 Loss per share

a. Basic

Basic earnings (loss) per share are calculated by dividing the profit (loss) attributable to owners of the Company by the weighted average number of ordinary shares issued during the year.

	3/31/2018	3/31/2017
Profit (loss) attributable to owners of the Company	(30,427)	(38,922)
Weighted average number of ordinary shares issued (thousands)	160,540	160,540
Basic earnings (loss) per share from continuing operations	(0.19)	(0.24)

b. Diluted

Diluted earnings (loss) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: stock options. For stock options, a calculation is made to determine the number of shares that would be acquired at fair value (determined as the average annual market price of the Company's share), based on the monetary value of the subscription rights linked to the outstanding stock options. The number of shares calculated as described above is compared with the number of shares issued, assuming the exercise of the stock options.

	3/31/2018	3/31/2017
Profit (loss) attributable to owners of the Company	(30,427)	(38,922)
Weighted average number of common shares issued (thousands)	160,540	160,540
Diluted earnings (loss) per share from continuing operations	(0.19)	(0.24)

The stock options did not have an effect on the calculation above as at March 31, 2018 because the potential ordinary shares are antidiluting.

23 Net revenue from rental, sales and services

The information on net revenue from sales and services below refers only to the nature of the revenue per type of service:

	3/31/2018	3/31/2017
Rentals	70,646	80,911
Sales of new equipment	3,249	2,518
Sales of semi new equipment	12,110	3,449
Technical assistance	1,516	1,632
Indemnities	1,305	2,786
Others (i)	1,094	1,231
Total gross revenue	89,920	92,526
Taxes on sales and services	(7,487)	(6,811)
Cancelations and discounts	(3,446)	(19,596)
Total net revenue	78,987	66,120

(i) Refers to revenue from recovery of expenses of equipment or machinery damaged by the lessee (customer).

24 Cost of sales and services and selling, general and administrative expenses (by nature)

Cost of sales and services consist mainly of expenses on (i) personnel for supervising the works, technical assistance, assembly, handling, maintenance of equipment and designers; (ii) freight for equipment transportation, when the responsibility lies with the Company, and for equipment transfer; (iii) rental of third parties' equipment; (iv) expenses directly related to warehouse management, storage, handling and maintenance of rental and resale assets, comprising expenses on personal protective equipment (PPE) used in operating activities (handling, storage and maintenance), inputs (gas of pilers, gases for welding, wood, paints, among others) and maintenance of machinery and equipment (pilers, welding machines, hydroblasting equipment, carving equipment and tools in general); (v) provision for slow-moving inventories and provision for impairment;

Selling, general and administrative expenses refer to current expenses, such as, salaries, benefits, travels, representations of various departments, including Sales, Marketing, Engineering and Administrative Backoffice (HR and Investor Relations); and corporate expenses of the head office and the various branches (rents, fees, security, upkeep and cleaning, mainly); provision for stock option programs, provision for contingencies, and some non-permanent disbursements.

	3/31/2018			3/31/2017		
Nature	**Direct project and rental costs**	**General and administrative and other expenses**	**Total**	**Direct project and rental costs**	**General and administrative and other expenses**	**Total**
Personnel	(14,829)	(14,023)	(28,852)	(14,861)	(15,767)	(30,628)
Third parties	(1,977)	(4,154)	(6,131)	(554)	(5,327)	(5,881)
Freight	(2,688)	(715)	(3,403)	(3,742)	(2,770)	(6,512)
Construction/maintenance and repair materials	(9,139)	(681)	(9,820)	(7,929)	(917)	(8,846)
Equipment rental and others	(1,029)	(3,698)	(4,727)	(918)	(4,247)	(5,165)
Travel	(378)	(671)	(1,049)	(446)	(835)	(1,281)
Cost of sales	(2,049)	-	(2,049)	(1,053)	-	(1,053)
Depreciation and amortization	(30,607)	(3,548)	(34,155)	(34,240)	(4,034)	(38,274)
Write-off of assets	(4,954)	-	(4,954)	(3,383)	-	(3,383)
Allowance for doubtful debts	-	(456)	(456)	-	2,855	2,855
Stock option plan	-	(323)	(323)	-	(805)	(805)
Provisions	-	1,237	1,237	-	(390)	(390)
Others	(1,884)	(876)	(2,760)	(483)	(5,294)	(5,777)
Total	(69,534)	(27,908)	(97,442)	(67,609)	(37,531)	(105,140)

25 Other operating income (expenses)

In the quarter ended March 31, 2018, the sale of scrap related to the rental PP&E of the Construction business, in line with the Company's strategy of resizing equipment used in small buildings and decommissioning of branches, reported the following results:

	3/31/2018	3/31/2017
Sales revenue	3,599	3,103
Cost of write-offs	(11,089)	(18,585)
Net proceeds	(7,490)	(15,482)
Quantities sold in tons	5,593	9,071

26 Finance income and costs

a. Finance income

	3/31/2018	3/31/2017
Interest income	406	1,338
Investment income	3,512	10,141
Discounts obtained	32	82
Foreign exchange and inflation gains	154	90
Others	16	7
	4,120	11,658

b. Finance costs

	3/31/2018	3/31/2017
Interest on borrowings	(244)	(378)
Foreign exchange and inflation losses	(671)	(762)
Interest on debentures	(6,481)	(13,061)
Commissions and bank fees	(79)	(67)
IOF (tax on financial transactions)	(17)	(2)
Others	(307)	(695)
	(7,799)	(14,965)

27 Segment information

Information by operating segment is being presented in accordance with CPC 22 Operating Segments (IFRS 8).

The Company's reportable segments are business units that offer different products and services and are managed separately since each business requires different technologies and market strategies. The main information used by management to assess the performance of each segment is as follows: total property, plant and equipment since these are the assets that generate the Company's revenue and the profit before finance income and costs reported by each segment to evaluate the return on these investments. The information on liabilities by segment is not being reported since it is not used by the Company's chief decision makers to manage the segments. Management does not use analyses by geographic area to manage its businesses.

The Company's segments have completely different activities, as described below, and therefore their assets are specific to each segment. The assets were allocated to each reportable segment according to the nature of each item.

On September 28, 2015, aimed at obtaining synergy gains and greater productivity, the Company consolidated the commercial management of the Heavy Construction and Construction business units. The result of such consolidation was the creation of the new business unit Construction. From that date, segment information is presented according to this new structure.

Construction business unit

The Construction business unit operates in the heavy construction market and provides formworks, shoring, nonmechanized access equipment, mast climbing platforms and scaffolds to the residential and office building construction sector, using cutting edge technology in formworks, shoring and special equipment systems to do construction works, and it has the largest product and service portfolio with customized solutions that meet the specific needs of each project and generate efficiency and cut costs. With presence in several states, this business unit draws on a team of engineers and specialized technicians who play an advisory and support role to meet deadlines and optimize costs and safety, providing technical assistance and helping planning works, detailing projects, and overseeing the assembly.

Rental business unit

The Rental business unit operates in the aerial work platforms and telescopic handlers rental and sales market, for height works in all sectors of the construction, trade, and manufacturing industries. The BU ensures productivity, profitability and safety, has the most advanced product line for lifting people and cargo, and offers its customers operation training certified by the IPAF (world areal access authority). Its presence in several Brazilian cities not only reinforces the agility of its commercial service but it also broadens the technical assistance through certified professionals.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Company assesses the performance by segment based on pretax profit or loss as well as on other operating and financial indicators.

Statement of operations by business segment

	Construction		Rental		Others (*)		Total	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017	3/31/2018	3/3'/2017	3/31/2018	3/3'/2017
Net revenue	27,587	25,311	51,400	40,809	-	-	78,987	66,120
(-) Costs	(16,037)	(18,408)	(22,890)	(14,962)	-	-	(38,927)	(33,370)
(-) Expenses	(17,421)	(35,164)	(14,382)	(16,842)	409	173	(31,394)	(51,833)
(-) Impairment loss on trade receivables	(814)	4,262	348	(1,407)	10	-	(456)	2,855
(-) Depreciation and amortization	(16,738)	(19,441)	(17,417)	(18,833)	-	-	(34,155)	(38,274)
Profit (Loss) before finance income (costs) and taxes	(23,423)	(43,440)	(2,941)	(11,235)	419	173	(25,945)	(54,502)
Finance income	2,121	5,573	1,998	5,442	1	643	4,120	11,658
Finance costs	(3,849)	(7,389)	(3,689)	(7,276)	(261)	(300)	(7,799)	(14,965)
Profit (loss) before IRPJ/SCL	(25,151)	(45,256)	(4,632)	(13,069)	159	516	(29,624)	(57,809)
(-) IRPJ/CSLL	(681)	14,786	(125)	4,270	3	(169)	(803)	18,887
Profit (loss) for the period	(25,832)	(30,470)	(4,757)	(8,799)	162	347	(30,427)	(38,922)

Assets by business segment

	Construction		Rental		Others (*)		Total	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Property, plant and equipment								
Acquisition cost	612,957	671,098	665,282	672,361	-	-	1,278,239	1,343,459
(-) Accumulated depreciation	(347,967)	(374,728)	(339,993)	(329,042)	-	-	(687,960)	(703,770)
	264,990	296,370	325,289	343,319	-	-	590,279	639,689
Other assets	323,726	252,861	211,229	275,320	55,709	55,706	590,664	583,887
Total assets	588,716	549,231	536,518	618,639	55,709	55,706	1,180,943	1,223,576

(*) Refer to the remaining operations of the former business units Manufacturing Services and Events and the amount of Rohr investment.

28 Financial instruments

28.1 Category of financial instruments

The classification of financial instruments, by category, can be summarized as follows:

	Level	Carrying amount	
		3/31/2018	12/31/2017
Financial assets at fair value through profit or loss			
Cash and cash equivalents	2	84,062	67,826
Financial assets at fair value through other comprehensive income			
Rohr Investment	3	55,234	55,234
Financial assets at fair value through profit or loss			
Trade receivables	2	47,314	56,757
Financial assets measured at amortized cost			
Restricted bank deposits	2	149,331	150,519
Financial liabilities measured at amortized cost			
Borrowings and financing	2	8,081	8,870
Debentures	2	297,068	290,505
Trade payables	2	16,624	16,898
Stock option plans	2	51,735	51,412

28.2 Fair value of financial instruments

Several Company accounting policies and disclosures require the determination of the fair value both for financial assets and liabilities and for nonfinancial assets and liabilities. Fair value for measurement and/or disclosure purposes is determined according to the methods below. When applicable, additional information on the assumptions used to calculate the fair values is disclosed in specific notes applicable to such asset or liability.

The Company applies CPC 40/IFRS 7 for financial instruments measured in the balance sheets at fair value, which requires disclosure of fair value measurements at the level of the following fair value measurement hierarchy:

- Quoted (unadjusted) prices in active markets for identical assets and liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (e.g. as prices) or indirectly (e.g. derived from prices) (Level 2).
- The Company has financial instruments measured at fair value that are classified as Level 3, i.e., obtained by applying valuation techniques that include inputs for the asset or liability, but which are not based on observable market inputs.

a. Fair value

Cash and cash equivalents consist of short-term investments with first-tier financial institutions and are indexed to the variation of the Interbank Deposit Certificates (CDI). Considering that the CDI rate already reflects the interbank market position, it is assumed that the carrying amounts of the investments approximate their fair values.

b. Fair value of trade receivables and payables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market interest rate determined at the end of the reporting period.

The fair values of trade receivables and trade payables, considered for applying the discounted cash flow method, are substantially similar to their carrying amounts.

c. Fair value of borrowings and financing

The fair value, which is determined for disclosure purposes, is based on the present value of the principal and future cash flows, discounted at the market interest rate determined at the end of the reporting period. For finance leases, the interest rate is determined by reference to similar lease agreements.

The fair value of borrowings from BNDES was not calculated since this type of borrowing does not have observable fair value calculation since BNDES adopts different rates for borrowers.

Borrowing, financing and debentures

		Fair value		**Carrying amount**	
Debt	**Indicator**	**3/31/2018**	**12/31/2017**	**3/31/2018**	**12/31/2017**
2nd issue of debentures:					
2nd series	IPCA	159,754	154,601	160,814	156,811
3rd issue of debentures	CDI	133,530	122,123	136,653	134,175

d. Fair value of stock options

The fair values of employee stock options and rights to share premium are measured using the Black-Scholes model. Changes in measurement include share prices at measurement date, the strike price of the related instrument, the expected volatility (based on the historical weighted average volatility adjusted for expected changes based on publicly available information), the average weighted life of the instruments (based on historical experience and the overall behavior of option holders), expected dividends and risk-free interest rate (based on government bonds). Nonmarket service conditions and performance conditions inherent in the transactions are not taken into account in determining the fair value.

e. Derivatives

The fair value of currency forward contracts is calculated at present value, using market rates that are accrued at each measurement date.

The fair value of interest rate swap contracts is based on quotations obtained from brokers. These quotations are tested as to their reasonableness by discounting the estimated future cash flows according to the terms and maturity of each contract and using market interest rates for a similar instrument calculated at the measurement date. The fair values reflect the credit risk of the instrument and include adjustments to consider the credit risk of the entity and counterparty, where appropriate.

f. Financial assets at fair value through other comprehensive income - Rohr Investment

As at March 31, 2018, the Company has an investment measured at fair value through other comprehensive income - Investment Rohr in the amount of R$ 55,234 (R$ 55,234 as at December 31, 2017), as presented in note 10. This financial instrument is classified in level 3.

28.3 Derivative financial instruments

	Average exchange rate		Foreign currency		Notional value	
Outstanding contracts	**3/31/2018**	**12/31/2017**	**3/31/2018**	**12/31/2017**	**3/31/2018**	**12/31/2017**
Cash flow hedges			**US$ thousand**		**R$ thousand**	
Less than three months	3.33	3.32	1,139	1,399	3,787	4,641
Three to six months	-	3.33	-	265	-	882
Total			1,139	1,664	3,787	5,523

Derivative instruments entered into for the period ended March 31, 2018 consist of NDFs on export of equipment as described in note 7.

The sensitivity analysis presented above takes into account changes in a certain risk, keeping steady he other variables, associated with other risks.

28.4 Sensitivity analysis

The table below shows a sensitivity analysis of the financial instruments, describing the interest rate risks that could generate material losses to the Company, with the most probable scenario (scenario I) according to management's assessment, considering a one- year time horizon. Additionally, other two scenarios are presented, pursuant to CVM Instruction 475/2008, in order to show a 25% and 50% deterioration in the risk variable considered, respectively (scenarios II and III):

			Effect on profit (loss)		
Cash equivalents	**Indicator**	**Accounting**	**Probable**	**25%**	**50%**
Short-term investments	CDI	83,113	5,264	3,909	2,606
Restricted bank deposits	CDI	149,331	9,363	6,952	4,635
	Total	232,444	14,627	10,861	7,241
			Change	25.00%	50.00%

			Effect on profit (loss)		
Debt	**Indicator**	**Accounting**	**Probable**	**25%**	**50%**
BNDES	TJLP	(8,081)	(614)	(751)	(888)
2nd issue of debentures					
2nd series	IPCA	(160,814)	(17,142)	(18,613)	(20,084)
3rd issue of debentures	CDI	(136,653)	(9,907)	(12,384)	(14,861)
	Total	(305,548)	(27,663)	(31,748)	(35,833)
			Change	15%	30%

	3/31/2018		
Scenarios	**Probable I**	**Scenario II**	**Scenario III**
		25%	50%
Rates			
CDI (%) (i)	6.25%	7.81%	9.38%
TJLP (%) (ii)	6.75%	8.44%	10.13%
IPCA(%) (iii)	3.42%	4.28%	5.13%

Source: Focus Report of April 6, 2018.

The sensitivity analysis presented above takes into account changes in a certain risk, keeping steady he other variables, associated with other risks.

28.5 Liquidity risk

The table below analyzes the main financial liabilities by maturity bracket, corresponding to the remaining period in the balance sheet through the contractual maturity date, when the Company expects to make the payment.

The interest rates (CDI and TJLP) estimated for future commitments reflect the market rates in each period.

	Past due	Up to one month	More than one month and less than three months	More than three months and less than one year	Between one and two years	Between two and five	Over five years	Total
At March 31, 2018								
Borrowings and financing	-	314	617	1,822	5,520	620	-	8,893
Debentures	-	-	71,619	65,200	191,843	-	-	328,662
Trade payables	1,167	11,015	3,486	956	-	-	-	16,624
At December 31, 2017								
Borrowings and financing	-	317	624	2,751	3,469	2,669	-	9,830
Debentures	-	-	-	137,443	131,553	60,608	-	329,604
Trade payables	1,695	11,611	2,524	1,068	-	-	-	16,898

28.6 Credit quality of financial assets

(i) Cash and cash equivalents and restricted bank deposits

	3/31/2018	12/31/2017
Bank account		
Bank (i)	949	45
Restricted bank deposits (i)	1	3
Short-term investments		
Bank (i)	83,113	67,781
Restricted bank deposits (i)	149,330	150,516
Total cash and cash equivalents and restricted bank deposits	233,393	218,345

(i) Major financial institutions widely operating in Brazil, among the ten banks with the largest total assets in Brazil.

28.7 Capital management

The purpose of managing the Company's desirable capital structure is to protect its equity, allow for business continuity, offer good conditions for its employees and stakeholders and a satisfactory return for shareholders.

In order to maintain or adjust the capital structure, the Company may, for example, in accordance with its bylaws, increase its capital, issue new shares, and approve the issue of debentures and the buyback of its shares.

The Company uses as the main performance indicator to assess its gearing ratio the total net debt ratio (total bank debt less total cash and cash equivalents) and the Operating Cash Flow accumulated in the last 12 months.

	3/31/2018	12/31/2017
Total bank debt	305,548	299,856
Financing	8,081	8,870
Gross debentures (see note 15)	297,467	290,986
Cash and cash equivalents	84,062	67,826
Restricted bank deposits	149,331	150,519
Net debt	72,155	81,511
Equity	803,233	865,535
Net debt to Equity		
Equity	0.10	0.09

The Company is not subject to any external capital requirement.

Credit lines available

	3/31/2018	12/31/2017
Unsecured bank credit lines, reviewed annually and with payment upon request	-	-
Not used	56,919	56,130
Secured bank credit lines with varying maturity dates that can be extended by common agreement:	-	-
Used	8,081	8,870
Not used	6,350	6,350

29 Insurance

As at March 31, 2018, the Company's total insurance against operational risks is R$ 1,227,657 (R$ 1,284,333 as at December 31, 2017), R$ 631,625 ((R$ 631,625 as at December 31, 2017) for property damages and R$ 110,500 (R$ 110,500 as at December 31, 2017) for civil liability, considered sufficient by Management to cover its operational risks.

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