(Convenience Translation into English from the Original Previously Issued in Portuguese)

Iochpe Maxion S.A.

Individual and Consolidated Financial Statements for the Year Ended December 31, 2017 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

1) COMPANY OVERVIEW

Iochpe-Maxion is a global company, the world leader in the production of automotive wheels and a leading producer of automotive structural components in the Americas.

We have 31 manufacturing plants located in 14 countries and approximately 15,000 employees, which enables us to serve our customers around the world according to their delivery terms, quality standards and competitiveness requirements.

Our Company holds a high level of technical knowledge, and permanently seeks to provide innovative solutions in the areas in which it operates, using global macro-trends that guide the development of new products and technologies, whether independently or in cooperation with strategic partners.

We operate our core business through two divisions: Maxion Wheels and Maxion Structural Components.

At Maxion Wheels, we produce and sell a wide range of steel wheels for light and commercial vehicles and agricultural machinery and aluminum wheels for light vehicles.

At Maxion Structural Components, we produce side rails, cross members and full frames for commercial vehicles and structural components for light vehicles.

In addition, through AmstedMaxion (joint venture), we produce railway wheels and castings, industrial castings and freight cars.

2) HIGHLIGHTS

- Consolidated net operating revenue of R$ 1,954.6 million in 4Q17, an increase of 16.5% compared to 4Q16.
- Revenue from domestic sales of R$ 479.0 million in 4Q17, an increase of 27.2% over 4Q16.
- Growth of 13.3% in revenues from international sales in 4Q17 compared to 4Q16. Excluding the effects of the Exchange rate variation, net operating revenue would have increased 9.2%.
- EBITDA of R$ 198.8 million with an EBITDA margin of 10.2% in 4Q17, an increase of 5.0% when compared to 4Q16. Excluding the non-recurring effects in both periods described in item 4.4 below, EBITDA would have been R$ 222.0 million, with an EBITDA margin of 11.4%, with an increase of 15.6% compared to 4Q16.
- Net income of R$ 11.8 million in 4Q17. Excluding the non-recurring effects mentioned in items 4.4 and 4.8 in both periods, net income in 4Q17 would have been R$ 51.9 million, an increase of 165.8% over 4Q16.
- Net bank indebtedness of R$ 2,299.9 million in 4Q17 (R$ 2,628.5 million in 4Q16). Financial leverage (net bank indebtedness/ EBITDA LTM) decreased from 3.30x at the end of 4Q16 to 2.88x at the end of 4Q17. Excluding the effect of the non-cash accounting adjustment arising from the fair value variation of the option contained in the warrants related to the 7th issue simple debentures and mainly by the 6th issue convertible debentures, net bank indebtedness would have been R$ 2,190.1 million with a financial leverage of 2.74x at the end of 4Q17.

- Throughout 2017, net operating revenue of R$ 7,487.9 million, an increase of 9.9% (15.9% adjusted by the exchange rate variation); excluding the non-recurring effects of both periods, adjusted EBITDA in 2017 of R$ 849.7 million, with an EBITDA margin of 11.3%, an increase of 17.8% and 0.7 percentage point over 2016.
- In December 2017, the Company acquired approximately 30% of the operations of the aluminum wheel unit in Thailand. After this acquisition, the Company now holds 100% of such unit.
- Beginning of the construction project of a new aluminum wheel plant in India with an estimated production capacity of 2 million wheels per year. The acquisition in Thailand and the new wheel plant in India reinforce the Company's strategy to increase share of this product and in this region.

3) MARKET

Production of vehicles and agricultural machinery in regions where the Company's highest percentage of consolidated revenues are concentrated, presented the following behavior in the periods indicated (in units):

PRODUCTION	BRAZIL			NAFTA			EUROPE		
Segment	**4Q16**	**4Q17**	**Var.**	**4Q16**	**4Q17**	**Var.**	**4Q16**	**4Q17**	**Var.**
Light Vehicles	573,549	684,356	*19.3%*	4,357,663	4,172,726	*-4.2%*	4,995,786	5,278,575	*5.7%*
Commercial Vehicles	18,322	28,358	*54.8%*	102,304	120,600	*17.9%*	129,774	132,252	*1.9%*
Total Vehicles	**591,871**	**712,714**	***20.4%***	**4,459,967**	**4,293,326**	***-3.7%***	**5,125,560**	**5,410,827**	***5.6%***
Agricultural Machinery	17,470	11,149	*-36.2%*	N/A	N/A		N/A	N/A	
Segment	**2016**	**2017**	**Var.**	**2016**	**2017**	**Var.**	**2016**	**2017**	**Var.**
Light Vehicles	2,077,169	2,596,115	*25.0%*	17,836,685	17,128,394	*-4.0%*	20,213,513	20,668,236	*2.2%*
Commercial Vehicles	79,187	103,557	*30.8%*	470,467	512,186	*8.9%*	481,620	497,165	*3.2%*
Total Vehicles	**2,156,356**	**2,699,672**	***25.2%***	**18,307,152**	**17,640,580**	***-3.6%***	**20,695,133**	**21,165,401**	***2.3%***
Agricultural Machinery	54,032	54,988	*1.8%*	N/A	N/A		N/A	N/A	

4) OPERATING AND FINANCIAL PERFORMANCE

Consolidated I.S - R$ thousand	4Q16	4Q17	*Var.*	2016	2017	*Var.*
Net Operating Revenue	1,678,459	1,954,644	*16.5%*	6,816,454	7,487,940	*9.9%*
Cost of Goods Sold	(1,423,897)	(1,659,083)	*16.5%*	(5,844,666)	(6,332,962)	*8.4%*
Gross Profit	**254,562**	**295,561**	***16.1%***	**971,788**	**1,154,978**	***18.9%***
	15.2%	***15.1%***		***14.3%***	***15.4%***	
Operating Expenses	(140,517)	(177,825)	*26.6%*	(463,667)	(638,465)	*37.7%*
Equity Income	(3,097)	(2,071)	*-33.1%*	(28,799)	(19,957)	*-30.7%*
Operating Income (EBIT)	**110,948**	**115,665**	***4.3%***	**479,322**	**496,556**	***3.6%***
	6.6%	***5.9%***		***7.0%***	***6.6%***	
Financial Results	(80,212)	(80,764)	*0.7%*	(344,490)	(347,208)	*0.8%*
Income Taxes	3,159	2,478	*-21.6%*	(45,702)	(69,139)	*51.3%*
Minority Shareholders	(17,047)	(25,574)	*50.0%*	(67,599)	(73,806)	*9.2%*
Net Income (Loss)	**16,848**	**11,805**	***-29.9%***	**21,531**	**6,403**	***-70.3%***
	1.0%	***0.6%***		***0.3%***	***0.1%***	
EBITDA	**189,250**	**198,766**	***5.0%***	**796,225**	**798,553**	***0.3%***
	11.3%	***10.2%***		***11.7%***	***10.7%***	
Equity Income	3,097	2,071	*-33.1%*	28,799	19,957	*-30.7%*
Adjusted EBITDA w/o Equity Income	**192,347**	**200,837**	***4.4%***	**825,024**	**818,510**	***-0.8%***
	11.5%	***10.3%***		***12.1%***	***10.9%***	

4.1) Net operating revenue

Consolidated net operating revenue reached R$ 1,954.6 million in 4Q17 and R$ 7,487.9 million in 2017, an increase of 16.5% and 9.9% compared to 4Q16 and 2016, respectively.

In 4Q17, the result was positively affected by the growth of vehicle production in Brazil and Europe, and also by the growth in the production of commercial vehicles in NAFTA; and adversely affected by the reduction in the production of light vehicles in NAFTA.

In 4Q17, exchange rate variation positively affected net operating revenue in R$ 53.8 million, mainly due to the appreciation of the Euro in the period. In 2017, the exchange rate variation was negative by R$ 415.7 million. Excluding the effects of the exchange rate variation in both periods, the net operating revenue in 4Q17 and 2017 would have increased 13.2% and 15.9% when compared to 4Q16 and 2016, respectively.

Domestic sales reached R$ 479.0 million in 4Q17 and R$ 1,831.3 million in 2017 and accounted for 24.5% of consolidated net operating revenue, an increase of 27.2% when compared to 4Q16 and 30.8% when compared to 2016.

International sales reached R$ 1,475.7 million (US$ 454.9 million) in 4Q17 and R$ 5,656.6 million (US$ 1,772.1 million) in 2017 and accounted for 75.5% of consolidated net operating revenue, an increase of 13.3% in *Reais* and 14.9% in US$, when compared to 4Q16, and an increase of 4.4% in *Reais* and 14.0% in US$, when compared to 2016.

The following table shows the performance of consolidated net operating revenue by origin and by product type in the periods indicated.

Net Operating Revenue- R$ thousand	4Q16	4Q17	Var.	2016	2017	Var.
Aluminum Wheels (Light vehicles)	83,671	99,677	*19.1%*	312,376	395,444	*26.6%*
Steel Wheels (Light vehicles)	77,519	102,703	*32.5%*	268,571	376,384	*40.1%*
Steel Wheels (Commercial vehicles)	76,885	93,764	*22.0%*	295,083	403,149	*36.6%*
Structural Components (Light vehicles)	40,634	44,370	*9.2%*	142,529	165,782	*16.3%*
Structural Components (Commercial vehicles)	97,789	138,474	*41.6%*	381,697	490,567	*28.5%*
South America	**376,497**	**478,987**	***27.2%***	**1,400,256**	**1,831,326**	***30.8%***
	22.4%	***24.5%***		***20.5%***	***24.5%***	
Aluminum Wheels (Light vehicles)	65,454	61,362	*-6.3%*	291,782	260,400	*-10.8%*
Steel Wheels (Light vehicles)	262,169	238,715	*-8.9%*	1,078,141	994,901	*-7.7%*
Steel Wheels (Commercial vehicles)	57,592	52,423	*-9.0%*	241,862	221,227	*-8.5%*
Structural Components (Commercial vehicles)	119,574	160,617	*34.3%*	532,585	650,556	*22.2%*
North America	**504,789**	**513,117**	***1.6%***	**2,144,369**	**2,127,084**	***-0.8%***
	30.1%	***26.3%***		***31.5%***	***28.4%***	
Aluminum Wheels (Light vehicles)	345,182	396,407	*14.8%*	1,317,986	1,434,080	*8.8%*
Steel Wheels (Light vehicles)	200,233	221,963	*10.9%*	814,205	811,470	*-0.3%*
Steel Wheels (Commercial vehicles)	127,193	164,838	*29.6%*	585,218	626,698	*7.1%*
Europe	**672,608**	**783,207**	***16.4%***	**2,717,409**	**2,872,248**	***5.7%***
	40.1%	***40.1%***		***39.9%***	***38.4%***	
Aluminum Wheels (Light vehicles)	70,562	105,078	*48.9%*	306,208	374,047	*22.2%*
Steel Wheels (Light vehicles)	18,754	18,001	*-4.0%*	75,418	82,566	*9.5%*
Steel Wheels (Commercial vehicles)	35,251	56,254	*59.6%*	172,794	200,670	*16.1%*
Asia + Others	**124,566**	**179,333**	***44.0%***	**554,420**	**657,282**	***18.6%***
	7.4%	***9.2%***		***8.1%***	***8.8%***	
Iochpe-Maxion Consolidated	**1,678,460**	**1,954,644**	**16.5%**	**6,816,454**	**7,487,940**	**9.9%**
	100.0%	***100.0%***		***100.0%***	***100.0%***	
Maxion Wheels	1,420,463	1,611,183	*13.4%*	5,759,644	6,181,034	*7.3%*
	84.6%	*82.4%*		*84.5%*	*82.5%*	
Maxion Structural Components	257,996	343,461	*33.1%*	1,056,811	1,306,905	*23.7%*
	15.4%	*17.6%*		*15.5%*	*17.5%*	

4.2) Cost of Goods Sold (COGS)

COGS reached R$ 1,659.1 million in 4Q17 and R$ 6,333.0 million in 2017, an increase of 16.5% compared to 4Q16 and 8.4% compared to 2016. Its share of consolidated net operating revenue increased from 84.8% in 4Q16 to 84.9% in 4Q17, and decreased from 85.7% in 2016 to 84.6% in 2017.

4.3) Gross Profit

Gross profit in 4Q17 of R$ 295.6 million with a gross margin of 15.1% and R$ 1,155.0 million in 2017 with a gross margin of 15.4%. 4Q17 and 2017 gross profit represented an increase of 16.1% and 18.9% compared to 4Q16 and 2016, when the amounts were R$ 254.6 million with gross margin of 15.2%, and R$ 971.8 million with gross margin of 14.3%, respectively.

4.4) Net Operating Expenses

Net operating expenses totaled R$ 177.8 million in 4Q17 and R$ 638.5 million in 2017, an increase of 26.6% compared to 4Q16 and 37.7% compared to 2016. Its share of consolidated net operating revenue increased from 8.4% in 4Q16 to 9.1% in 4Q17, and from 6.8% in 2016 to 8.5% in 2017.

In 4Q17, net operating expenses were affected by: (i) the negative effect of R$ 10.1 million regarding the fair value of the options granted to the other shareholders of the jointly controlled AmstedMaxion Fundição; (ii) and for operating and legal expenses of R$ 13.1 million mainly related to restructuring.

Excluding the non-recurring effects of 4Q17 and 4Q16, operating expenses would have increased 12.2% in 4Q17 and its share of consolidated net revenue would have decreased from 8.2% in 4Q16 to 7.9% in 4Q17. In 2017, excluding the effects of both periods, operating expenses would have increased 13.3% and its share of consolidated net revenue would have increased from 7.9% in 2016 to 8.1% in 2017.

4.5) Equity Income

Equity income totaled negative results of R$ 2.1 million in 4Q17 and R$ 20.0 million in 2017, an improvement over the negative results of R$ 3.1 million in 4Q16 and R$ 28.8 million in 2016.

Equity Income in 2017 was negatively impacted by a non-recurring event with no cash effect related to the capitalization of the AmstedMaxion joint ventures by the shareholder Greenbrier do Brasil Participações Ltda., which generated a negative accounting impact of R$ 22.6 million, related to the reduction of the revaluation of the investment proportional to the reduction of the shareholding in these entities. Excluding the non-recurring effect, equity income would represent an improvement of 109.0% in 2017.

The following table sets forth the amounts corresponding to Iochpe-Maxion's interest, which reflect the results of the equity income in the Company.

R$ mil	4Q16			4Q17			Var.
	Amsted Maxion	Maxion Montich	Total	Amsted Maxion	Maxion Montich	Total	
Net Income (Loss)	(4,831)	1,734	(3,097)	(2,722)	651	(2,071)	*33.1%*

R$ mil	2016			2017			Var.
	Amsted Maxion	Maxion Montich	Total	Amsted Maxion	Maxion Montich	Total	
Net Income (Loss)	(28,041)	(758)	(28,799)	(21,419)	1,462	(19,957)	*30.7%*

4.6) Earnings before Interest and Tax (EBIT)

EBIT totaled R$ 115.7 million in 4Q17 and R$ 496.6 million in 2017, an increase of 4.3% compared to 4Q16 and of 3.6% compared to 2016. Its share of consolidated net operating revenue decreased from 6.6% in 4Q16 to 5.9% in 4Q17, and from 7.0% in 2016 to 6.6% in 2017.

Excluding the non-recurring effects in both periods mentioned in items 4.4 and 4.5, EBIT would have increased by 22.2% in 4Q17 compared to 4Q16 and by 35.4% in 2017 compared to 2016. Its share of consolidated net operating revenue would have increased from 6.8% in 4Q16 to 7.1% in 4Q17, and from 5.9% in 2016 to 7.3% in 2017.

4.7) EBITDA

EBITDA was R$ 198.8 million in 4Q17 and R$ 798.6 million in 2017, an increase of 5.0% compared to 4Q16 and of 0.3% compared to 2016. Its share of consolidated net operating revenue decreased from 11.3% in 4Q16 to 10.2% in 4Q17 and from 11.7% in 2016 to 10.7% in 2017.

Excluding the non-recurring effects in both periods mentioned above, EBITDA would have increased 15.6% in 4Q17 compared to 4Q16, and 17.8% in 2017 compared to 2016. Its share of consolidated net operating revenue would have presented the same level of 4Q16 at 11.4% in 4Q17, and increased from 10.6% in 4Q16 to 11.3% in 4Q17.

The following table shows EBITDA evolution in the indicated periods.

EBITDA Reconciliation - R$ Thousand	4Q16	4Q17	Var.	2016	2017	Var.
Net Income (Loss)	16,848	11,805	*-29.9%*	21,531	6,403	*-70.3%*
Minority Shareholders	17,047	25,574	*50.0%*	67,599	73,806	*9.2%*
Income Taxes	(3,159)	(2,478)	*-21.6%*	45,702	69,139	*51.3%*
Financial Results	80,212	80,764	*0.7%*	344,490	347,208	*0.8%*
Depreciation / Amortization	78,301	83,101	*6.1%*	316,903	301,997	*-4.7%*
EBITDA	**189,250**	**198,766**	***5.0%***	**796,225**	**798,553**	***0.3%***
Equity Income	3,097	2,071		28,799	19,957	
Adjusted EBITDA w/o Equity Income	**192,347**	**200,837**	***4.4%***	**825,024**	**818,511**	***-0.8%***

4.8) Financial Result

The financial result was negative by R$ 80.8 million in 4Q17 (R$ 347.2 million in 2017), impacted by R$ 25.9 million due to the non-cash accounting adjustment, arising from the variation of the fair value of the warrants related to the debentures of the 7th issuance and mainly the option contained in the 6th issuance convertible debentures, the latter with maturity on April 1, 2018.

Excluding this adjustment, the financial result would represent a negative amount of R$ 54.8 million in 4Q17 and R$ 226.0 million in 2017, a 31.6% and a 35.1% improvement over 4Q16 and 2016, respectively. Still excluding this adjustment, the variation in 4Q17 compared to 4Q16 is mainly due to the net reduction of R$ 39.1 million in interest expenses on financing due to Company's debt renegotiations and the decrease in the interbank deposit certificate (CDI).

4.9) Net result

Net income of R$ 11.8 million in 4Q17 and R$ 6.4 million in 2017, a decrease from net income of R$ 16.8 million and R$ 21.5 million in 4Q16 and 2016, respectively. Excluding the non-recurring effects of both periods, net income would have been R$ 51.9 million in 4Q17 and R$ 136.2 million in 2017, an improvement of 165.3% compared to 4Q16, and 497.0% compared to 2016.

5) CAPITAL EXPENDITURES

Capital expenditures on new product development, on expanding manufacturing capacity and in plant maintenance and upgrades totaled R$ 127.3 million in 4Q17 and R$ 246.0 million in 2017 (R$ 104.3 million in 4Q16 and R$ 299.3 million in 2016). The variation in capital expenditures in 4Q17 is related to the start of the construction project for a new aluminum wheel unit in India and increase of capacity in aluminum wheel plant in Europe and North America.

6) LIQUIDITY AND INDEBTEDNESS

Consolidated cash and cash equivalents at the end of 4Q17 was R$ 543.3 million, of which 25.1% in Brazilian *Reais* and 74.9% in other currencies.

Financial investments accounted for 45.1% of that amount, being entirely recorded under current assets.

Consolidated gross bank debt reached R$ 2,843.3 million at the end of 4Q17, of which R$ 1,352.5 million (47.6%) was recorded under current liabilities and R$ 1,490.7 million (52.4%) as long-term liabilities.

The main indicators of the consolidated gross bank indebtedness at the end of 4Q17 were: (i) instruments in U.S. Dollars (US$ + average of 6.4% per year) which accounted 51.6%, followed by (ii) Euros (Euro + 3.5% per year) with 25.6%, and (iii) instruments in *Reais* indexed to the CDI (Brazilian interbank rate) with 14.2%.

Consolidated net bank indebtedness totaled R$ 2,299.9 million at the end of 4Q17, a decrease of 12.5% compared to the R$ 2,628.5 million at the end of 4Q16.

Net bank indebtedness at the end of 4Q17 represented 2.88x the EBITDA LTM (3.30x at the end of 4Q16). Excluding the effect of the non-cash accounting adjustment arising from the fair value variation of the option contained in the warrants related to the 7th issue simple debentures and mainly by the 6th issue convertible debentures, net bank debt would have been R$ 2,190.1 million with a financial leverage of 2.74x at the end of 4Q17.

7) SHAREHOLDERS' EQUITY

Shareholders' equity totaled R$ 2,630.5 million (equity book value of R$ 18.75 per share) in the end of 4Q17, an increase of 30.4% compared to the shareholders' equity in the end of 4Q16 (R$ 2,017.1 million and an equity book value of R$ 21.26 per share).

Shareholders´ equity was favorably affected by the inflow of capital in 1Q17.

Shareholders' equity attributed to controlling shareholders was R$ 2,387.9 million (equity value of R$ 17.02 per share) in the end of 4Q17, up by 33.9% of the shareholders' equity attributed to controlling shareholders in the end of 4Q16 (R$ 1,784.0 million and equity value of R$ 18.81 per share).

8) DIVIDENDS

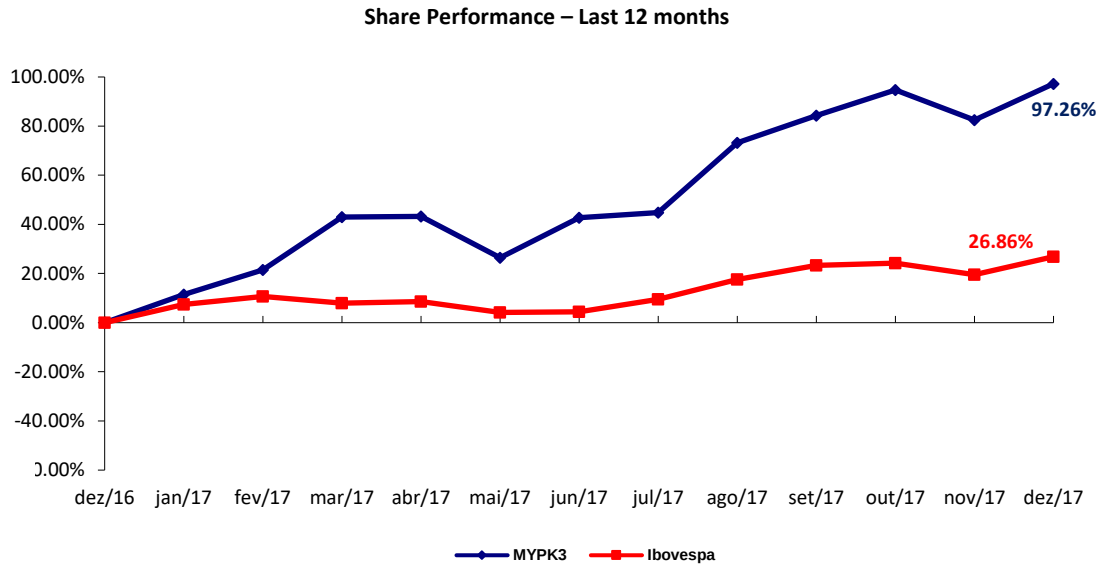
Iochpe-Maxion by-laws provides for distribution of 37% of net income (after any accumulated losses from previous periods) as the mandatory dividend. Considering (i) the net income in 2017 of R$ 6.4 million, (ii) the adoption of deemed cost to property, plant and equipment and its depreciation, which increased net income by R$ 7.6 million; the amount to be distributed to shareholders regarding 2017 should total R$ 5.2 million (R$ 10.4 million in the previous year).

9) SUBSEQUENT EVENT

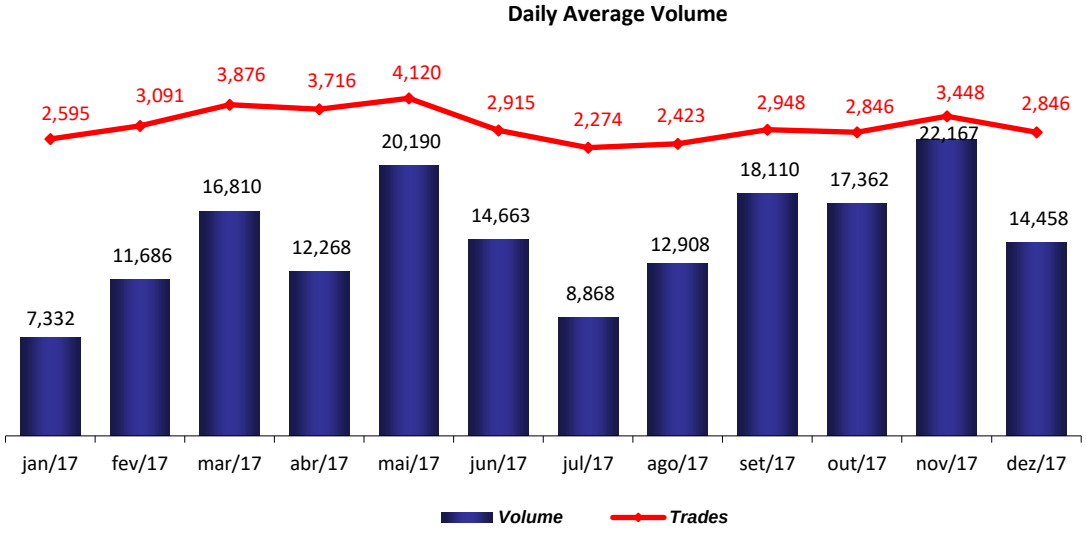
Pursuant to article 204, paragraph 2 of Law 6,404 / 76, as amended, and article 27, letter "i", of the Company's Bylaws, the Board of Directors, at a meeting held on February 20, 2018, approved the proposal from the Board of Executive Officers for the payment of interim dividends in the total amount of R$ 31.1 million, deducting the profit reserves account in the Company's balance sheet for the year 2016. The payment of the interim dividends will be made on 15 March 2018 or after this date.

10) CAPITAL MARKETS

Iochpe-Maxion's common shares (B3:MYPK3) closed 4Q17 at R$ 23.00, up by 26.9% over the quarter and up by 97.3% over the last 12 months. At the end of the 4Q17 Iochpe-Maxion's market capitalization was R$ 3,227.5 million (R$ 1,106.1 million at the end of 4Q16).



Iochpe-Maxion's shares recorded a daily average trading volume on the São Paulo Stock Exchange of R$ 18.0 million in 4Q17 (R$ 6.5 million in 4Q16) and an average daily quantity of transactions of 2,538 (2,201 transactions in 4Q16).



11) ARBITRATION CLAUSE

The Company is bound to arbitration at the Arbitration Chamber of Novo Mercado, as provided for in the Arbitration Clause included in its By-laws.

12) CVM INSTRUCTION No. 381

In accordance with CVM Instruction No. 381, we inform that during 2017, Iochpe-Maxion, its subsidiaries and its jointly-controlled business incurred the following services provided by the independent auditor:

Audit fees – R$ 5.9 million: audit fees include the audit of annual individual financial statements (Accounting practices adopted in Brazil) and consolidated (IFRS), the review of Company´s quarterly information (ITR) and the audit of financial statements of subsidiaries and jointly-controlled business in Brazil and abroad.

Non-Audit related fees – R$ 0.1 million: the non-audit related fees are related to taxes review abroad.

Iochpe-Maxion, its controlled subsidiaries and its joint-controlled businesses, in discussion with its independent auditors concluded that those services did not affect the independence and the objective of those, due to the definition of scope and the procedures performed. Iochpe-Maxion adopts as policy to attend the regulations that define restriction of services by the independent auditors.

In our relationship with the Independent Auditor, we evaluate conflicts of interest with non-audit work based on the following: the auditor should not (a) audit its own work, (b) carry out management functions and (c) promote our interests.

13) MANAGEMENT'S STATEMENT

Pursuant to article 25 of CVM Instruction No 480/09, of December 7, 2009, Management declares that they have discussed, reviewed and agreed with the independent auditors' report and the individual and consolidated financial statements as of December 31, 2017.

The Company's financial statements presented herein are in accordance with the criteria of the Brazilian corporate law, prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards - IFRS.

EBITDA should not be considered as an alternative to net income (loss), as an indicator of the Company's operating performance or as an alternative to cash flow as an indication of liquidity.

The Company's management believes that EBITDA is a useful measure to assess its operating performance and enables comparison with other companies.

The Company calculates EBITDA according to CVM Instruction 527 of October 04, 2012. Thus, EBITDA represents net income (loss) before financial income, income and social contribution taxes, and depreciation and amortization.

Cruzeiro, February 20, 2018.

Deloitte Touche Tohmatsu
Dr. Chucri Zaidan Avenue, nº 1.240
4th to 12th floors - Golden Tower
04711-130 - São Paulo - SP
Brazil

Tel: + 55 (11) 5186-1000
Fax: + 55 (11) 5181-2911
www.deloitte.com.br

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Iochpe Maxion S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Iochpe Maxion S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2017 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Iochpe Maxion S.A. as at December 31, 2017, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and relates services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 225,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn or Twitter.

© 2018 Deloitte Touche Tohmatsu. All rights reserved.

1. ASSESSMENT OF CURRENT TAX CALCULATION AND DEFERRED TAX ASSET REALIZATION

Why is it a KAM?

As the Company has several foreign subsidiaries and accumulated significant balances of tax credits deriving from income tax and social contribution, and due to the complexity of Management's judgment while assessing, determining, recognizing and using estimates to assess the realization of related deferred assets and liabilities, there is a risk of divergences in the adoption of prevailing regulations, notably CPC 32 - Income Taxes, equivalent to IAS 12 – Income Taxes.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to, assessing the design and implementation of relevant controls determined by Management in relation to the assessment, determination, recognition and estimates used to assess the realization of deferred assets and liabilities, as well as involving tax specialists to check compliance with the tax legislation and analyze the calculations made by Management. We have also assessed the ability of generating future taxable income and realizing the reported balances. We have analyzed and challenged the main assumptions adopted by Management in preparing a tax credit recovery analysis.

The Company's disclosures on accounting policies and balances of deferred taxes are stated in Notes 4 and 9 to the financial statements, respectively.

2. IMPAIRMENT OF GOODWILL AND PROPERTY, PLANT AND EQUIPMENT

Why is it a KAM?

The Company has significant reported balances of goodwill and property, plant and equipment, which are exposed to risks of realization and, consequently, impairment losses. The risk not only arises from the relevance of balances, but also from the local and global economic scenario impact on determining growth assumptions and the discount rate used in the "Analysis of the allowance for impairment losses on goodwill and property, plant and equipment" conducted by the Company and Management's high level of judgment involved in determining estimates.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to, assessing the design and implementation of relevant controls determined by Management in relation to the impairment test of assets, and analyzing the Company's business plans, on an overall and cash-generating unit basis, drawing on the technical support provided by appraisal specialists, when applicable, to assess and challenge revenue growth assumptions and discount rate used by Management in the "Analysis of the allowance for impairment losses on goodwill and property, plant and equipment". We have also analyzed the appropriateness of the Company's disclosures concerning the matter.

The Company's disclosures on accounting policies and balances are stated in Notes 4, 12 and 13 to the financial statements, respectively.

© 2018 Deloitte Touche Tohmatsu. All rights reserved.

3. UNUSUAL TRANSACTIONS

Why is it a KAM?

Due to the large volume of units distributed around the world and the operational decentralization and complexity of issues surrounding the Company, the Company may have unusual transactions unduly reported in its financial statements, which could materially impact its financial statements.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to, analyzing the internal controls over the recognition and review of such transactions, holding regular meetings with Management and the Audit Committee, as well as performing audit procedures related to the identification of those types of non-recurring transactions in its accounting records.

Other Matters

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2017, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other Information Accompanying the Individual and Consolidated Financial Statements and the Independent Auditor's Report

Management is responsible for such other information. The other information comprises the Management Report.

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

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

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board ("IASB"), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

© 2018 Deloitte Touche Tohmatsu. All rights reserved.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

© 2018 Deloitte Touche Tohmatsu. All rights reserved.

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

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

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

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 20, 2018

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Walmir Bolgheroni
Engagement Partner

© 2018 Deloitte Touche Tohmatsu. All rights reserved.

IOCHPE-MAXION

(Convenience Translation into English from the Original Previously Issued in Portuguese)

IOCHPE-MAXION S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT DECEMBER 31, 2017
(In thousands of Brazilian reais - R$)

		Parent		Consolidated				Parent		Consolidated	
ASSETS	Note	12/31/2017	12/31/2016	12/31/2017	12/31/2016	LIABILITIES AND EQUITY	Note	12/31/2017	12/31/2016	12/31/2017	12/31/2016
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	5	121,040	29,659	543,331	431,599	Borrowings, financing and debentures	14	375,463	517,903	1,352,544	1,182,808
Trade receivables	6	254,116	184,973	1,064,916	835,158	Trade payables	15	143,696	93,033	1,056,299	856,084
Inventories	7	348,130	223,339	1,191,445	865,029	Taxes payable	16	8,170	7,554	133,550	77,103
Recoverable taxes	8	23,008	20,533	159,482	125,249	Payroll and related taxes	17	75,299	56,498	251,936	203,829
Prepaid expenses		4,370	855	19,657	23,054	Advances from customers		91,933	50,511	99,795	55,942
Other receivables		3,933	8,435	69,932	84,622	Dividends and interest on capital payable		5,436	10,751	5,436	10,751
Total current assets		754,597	467,794	3,048,763	2,364,711	Other payables		35,155	30,989	161,294	135,202
						Total current liabilities		735,152	767,239	3,060,854	2,521,719
NONCURRENT ASSETS						NONCURRENT LIABILITIES					
Recoverable taxes	8	14,048	32,503	19,435	34,002	Borrowings, financing and debentures	14	194,986	685,085	1,490,732	1,877,277
Deferred income tax and social contribution	9	135,181	89,306	257,236	188,481	Provision for labor, tax and civil risks	18	48,651	40,482	100,663	70,650
Escrow deposits		49,011	40,879	61,548	55,066	Deferred income tax and social contribution	9	-	-	169,030	162,883
Related parties	10. b	31,961	-	31,961	-	Pension plan	19	-	-	421,237	383,157
Other receivables		4,321	2,251	12,451	11,504	Other payables		15,520	2,300	49,227	24,352
Investments	11	1,461,731	1,698,598	47,339	81,425	Total noncurrent liabilities		259,157	727,867	2,230,889	2,518,319
Property, plant and equipment	12	903,162	925,368	3,023,091	2,919,881						
Intangible assets	13	28,150	22,392	1,420,424	1,402,045	EQUITY					
Total noncurrent assets		2,627,565	2,811,297	4,873,485	4,692,404	Share capital	20.a	1,277,398	700,000	1,277,398	700,000
						Stock options		3,080	2,952	3,080	2,952
						Earnings reserves		319,033	310,193	319,033	310,193
						Capital reserves		(1,747)	-	(1,747)	-
						Treasury shares		(12,880)	(8,260)	(12,880)	(8,260)
						Valuation adjustments to equity		802,969	779,100	802,969	779,100
						Equity		2,387,853	1,783,985	2,387,853	1,783,985
						Noncontrolling interests		-	-	242,652	233,092
						Total equity		2,387,853	1,783,985	2,630,505	2,017,077
TOTAL ASSETS		3,382,162	3,279,091	7,922,248	7,057,115	TOTAL LIABILITIES AND EQUITY		3,382,162	3,279,091	7,922,248	7,057,115

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In thousands of Brazilian reais - R$, except earnings per share)

	Note	Parent		Consolidated	
		12/31/2017	12/31/2016	12/31/2017	12/31/2016
NET SALES REVENUE	25	1,670,731	1,100,936	7,487,940	6,816,454
COST OF SALES AND SERVICES	26	(1,453,056)	(1,030,404)	(6,332,962)	(5,844,666)
GROSS PROFIT		217,675	70,532	1,154,978	971,788
OPERATING INCOME (EXPENSES)					
Selling expenses	26	(38,302)	(27,214)	(162,157)	(150,931)
General and administrative expenses	26	(79,589)	(67,068)	(384,406)	(368,226)
Management fees	10	(14,402)	(16,147)	(14,402)	(16,147)
Share of profit (loss) of subsidiaries	11	87,946	195,669	(19,957)	(28,799)
Other operating income (expenses), net	27	(22,517)	12,023	(77,500)	71,637
OPERATING INCOME BEFORE FINANCE INCOME (COSTS)		150,811	167,795	496,556	479,322
Finance income	23	42,170	43,077	55,160	57,837
Finance costs	23	(227,402)	(250,918)	(394,624)	(382,253)
Foreign exchange gains (losses), net	24	980	(8,296)	(7,744)	(20,074)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(33,441)	(48,342)	149,348	134,832
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	9.b	(5,529)	(6,909)	(136,828)	(112,502)
Deferred	9.b	45,373	76,782	67,689	66,800
PROFIT FOR THE YEAR		6,403	21,531	80,209	89,130
ATTRIBUTABLE TO					
Company owners		6,403	21,531	6,403	21,531
Noncontrolling interests		-	-	73,806	67,599
EARNINGS PER SHARE FOR THE YEAR:					
BASIC - R$	31	0.04973	0.22769	0.04973	0.22769
DILUTED - R$	31	0.04971	0.22757	0.04971	0.22757

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2017
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
PROFIT FOR THE YEAR	6,403	21,531	80,209	89,130
OTHER COMPREHENSIVE INCOME				
Items that will be subsequently reclassified to profit or loss:				
Losses on translating the financial statements of foreign subsidiaries	30,828	(362,752)	36,820	(422,619)
Items that will not be subsequently reclassified to profit or loss:				
Effects of changes in actuarial assumptions, net of taxes	1,200	(15,288)	1,200	(15,288)
Total other comprehensive income	32,028	(378,040)	38,020	(437,907)
TOTAL COMPREHENSIVE INCOME	38,431	(356,509)	118,229	(348,777)
Attributable to:				
Company owners	38,431	(356,509)	38,431	(356,509)
Noncontrolling interests	-	-	79,798	7,732
	38,431	(356,509)	118,229	(348,777)

The accompanying notes are an integral part of these financial statements.

IOCHPE-MAXION

(Convenience Translation into English from the Original Previously Issued in Portuguese)

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(In thousands of Brazilian reais - R$)

				Earnings reserves					Valuation adjustments to equity					
	Note	Share capital	Recognized stock options granted	Legal reserve	Bylaws reserve for investment and working capital	Interim dividends	Capital reserve	Treasury shares	Deemed cost of property, plant and equipment	Other comprehensive income	Profit for the year	Equity	Noncontrolling interests	Total equity
BALANCES AS AT DECEMBER 31, 2015		700,000	2,846	66,702	225,705	-	-	(6,105)	104,010	1,060,289	-	2,153,447	303,043	2,456,490
Profit for the year		-	-	-	-	-	-	-	-	-	21,531	21,531	67,599	89,130
Other comprehensive income		-	-	-	-	-	-	-	-	(378,040)	-	(378,040)	(59,867)	(437,907)
Total comprehensive income		-	-	-	-	-	-	-	-	(378,040)	21,531	(356,509)	7,732	(348,777)
Recognition of stock option plan		-	106	-	-	-	-	-	-	-	-	106	-	106
Treasury shares acquired		-	-	-	-	-	-	(2,155)	-	-	-	(2,155)	-	(2,155)
Realization of deemed cost, net of taxes		-	-	-	-	-	-	-	(6,701)	-	6,701	-	-	-
Derecognition of deemed cost, net of taxes		-	-	-	-	-	-	-	(458)			(458)	-	(458)
Dividends paid to noncontrolling shareholders		-	-	-	-	-	-	-	-	-	-	-	(77,683)	(77,683)
Allocation of profit for the year:														
Legal reserve	20.c	-	-	1,412	-	-	-	-	-	-	(1,412)	-	-	-
Bylaws reserve for investments and working capital	20.c	-	-	-	16,374	-	-	-	-	-	(16,374)	-	-	-
Mandatory minimum dividends	20.c	-	-	-	-	-	-	-	-	-	(10,446)	(10,446)	-	(10,446)
BALANCES AS AT DECEMBER 31, 2016		700,000	2,952	68,114	242,079	-	-	(8,260)	96,851	682,249	-	1,783,985	233,092	2,017,077
Profit for the year		-	-	-	-	-	-	-	-	-	6,403	6,403	73,806	80,209
Other comprehensive income		-	-	-	-	-	-	-	-	32,028	-	32,028	5,992	38,020
Total comprehensive income		-	-	-	-	-	-	-	-	32,028	6,403	38,431	79,798	118,229
Capital increase		577,398	-	-	-	-	-	-	-	-	-	577,398	-	577,398
Recognition of stock option plan		-	128	-	-	-	-	-	-	-	-	128	-	128
Exercise of stock options		-	-	-	(5)	-	-	59	-	-	-	54	-	54
Treasury shares acquired		-	-	-	-	-	-	(4,679)	-	-	-	(4,679)	-	(4,679)
Realization of deemed cost, net of taxes		-	-	-	-	-	-	-	(7,637)	-	7,637	-	-	-
Derecognition of deemed cost, net of taxes		-	-	-	-	-	-	-	(522)	-	-	(522)	-	(522)
Conversion of debentures - 6th issue		-	-	-	-	-	11,436	-	-	-	-	11,436	-	11,436
Acquisition of noncontrolling interests	11.b (vi)	-	-	-	-	-	(13,183)	-	-	-	-	(13,183)	-	(13,183)
Dividends paid to noncontrolling shareholders		-	-	-	-	-	-	-	-	-	-	-	(70,238)	(70,238)
Allocation of profit for the year:														
Legal reserve	20.c	-	-	702	-	-	-	-	-	-	(702)	-	-	-
Bylaws reserve for investments and working capital	20.c	-	-	-	8,143	-	-	-	-	-	(8,143)	-	-	-
Mandatory minimum dividends	20.c	-	-	-	-	-	-	-	-	-	(5,195)	(5,195)	-	(5,195)
Interim dividends	36	-	-	-	(31,051)	31,051	-	-	-	-	-	-	-	-
BALANCES AS AT DECEMBER 31, 2017		1,277,398	3,080	68,816	219,166	31,051	(1,747)	(12,880)	88,692	714,277	-	2,387,853	242,652	2,630,505

The accompanying notes are an integral part of these financial statements.

IOCHPE-MAXION

(Convenience Translation into English from the Original Previously Issued in Portuguese)

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In thousands of Brazilian reais - R$)

	Note	Parent		Consolidated	
		12/31/2017	12/31/2016	12/31/2017	12/31/2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		6,403	21,531	80,209	89,130
Adjustments to reconcile profit for the year to net cash generated by (used in) operating activities:					
Depreciation and amortization	12 & 13	52,334	44,251	301,997	316,903
Income tax and social contribution	9	(39,844)	(69,873)	69,139	45,702
Residual value of property, plant and equipment and intangible assets written off	12 & 13	5,925	4,289	13,002	12,397
Share of profit (loss) of subsidiaries	11	(87,946)	(195,669)	19,957	28,799
Provision for tax, civil and labor risks, net of reversals and adjustments	18	14,034	1,123	34,799	14,397
Inflation adjustment of escrow deposits		(2,465)	(1,619)	(2,674)	(2,155)
Interest, inflation adjustments and amortization of borrowing costs	14	76,270	222,089	211,910	327,335
Fair value of financial liabilities	14	109,826	-	109,826	-
Allowance for doubtful debts	6	1,642	271	1,777	3,354
Allowance for inventory losses		3,511	(3,442)	3,175	(9,762)
Finance costs (net) on pension plans and post-employment benefits	23	-	-	8,765	11,605
Gain on sale of property, plant and equipment		-	-	(19,910)	(68,710)
Stock options		128	106	128	106
Derecognition of deemed cost		(522)	(458)	(522)	(458)
Decrease (increase) in assets:					
Trade receivables		(70,785)	(63,494)	(153,663)	(105,524)
Inventories		(128,302)	(47,306)	(262,137)	(76,966)
Other receivables and other assets		19,983	(16,757)	19,835	(18,859)
Increase (decrease) in liabilities:					
Trade payables		50,663	40,839	120,794	66,355
Payment of pension plan and post-employment benefits		-	-	(27,156)	(26,918)
Payment of interest on borrowings and financing	14	(43,152)	(87,360)	(167,039)	(192,894)
Payment of interest on debentures	14	(53,294)	(156,169)	(53,294)	(156,169)
Other payables and other liabilities		66,980	63,538	96,556	109,994
Payment of tax, civil and labor risks	18	(5,865)	(1,912)	(6,623)	(14,606)
Payment of income tax and social contribution		-	-	(95,455)	(76,416)
Net cash generated by (used in) operating activities		(24,476)	(246,022)	303,396	276,640
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital reduction in subsidiaries	11.b	346,089	887,306	-	-
Purchase of property, plant and equipment	12 & 34	(31,996)	(102,838)	(225,429)	(290,173)
Purchase of intangible assets	13	(6,418)	(75)	(12,032)	(3,280)
Proceeds from the sale of property, plant and equipment		-	-	-	18,913
Net cash generated by (used in) investing activities		307,675	784,393	(237,461)	(274,540)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the increase in issuances		577,398	-	577,398	-
Borrowings and financing	14	109,238	1,057,793	1,336,434	2,961,936
Repayment of borrowings and financing - principal	14	(618,355)	(956,650)	(1,555,544)	(2,338,890)
Redemption of debentures - principal	14	(213,072)	(656,299)	(213,072)	(656,299)
Capitalization of borrowing costs	14	-	-	(26,011)	(22,677)
Payment of proposed and additional dividends	20	(10,446)	(20,885)	(10,446)	(20,885)
Dividends paid to noncontrolling shareholders	11.d	-	-	(70,238)	(77,683)
Acquisition of treasury shares		(4,620)	(2,155)	(4,620)	(2,155)
Related parties		(31,961)	-	(31,961)	-
Net cash used in financing activities		(191,818)	(578,196)	1,940	(156,653)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		91,381	(39,825)	67,875	(154,553)
Exchange differences on translating cash and cash equivalents of foreign subsidiaries				43,857	(153,103)
Cash and cash equivalents at the beginning of the year		29,659	69,484	431,599	739,255
Cash and cash equivalents at the end of the year		121,040	29,659	543,331	431,599
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		91,381	(39,825)	111,732	(307,656)

The accompanying notes are an integral part of these financial statements.

IOCHPE-MAXION

(Convenience Translation into English from the Original Previously Issued in Portuguese)

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In thousands of Brazilian reais - R$)

	Note	Parent		Consolidated	
		12/31/2017	12/31/2016	12/31/2017	12/31/2016
REVENUES					
Sale of goods and products	25	2,121,686	1,394,087	8,029,509	7,239,433
Allowance for doubtful debts	6	(1,642)	(271)	(1,777)	(3,354)
Other revenue		9,736	8,688	18,795	129,663
		2,129,780	1,402,504	8,046,527	7,365,742
INPUTS ACQUIRED FROM THIRD PARTIES (INCLUDING ICMS AND IPI)					
Raw materials		(861,721)	(538,918)	(4,235,819)	(3,722,794)
Materials, electric power, outside services and other items	26	(202,807)	(162,920)	(1,076,485)	(1,079,373)
		(1,064,528)	(701,838)	(5,312,304)	(4,802,167)
GROSS VALUE ADDED		1,065,252	700,666	2,734,223	2,563,575
RETENTIONS					
Depreciation and amortization	12 & 13	(52,334)	(44,251)	(301,997)	(316,903)
WEALTH CREATED					
BY THE COMPANY AND ITS SUBSIDIARIES		1,012,918	656,415	2,432,226	2,246,672
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of subsidiaries	11	87,946	195,669	(19,957)	(28,799)
Finance income	23	42,170	43,077	55,160	57,837
Changes in foreign exchange rates	24	980	(8,296)	(7,744)	(20,074)
		131,096	230,450	27,459	8,964
TOTAL WEALTH FOR DISTRIBUTION		1,144,014	886,865	2,459,685	2,255,636
WEALTH DISTRIBUTED					
Personnel:					
Salaries and wages		461,190	361,808	1,371,499	1,314,741
Employees' profit sharing		23,135	18,174	60,063	59,650
Taxes:					
Federal		186,080	74,644	238,874	154,411
State		224,934	148,524	279,603	214,035
Municipal		96	110	96	110
Lenders and lessors:					
Interest/fees	23	227,402	250,918	394,624	382,253
Rentals		7,137	4,455	27,080	34,605
Shareholders:					
Proposed and additional dividends	20.c	5,195	10,446	5,195	10,446
Interest on capital	20.c	-	-	-	-
Retained earnings		8,845	17,786	8,845	17,786
Noncontrolling interests in retained earnings		-	-	73,806	67,599
		1,144,014	886,865	2,459,685	2,255,636

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

Iochpe-Maxion S.A. ("Company") is a publicly-held company, headquartered at Rua Dr. Othon Barcellos, 83, city of Cruzeiro, State of São Paulo, registered with B3 S.A. – Brasil, Bolsa, Balcão under ticker symbol MYPK3.

The Company, its subsidiaries' and joint ventures' operations are carried out in 9 units located in Brazil and 22 units located abroad. The Company's main operations are described in note 2.

2. GROUP COMPANIES

The Company and its subsidiaries' operations are focused on the automotive segment and divided into the wheels and structural component segments. The consolidation comprises the financial statements of the Company and the following direct and indirect subsidiaries:

	Country	Core business	Direct interest - %		Indirect interest - %	
			2017	2016	2017	2016
Iochpe-Maxion S.A. (Parent - Cruzeiro)	Brazil	(a) (d) (e)	-	-	-	-
Limeira branch	Brazil	(b)	-	-	-	-
Limeira branch	Brazil	(c)	-	-	-	-
Contagem branch	Brazil	(e)	-	-	-	-
Resende branch	Brazil	(d)	-	-	-	-
Remon-Resende Montadora Ltda.	Brazil		33.33	33.33	33.33	33.33
Maxion (Nantong) Wheels Co., Ltd.	China	(a)	100.00	100.00	-	-
Maxion Wheels (Thailand) Co. Ltd.	Thailand	(c)	8.15	-	91.84	70.09
Iochpe-Maxion Austria GmbH	Austria	(g)	100.00	100.00	-	-
Maxion Wheels Aluminum India Pvt. Ltd.	India	(c) (h)	-	-	100.00	-
Maxion Wheels Immobilien GmbH & Co. KG	Germany		-	-	100.00	100.00
Iochpe Sistemas Automotivos de México, S.A. de C.V.	Mexico	(g)	-	-	100.00	100.00
Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	Mexico	(d) (e)	-	-	100.00	100.00
Servicios Corporativos Inmagusa, S.A. de C.V.	Mexico		-	-	100.00	100.00
Maxion Wheels de Mexico, S. de R.L. de C.V.	Mexico	(a) (b) (c)	-	-	100.00	100.00
Servicios Maxion Wheels San Luis Potosí, S.A. de C.V.	Mexico		-	-	100.00	100.00
Servicios Maxion Wheels Chihuahua, S. de R.L. de C.V.	Mexico		-	-	100.00	100.00
Iochpe Holdings, LLC	USA	(g)	-	-	100.00	100.00
Maxion Wheels	USA	(g)	-	-	100.00	100.00
Maxion Wheels U.S.A. LLC	USA	(f)	-	-	100.00	100.00
HLI Delaware Holdings, LLC	USA		-	-	100.00	100.00
Maxion Wheels Akron LLC	USA	(a)	-	-	100.00	100.00
Maxion Wheels Sedalia LLC	USA	(b)	-	-	100.00	100.00
Maxion Import LLC	USA	(f)	-	-	100.00	100.00
Maxion Luxembourg Holdings S.à.r.l.	Luxembourg	(g)	-	-	100.00	100.00
Maxion Wheels Europe S.à.r.l.	Luxembourg	(g)	-	-	100.00	100.00
Maxion Wheels South Africa (Pty) Ltd.	South Africa	(c)	-	-	100.00	100.00
Maxion Wheels Japan K.K.	Japan		-	-	100.00	100.00
Maxion Wheels Czech s.r.o.	Czech Republic	(b) (c)	-	-	100.00	100.00
Maxion Wheels EAAP Holding GmbH	Germany	(g)	-	-	100.00	100.00
Maxion Wheels España S.L.	Spain	(b)	-	-	100.00	100.00
Hayes Lemmerz Barcelona, S.L.	Spain		-	-	100.00	100.00
Maxion Wheels Italy Holding, S.r.l.	Italy	(g)	-	-	100.00	100.00
Maxion Wheels Italia S.r.l.	Italy	(c)	-	-	100.00	100.00
Maxion Wheels Germany Holding GmbH	Germany	(g)	-	-	100.00	100.00
Maxion Wheels Konigswinter GmbH	Germany	(g)	-	-	100.00	100.00
Kalyani Maxion Wheels Private Limited	India	(a) (b)	-	-	85.00	85.00
Maxion Wheels Werke GmbH	Germany	(a) (b)	-	-	100.00	100.00
Maxion Wheels do Brasil Ltda.	Brazil	(c)	-	-	100.00	100.00
Maxion Inci Jant Sanayi, A.S.	Turkey	(b) (c)	-	-	60.00	60.00
Maxion Jantas Jant Sanayi ve Ticaret A.S	Turkey	(a)	-	-	60.00	60.00

(a) Manufacture and sale of heavy steel wheels.

(b) Manufacture and sale of light steel wheels for automobiles, pick-up trucks, SUVs and light and medium-sized commercial vehicles.

(c) Manufacture and sale of light aluminum wheels for vehicles.

(d) Manufacture and sale of heavy structural components (complete frames, sidebars, and crossbars) and metal stampings for commercial vehicles.

(e) Manufacture and sale of light structural and automotive components (metal stampings for passenger vehicles, brake levers, pedal sets, welded assemblies, structural parts and other automotive components).

(f) Sale of light and heavy wheels.

(g) Company holding controlling interest in one or more companies.

(h) Company in preoperating stage, with manufacturing operations expected to begin in 2019.

Joint ventures

The Company, through its joint venture Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. ("AmstedMaxionFundição"), located in Cruzeiro, State of São Paulo, produces industrial castings and railroad wheels. AmstedMaxionFundição, through its joint venture Amsted Maxion Serviços e Equipamentos Ferroviários S.A. ("AmstedMaxionFerroviário"), located in Hortolândia, State of São Paulo, sells and produces freight cars.

The Company, through its joint venture Maxion Montich S.A. ("Maxion Montich"), located in Cordoba – Argentina, is engaged in the manufacturing and sale of heavy structural components (complete frames, sidebars and crossbars), metal stampings and welded assemblies for commercial and light vehicles.

The investments in joint ventures AmstedMaxionFundição and Maxion Montich, holding 37.75% and 50% stake, respectively, are accounted for under the equity method of accounting.

The main groups reported in the financial statements of these joint ventures are as follows:

	AmstedMaxionFundição		Maxion Montich	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Balance sheets				
Current assets	74,783	70,741	122,133	42,194
Noncurrent assets	378,001	449,149	53,410	27,654
Current liabilities	(133,009)	(201,609)	(122,023)	(48,888)
Noncurrent liabilities	(178,602)	(133,570)	(38,821)	(7,124)
Company owners	141,173	184,711	14,687	13,836
Noncontrolling interests	-	-	12	-
Total equity	141,173	184,711	14,699	13,836
Statements of profit and loss				
Net sales revenue	301,099	299,265	126,307	93,127
Cost of sales	(270,417)	(279,142)	(111,843)	(84,137)
Operating expenses, net	(122,671)	(79,523)	(11,258)	(10,109)
Income tax and social contribution	38,101	2,036	(282)	536
Profit (loss) for the year	(53,888)	(57,364)	2,924	(583)

Commitments assumed

The joint venture AmstedMaxionFundição, through its joint venture AmstedMaxionFerroviário, is a party to a lease agreement with a remaining term of six months, in the aggregate amount of R$7,692, with possibility of renewal, of the property where its Hortolândia plant, State of São Paulo, Brazil, is located.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of preparation

The individual and consolidated financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil, which include the standards issued by the Brazilian Securities Commission (CVM) and the pronouncements issued by the Accounting Pronouncements Committee (CPC), which are in line with the international accounting standards issued by IASB.

Measurement basis

The individual and consolidated financial statements have been prepared using the historical cost as value basis and available-for-sale financial assets and financial assets and financial liabilities measured at fair value.

Functional and reporting currency

Items in the financial statements of the Company and each of the subsidiaries included in the consolidated financial statements are measured based on the functional currency of each of these companies, which corresponds to the currency of the main economic environment where they operate.

In the consolidated financial statements, assets and liabilities were translated using the closing exchange rate effective on the respective balance sheet date, and income and expenses were translated into Brazilian reais (R$), which is the Company's functional and reporting currency, using the average exchange rate in effect in the months when the transactions were carried out.

Exchange rates

The exchange rates in Brazilian reais (R$) in effect at the end of the reporting period are as follows:

Closing rate	12/31/2017	12/31/2016
U.S. dollar (US$)	3.3080	3.2591
Euro (€)	3.9693	3.4384

Average rate	12/31/2017	12/31/2016
U.S. dollar (US$)	3.1920	3.4901
Euro (€)	3.6071	3.8615

Use of estimates and judgments

In applying the accounting policies described in note 4, Management makes judgments and estimates regarding the reported assets and liabilities' carrying amounts, which are not easily obtained from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

Estimates and assumptions are reviewed on an ongoing basis. The effects from the revisions to accounting estimates are recognized in profit or loss for the current year.

Below are the main areas of judgments and accounting estimates:

- Impairment of goodwill.
- Income tax and social contribution.
- Provision for tax, civil and labor risks.
- Pension plan obligations.
- Stock option plan.
- Risk management and financial instruments.

Consolidation of financial statements

Definition of subsidiaries - the Company has the control over an entity when it is exposed or has rights to variable returns from its involvement with the entity and has ability to affect those returns through power over an entity.

The existence and the effect of potential voting rights, currently exercisable or convertible, are taken into consideration to determine whether the Company controls or not another entity.

The Company assesses whether it controls or not an investee if facts and circumstances indicate that there are changes in one or more of the three components of control. The consolidation of a subsidiary begins when the Company obtains control over such subsidiary and ceases when the Company no longer exercises such control. Assets, liabilities and income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, for the same reporting period and consistent with the Company's accounting policies.

The main consolidation criteria include:

- Elimination of intergroup asset and liability balances between the consolidated companies.
- Elimination of the Parent's interests in the equity of its direct and indirect subsidiaries.
- Elimination of intercompany transactions, balances and gains or losses not realized in transactions between the group companies. Unrealized losses are also eliminated unless the transaction has evidence of impairment loss on the transferred asset.

Translation of the financial statements of foreign subsidiaries

The Company reviews the accounting practices of the foreign subsidiaries and should there be any differences with accounting practices adopted in Brazil, adjustments are made to equity and profit or loss for the year before calculating the share of profit (loss) of subsidiaries.

In preparing the consolidated financial statements, the income statement and the statements of comprehensive income, cash flows and value added and all other movements in assets and liabilities are translated into Brazilian reais (R$) at the average exchange rate, which is considered a rate close to the exchange rate prevailing on the date of the underlying transactions. The balance sheet is translated into Brazilian reais (R$) at the exchange rates prevailing at the end of the reporting period.

Gains or losses resulting from the translation of the financial statements of foreign subsidiaries into the Company's reporting currency are recognized as 'Other comprehensive income' in equity.

4. SIGNIFICANT ACCOUNTING POLICIES

a) General revenue recognition principles and criteria

Assets, liabilities, income and expenses are recognized on the accrual basis.

Revenue is measured at fair value of consideration received or receivable, less any estimated returns, trade discounts and/or bonus granted to the buyer and other similar deductions. It is recognized in the statement of profit or loss for the year, less deductions, including taxes on sales.

Revenue from product sales

It is recognized when: (i) the risks and rewards inherent to the products and goods sold are transferred to the buyers; (ii) the payment of amounts owed to the Company and its subsidiaries is probable; and (iii) there is no longer any involvement of the Management with the products. More specifically, revenue from product sales is recognized when the products are delivered and legal ownership is transferred.

b) Foreign currency-denominated transactions

These are translated into the functional currencies of the Company and its subsidiaries at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting periods are retranslated into the functional currency at the rates prevailing at that date. Foreign exchange gains or losses on monetary items correspond to the difference between the amortized cost of the functional currency at the beginning of the year, adjusted by interest and actual payments during the year, and the amortized cost in foreign currency at the exchange rate prevailing at the end of each year. Foreign currency-denominated nonmonetary assets and liabilities that are measured at fair value are retranslated into the functional currency at the exchange rate prevailing at the date their fair values were determined.

c) Financial instruments

Classification

The Company and its subsidiaries classify their financial assets into the following categories: (i) financial assets measured at fair value through profit or loss; (ii) held-to-maturity financial assets; (iii) loans and receivables; and (iv) available-for-sale financial assets. Classification depends on the purpose for which the financial assets were acquired.

Financial assets

Measured at fair value through profit or loss - the Company does not have financial instruments classified in this category.

Held-to-maturity financial assets – the Company does not have financial instruments classified in this category.

Loans and receivables - include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are stated in current assets, except for maturities greater than 12 months after the end of each year, which are classified as noncurrent assets. The Company's loans and receivables comprise trade receivables, related parties and cash and cash equivalents.

Financial assets available for sale

The Company does not have financial assets classified in this category.

Financial liabilities

Measured at fair value through profit or loss - financial liabilities are classified at fair value through profit or loss when they are either held for trading or designated at fair value through profit or loss. The Company has embedded derivatives in convertible debentures and simple debentures with subscription warrants.

Stated at amortized cost - measured at amortized cost using the effective interest method. They comprise bank borrowings and financing, including debentures, trade payables, and due to related parties, which are presented at their original amounts plus interest, inflation and exchange adjustments, incurred up to the end of each year.

Effective interest method

It is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Measurement

Regular-way purchases or sales of financial assets are recognized on a trade date basis, i.e., the date on which the Company and its subsidiaries agree to buy or sell the asset. Financial assets at fair value through profit or loss are initially recognized at fair value, and transaction costs are recorded in the income statement. Loans and receivables are carried at amortized cost.

Gains or losses arising on changes in the fair value of financial assets at fair value through profit or loss are recognized in profit or loss, in line items 'Finance income' or 'Finance costs', respectively, in the year in which they are earned or incurred.

Offset of financial instruments

Financial assets and financial liabilities are offset and the net amount is recorded in the balance sheet when there is a legally enforceable right to set off recognized amounts and intention to either settle them on a net basis, or to recognize the asset and settle the liability simultaneously.

d) Cash and cash equivalents

Comprise cash, banks and highly liquid short-term investments maturing within up to 90 days from investment date, immediately convertible into a known amount of cash and subject to an insignificant risk of change in value, which are carried at cost plus income earned through the end of each reporting period, which does not exceed their fair or realizable values.

e) Trade receivables and allowance for doubtful debts

Recognized and held in the balance sheet at the original amount of the receivables, less the allowance for doubtful debts, which is recognized taking into account the breakdown of the past-due receivables, and an allowance is recognized for all receivables past due for more than 90 days for which there is no evidence of negotiation, and refer to insolvent or bankrupt customers.

f) Inventories

Stated at average acquisition or production cost, adjusted to their net realizable value and probable losses, when applicable. The average cost includes all costs incurred on purchase, production and processing costs, and costs incurred in bringing the inventories to their present location and condition. In the case of finished product and work in process inventories, cost includes a proportional share of manufacturing overheads based on normal production capacity.

The net realizable value is the estimated sales price in the normal course of business less estimated completion costs and selling expenses.

The Company and its subsidiaries make estimates to determine the allowance for losses on inventories, which they consider to be in an amount considered sufficient to cover probable losses on inventories, according to the criteria below.

The allowance for losses on slow-moving inventories is recognized based on a Management policy that takes into consideration the history of consumption on an item-by-item basis for the past 12 months compared to the existing balance of inventories at the end of the reporting period.

The allowance for losses on inventories that exceed historic consumption for the past 12 months and of which no future sales are expected is recognized as the difference between their carrying amount and their recoverable amount.

g) Property, plant and equipment

Recognition and measurement

Stated at purchase or construction cost and, when applicable, interest capitalized during the construction period, in the case of qualifying assets, less accumulated depreciation and allowance for impairment losses on discontinued assets without expectation of reuse or realization.

When applicable, property, plant and equipment include all expenses allocable to the assets during their construction and/or preoperating testing phase.

Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in net amounts as "Other operating income (expenses)" in profit or loss.

Machinery spare parts necessary to the regular operation of the items of property, plant and equipment and that result in an increase of an asset's useful life by more than twelve months, are classified as property, plant and equipment.

Subsequent costs

The cost of replacement of an item of property, plant and equipment is recognized at the carrying amount of the item when it is probable that the economic benefits arising from the item will flow to the Company and its subsidiaries and its cost can be reliably measured. Maintenance costs are recognized in profit or loss as incurred.

Depreciation

Calculated on the depreciable amount, which is the purchase cost of an asset or another cost value after deducting its residual value.

Depreciation is recognized in profit or loss on a straight-line basis, based on the estimated useful lives of each part of an item of property, plant and equipment, as this method is more representative of the time pattern in which economic benefits from the asset are consumed. Land is not depreciated.

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and possible adjustments are subsequently recognized as changes in accounting estimates.

h) Intangible assets

Separately acquired intangible assets, including those acquired through business combinations.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, where applicable. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less impairment losses, when applicable.

They comprise: (i) trademarks; (ii) property use rights; (iii) software licenses, including implementation costs; (iv) portfolio of customers purchased from third parties; and (v) goodwill on acquisition of subsidiaries. Assets with finite useful lives are amortized based on the estimated useful lives of the assets. Assets with indefinite useful lives, consisting mainly of goodwill paid on the acquisition of subsidiaries, are annually tested for impairment and/or when there are any indications that they might be impaired.

Purchased software licenses, including the related implementation costs, and ERP systems licenses are capitalized and amortized according to the estimated useful lives of the assets, and software maintenance-related costs are recognized as expenses when incurred.

Costs on product research and development are recognized as expenses, when incurred.

i) Impairment of assets

Assets

The Company and its subsidiaries analyze on an annual basis whether there is evidence that the carrying amount of an asset might be impaired. If there is any evidence of impairment, the recoverable value of the asset is estimated. The recoverable value of an asset is the higher of: (i) its fair value less costs to sell, and (ii) its value in use. The value in use is equivalent to pretax discounted cash flows arising from the continuing use of the asset. When the residual value of the asset exceeds its recoverable amount, an impairment loss is recognized.

For impairment purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGUs).

Goodwill

For impairment testing purposes, Management defined that CGUs correspond to the automotive segment and each business segment to which goodwill was allocated and are annually tested for impairment or more frequently when there are indications that the CGU may be impaired. If the recoverable amount of a CGU is less than its carrying amount, impairment losses are firstly allocated to write down the carrying amount of any goodwill allocated to CGU and subsequently to the other assets of the CGU, prorated to the carrying amount of each of its assets. An impairment loss on goodwill is not reversed in a subsequent period.

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at the end of each fiscal year to determine whether there is any objective evidence that it is impaired.

j) Provisions

General

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of funds will be required to settle the obligation, and its amount can be reliably estimated. When the Company expects that the value of a provision will be reimbursed, whether fully or partially (e.g. by virtue of an insurance agreement), the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. Expenses on any provision are recorded in the income statement, net of any reimbursements.

Provisions for tax, civil and labor risks

The Company is a party to several lawsuits and administrative proceedings. Provisions are recognized for all contingent liabilities relating to lawsuits for which it is probable that an outflow of funds will be required to settle the contingency/obligation and its amount can be reliably estimated.

The likelihood of loss is assessed based on available evidence, the hierarchy of laws, available case rulings, most recent court decisions, their relevance within the legal system, and the assessment made by the Company's legal counsel. Provisions are reviewed and adjusted so as to consider changes in circumstances, such as applicable statute of limitations, conclusions of tax audits or additional exposures identified based on new matters or court rulings.

k) Pension benefits and other post-employment benefits

Defined benefit plan and post-employment healthcare benefits

The Company sponsors a closed defined benefit pension plan under which contributions must be made to funds managed separately from the Company's own funds. The Company also offers certain post-employment healthcare benefits to executive-level employees. Such benefits are funded on a cash basis. The benefits granted under the defined benefit plans are defrayed separately for each plan, using the projected unit credit method.

Measurements comprising actuarial gains and losses, the asset ceiling effect, less interest, and the return on plan assets (less net interest) are immediately recognized in the balance sheet, charged or credited to "Retained earnings" through other comprehensive income in the period they are incurred. Measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to assets or liabilities of the net defined benefit. The Company recognizes the following variations in the net defined benefit obligation in the consolidated income statement:

- Service costs, comprising current service costs, past service costs, gains and losses arising on the significant reduction in the expected length of service and unusual settlements.
- Income or expenses on net interest.

Defined contribution plan

Payments to defined contribution plans are recognized as expenses in profit or loss when the services they entitle to are provided. In the case of the Company, the defined contribution plan consists of an open plan with fixed contributions and no actuarial risk or a legal or constructive obligation to pay additional amounts.

l) Employee benefits

Profit sharing

The Company and its subsidiaries recognize a profit sharing liability and expense, which is contingent on the attainment of operating goals and specific objectives set and approved at the beginning of each year. The Company and its subsidiaries recognize an accrual for profit sharing when it is contractually obliged or when there is a past practice that created a constructive obligation.

The liability is recognized at the expected value to be paid in the cash bonus plan or short-term profit sharing, if the Company and its subsidiaries have a legal or constructive obligation to pay this amount due to a past service provided by the employee and the obligation may be reliably estimated.

Share-based compensation

For plan participants, the fair value of stock options granted set on the grant date is recognized on a straight-line basis as expenses in profit or loss for the year over the vesting period, based on the Company's estimates on which options granted will become eventually vested, with a corresponding increase in equity.

At the end of each year, the Company reviews its estimates of the number of equity instruments to be vested, and the impact of the review with respect to original estimates, if any, is recognized in profit or loss for the year, so that accumulated expenses reflect the reviewed estimates, including the corresponding adjustment to equity in line item 'Recognized options granted' that recorded the benefit to employees.

m) Taxation

Current income tax and social contribution

Current tax assets and liabilities from the last year and prior years are measured at the recoverable amount expected or payable to tax authorities. The amounts are calculated at the tax rates and pursuant to the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the Company operates and generates taxable income.

Current income tax and social contribution relating to items directly recognized in equity are recorded in equity. Management periodically measures the tax position regarding situations in which the tax regulations require interpretation and recognizes provisions when appropriate.

Management periodically measures the positions assumed in the income tax returns regarding situations in which applicable tax regulations are subject to possibly different interpretations and, when appropriate, recognizes provisions based on the amounts it expects to pay to tax authorities.

Deferred taxes

Deferred taxes are generated on temporary differences between asset and liability tax bases and their carrying amounts on the balance sheet date. Deferred tax liabilities are recognized on all the temporary taxable differences, when applicable.

Deferred tax assets are recognized on all temporary deductible differences, and unutilized tax credits and tax losses to the extent that it is probable that taxable income will be available against which temporary deductible differences can be utilized, and unutilized tax credits and tax losses can be used.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and written off to the extent that it is no longer probable that taxable income will be available to allow the utilization of all or part of the deferred tax assets. Deferred tax assets derecognized are reviewed on each balance sheet date and recognized to the extent that it is probable that future taxable income will be available to allow the recovery of deferred tax assets.

Deferred tax assets and liabilities are measured using the tax rate applicable for the year in which the asset is expected to be realized or the liability is expected to be settled, based on the tax rates (and tax law) prevailing on the balance sheet date.

Deferred taxes related to items directly recognized in equity are also recognized in equity rather than in the income statement. Deferred tax items are recognized in accordance with the transaction that gave rise to deferred taxes, in comprehensive income or directly in equity.

Deferred tax assets and liabilities are stated at their net amounts if there is a legal or contractual right to set off tax assets against tax liabilities, and deferred taxes are related to the same taxable entity and subject to the same tax authority.

n) Net earnings per share

Basic earnings per share are calculated by means of the profit for the year attributable to Company owners and noncontrolling interests and the weighted average number of common shares outstanding in the related year. Diluted earnings per share are calculated by means of the average number of shares outstanding, adjusted by instruments potentially convertible into shares, with diluting effect, in the reported years.

o) Standards issued

The standards and interpretations IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers have been issued and are effective beginning on January 1, 2018, as follows:

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments, which supersedes IAS 39 - Financial Instruments: Recognition and Measurement and all prior versions of IFRS 9. IFRS 9 combines the three aspects inherent in the financial instrument accounting project: classification and measurement, impairment of assets and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on January 1, 2018. Retrospective adoption is required except for hedge accounting; however, the provision of comparative information is not mandatory. The requirements are usually applied on a prospective basis, with some limited exceptions. The Company plans on adopting the new standard on the required effective date and will not restate the comparative information.

In 2017, the Company assessed the impact arising from such three aspects of IFRS 9 on an in-depth basis. Such assessment is based on currently available information and is subject to changes derived from reasonable and sustainable information that is being provided to the Company in 2018, when the Company will adopt the IFRS 9. Overall, the Company does not expect any significant impact on the balance sheet and statement of changes in equity reported in the individual and consolidated financial statements.

Loans and trade receivables are held to raise contractual cash flows and must generate cash flows solely representing payments of principal and interest. The Company analyzed the contractual cash flow characteristics of such instruments and concluded that they are consistent with the amortized cost measurement criteria in accordance with IFRS 9. Therefore, no reclassification is required for those instruments.

Impairment

IFRS 9 requires the Company to record either 12-month or lifetime expected credit losses on all of its debt securities, loans and trade receivables. The Company will adopt a simplified approach to recognize lifetime expected losses in trade receivables, always within a 12-month period. The Company does not expect a substantial increase in the allowance for losses.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and amended in April 2016, establishing a five-step model to account for revenues from contracts with customers. Under IFRS 15, revenue is recognized in an amount that reflects the consideration an entity expects to receive in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements according to the IFRS.

Full retrospective adoption or modified retrospective adoption will be mandatory for annual reporting periods beginning on January 1, 2018. The Company plans on adopting the new standard on the required effective date under the full retrospective approach. In 2016, the Company conducted a preliminary assessment of IFRS 15, which was continued through an in-depth analysis completed in 2017.

The Company is engaged in the sale of wheels and structural components. Such goods are sold on own account under identified and separate contracts executed with customers, and no attributed service arises from such sales.

Sale of goods

According to the assessment completed in 2017, the sale of such goods is the only performance obligation, whereas the adoption of IFRS 15 should have no impact on the Company's revenues and profit or loss. Revenue will be recognized when control of goods is transferred to the customer, usually upon the delivery of goods.

Warranty obligations

The Company neither grants warranties for general repairs nor extended warranties under its contracts with customers.

Advances from customers

The Company usually receives only short-term advances from its customers. These advances are recorded as items of trade payables and other payables.

Rebates per volume

The Company offers retroactive rebates per volume to its customers whenever the quantity of acquired goods exceeds a contractually determined limit over the period. Pursuant to its prevailing accounting policy, the Company estimates the rebates per volume using the probability-weighted average value rebate method and includes such rebates in other payables.

In summary, no material impact from the IFRS 15 adoption is expected.

Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions

IASB issued amendments to IFRS 2 - Share-based Payment, which address three main areas: the effects of vesting conditions on the measurement of a cash-settled, share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting treatment where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

Upon adoption, entities are required to adopt the amendments without adjusting prior periods; however, the retrospective adoption will be allowed if applied to the three amendments and if other criteria are met. The amendments are effective for annual reporting periods beginning on January 1, 2018, with early adoption permitted. The Company is assessing the potential impact of those amendments on its consolidated financial statements.

The standards and interpretations issued, but not yet effective until the issuance date of the Company’s financial statements, are shown below.

IFRS 16 - Leases

IFRS 16 was issued in January 2016 and supersedes IAS 17 - Leases, IFRIC 4 - Determining Whether an Arrangement Contains a Lease, SIC-15 – Operating Leases – Incentives – and SIC-27 - Evaluating the Substance of Transactions in the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases under a single accounting model in the balance sheet, similarly to accounting for finance leases under IAS 17.61.

The standard includes two recognition exemptions for lessees – leases of "low-value" assets (for instance, personal computers) and short-term leases (i.e., when the lease term is 12 months or less). Upon lease commencement, a lessee should recognize a liability relating to lease payments (i.e., a lease liability) and an asset that represents the right to use the underlying asset over the lease term (i.e., a right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees should also remeasure the lease liability upon certain events (for instance, a change in the lease term, a change in future lease payments as a result of changing an index or rate used to determine such payments). Overall, lessees will recognize the remeasured value of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 is effective for annual reporting periods beginning on January 1, 2019. Lessees can elect to adopt the standard using the full retrospective or modified retrospective approach. The transitional standard provisions allow certain exemptions.

In 2018, the Company intends to assess the potential impact of IFRS 16 on its consolidated financial statements.

The other standards, interpretations and amendments thereto that were subject to mandatory amendments for financial statements, beginning January 1, 2017 and January 1, 2018 and thereafter, were not listed above as they were inapplicable or immaterial to the Company.

5. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Cash and banks:				
In Brazil	7,783	15,648	14,427	26,772
Abroad	-	-	283,886	208,224
	7,783	15,648	298,313	234,996
Highly liquid short-term investments:				
In Brazil	113,257	14,011	121,944	41,216
Abroad	-	-	123,074	155,387
	113,257	14,011	245,018	196,603
Total	121,040	29,659	543,331	431,599

Transactions	Average yield	Liquidity	Country	Parent		Consolidated	
				12/31/2017	12/31/2016	12/31/2017	12/31/2016
Bank Certificates of Deposit (CDBs)	100.1% of CDI	Immediate	Brazil	43,466	7,007	50,895	18,286
Debentures under repurchase agreements	100.1% of CDI	Immediate	Brazil	69,791	7,004	71,049	22,930
Investment in Mexican pesos	4.6% p.a.	Immediate	Mexico	-	-	17,827	21,265
Investment in U.S. dollars	0.7% p.a.	Immediate	Mexico	-	-	234	16,893
Investment in euros	1.0% p.a.	Immediate	Turkey	-	-	36,518	37,994
Investment in U.S. dollars	3.6% p.a.	Immediate	Turkey	-	-	54,211	65,657
Investment in Turkish lira	13.7% p.a.	Immediate	Turkey	-	-	14,284	13,578
Total				113,257	14,011	245,018	196,603

6. TRADE RECEIVABLES

a) Breakdown

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
In Brazil	224,129	154,045	264,046	202,316
Abroad	9,073	6,221	804,184	632,142
Related parties (Note 10.b)	22,971	25,122	4,520	6,517
Allowance for doubtful debts	(2,057)	(415)	(7,834)	(5,817)
Total	254,116	184,973	1,064,916	835,158

Variations in the allowance for doubtful debts

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Balance at the beginning of the year	(415)	(348)	(5,817)	(7,094)
Recovered amounts	1,351	204	4,855	3,435
Amounts written-off as uncollectible	611	186	1,470	1,144
Allowance for increases	(3,604)	(457)	(8,102)	(4,498)
Exchange rate changes	-	-	(240)	1,196
Balance at the end of the year	(2,057)	(415)	(7,834)	(5,817)

b) Aging list

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Current	218,001	145,897	951,312	743,648
Past-due:				
1 to 30 days	29,338	29,641	80,286	69,313
31 to 60 days	2,639	5,692	15,756	12,602
61 to 90 days	675	2,073	5,336	5,349
91 to 180 days	1,389	724	6,411	3,251
Over 180 days	4,131	1,361	13,649	6,812
Total	256,173	185,388	1,072,750	840,975

7. INVENTORIES

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Finished products	42,894	32,750	300,293	255,439
Work in process and semi-finished products	56,682	40,483	198,538	133,807
Tooling for resale in process	58,392	31,742	123,741	72,642
Raw materials	70,416	57,650	300,918	234,566
Auxiliary and packaging materials	64,575	60,307	229,304	195,937
Advances to suppliers	64,866	8,272	82,988	15,845
Imports in transit	2,844	1,163	5,807	1,073
Allowance for inventory losses	(12,539)	(9,028)	(50,144)	(44,280)
Total	348,130	223,339	1,191,445	865,029

Variations in the allowance for inventory losses

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Balance at the beginning of the year	(9,028)	(12,470)	(44,280)	(61,436)
Reversals	6,223	11,859	20,999	43,034
Allowance for increases	(9,734)	(8,417)	(24,174)	(33,272)
Exchange rate changes	-	-	(2,689)	7,394
Balance at the end of the year	(12,539)	(9,028)	(50,144)	(44,280)

8. RECOVERABLE TAXES

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Income tax (IRPJ) and social contribution (CSLL)	11,586	25,562	62,774	53,111
ICMS (State VAT)	15,905	15,846	22,971	19,070
IPI (Federal VAT)	2,532	6,178	3,396	7,072
Export tax credits (REINTEGRA)	4,396	3,117	4,911	3,174
COFINS (tax on revenue)	2,079	1,786	2,976	2,682
PIS (tax on revenue)	448	388	3,588	1,188
Other	110	159	345	2,175
Value Added Tax - VAT - foreign subsidiaries:				
Mexico	-	-	49,351	40,765
Turkey	-	-	14,849	16,797
Italy	-	-	2,451	2,165
Other countries	-	-	11,305	11,052
Total	37,056	53,036	178,917	159,251
Current assets	23,008	20,533	159,482	125,249
Noncurrent assets	14,048	32,503	19,435	34,002

9. INCOME TAX AND SOCIAL CONTRIBUTION

a) Deferred

The origin of deferred income tax and social contribution recognized in noncurrent assets and noncurrent liabilities is as follows:

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Tax loss carryforwards	149,489	150,093	222,640	218,259
Social contribution tax (loss) carryforwards	52,015	52,079	63,511	60,127
Provision for labor, tax and civil risks	16,541	13,764	23,959	25,312
Accrued profit sharing	8,250	6,408	8,250	6,408
Provision for long-term incentive plan	843	125	1,984	302
Allowance for inventory losses	4,263	3,070	8,990	7,733
Allowance for doubtful debts	742	182	7,046	4,504
Derivatives on the fair value of debentures	37,341	-	37,341	-
Research and development and other expenses	-	-	2,401	18,220
Reserve for accrued actuarial liability	-	-	58,711	54,638
Stock option - India	-	-	4,183	2,169
Depreciation and amortization difference	(79,252)	(70,310)	(290,110)	(304,995)
Deemed cost - property, plant and equipment - CPC 27	(45,357)	(48,881)	(45,357)	(48,881)
Tax amortization of goodwill on investments arising on the acquisition of the former subsidiary Meritor Comércio e Indústria de Sistemas Automotivos Ltda.	(40,465)	(40,465)	(40,465)	(40,465)
Capitalized finance costs - CPC 08	(488)	(1,510)	(1,488)	(1,510)
Others	31,259	24,751	26,610	23,777
Total	135,181	89,306	88,206	25,598
Deferred tax assets, net	135,181	89,306	257,236	188,481
Deferred tax liabilities, net	-	-	(169,030)	(162,883)

Breakdown of credits on tax loss carryforwards - consolidated

	12/31/2017	12/31/2016
Iochpe Maxion S.A. (parent)	201,504	202,172
Iochpe Holdings, LLC and subsidiaries	84,647	76,214
Total	286,151	278,386

The Company also has unrecognized tax credits on tax loss carryforwards in the consolidated financial statements, arising on some of its foreign subsidiaries, as follows:

	12/31/2017			12/31/2016
Country	Amount (iii)	Statute of limitations	Limit per year	Amount (iii)
United States of America - Federal (i)	731,738	2024 to 2038	(iv)	696,448
United States of America - State (i)	444,938	2021 to 2038	(ii)	435,793
China (i)	76,909	2018 to 2022	None	54,054
Spain (i)	22,578	None	25% to 50%	19,640
South Africa (i)	84,059	None	None	77,480
Thailand (i)	40,222	2019 to 2021	None	29,942
Austria (i)	22,068	None	75%	12,947
Total	1,422,512			1,326,304

(i) As there are no taxable income projections, the Company did not recognize the deferred income tax and social contribution asset on these amounts.

(ii) Depends on the State where the deferred tax credit was determined.

(iii) Tax credits on unrecognized tax loss carryforwards translated at the final exchange rate at that date.

(iv) For federal tax losses there are various utilization rules in accordance with the local tax law related to the year of each loss and to the taxable income generated.

Based on taxable profit projections approved by Management on an annual basis, the Company estimates to recover the tax credit arising on tax loss carryforwards recognized in consolidated as at December 31, 2017 in the following years:

	R$
2018	17,285
2019	15,235
2020	22,466
2021	29,187
2022	45,595
2023 to 2025	91,444
2026 to 2027	64,939
Total	286,151

The estimated recoverability of tax credits was based on the taxable profit projections, considering several financial and business assumptions. In the case of the Parent, the estimated recoverability also considered actions that are being implemented, notably the Company's operating and financial restructuring.

On December 22, 2017, the U.S. government approved a comprehensive tax law, named Tax Cuts and Jobs Act ("Tax Act"). The Tax Act makes extensive and complex changes to the U.S. tax code, including, but not limited to, (1) the reduction of the federal income tax rate from 35% to 21%; (2) the payment of one-time transition tax on certain earnings of foreign subsidiaries not repatriated to the United States; (3) the repeal of federal income taxes on the dividends of foreign subsidiaries; (4) the inclusion of certain earnings of foreign subsidiaries in the current taxable income of U.S. companies; (5) the repeal of corporate alternative minimum tax ("AMT") and changes in the way the existing "AMT" credits can be utilized; (6) the creation of the base erosion anti-abuse tax ("BEAT"), a minimum tax aimed at avoiding tax base erosion; (7) the determination of a limit on the deductibility of interest expense; and (8) amendments to the rules providing for the use and limitation of tax losses arising in fiscal years beginning after December 31, 2017.

We recognized the tax effects arising on the new U.S. law in the year ended December 31, 2017, besides recording deferred tax benefits of US$6.5 million related to the remeasurement of deferred tax assets and liabilities at the new income tax rate of 21%.

The new tax law introduced the one-time transition tax on the repatriation of earnings and profits ("E&P") of foreign subsidiaries undistributed after 1986. The Company estimated the impact derived from the recently enacted standard, incorporating the assumptions underlying its current interpretation of the tax law, and did not record income tax expenses on the transition tax.

We assessed the impact arising on several provisions of the new tax law and the accounting effects above reflect our best estimate as at December 31, 2017. Our estimates are subject to changes dependent upon further regulatory guidelines that might be issued in the future, among other matters.

b) Reconciliation of income tax and social contribution credit (expense)

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Profit (loss) before income tax and social contribution	(33,441)	(48,342)	149,348	134,832
Combined rate - %	34	34	34	34
Income tax and social contribution credit (expense) at combined rate	11,370	16,436	(50,778)	(45,843)
Share of profit (loss) of subsidiaries	29,902	66,527	(6,785)	(9,792)
Nondeductible expenses	(1,428)	(3,098)	(22,022)	(20,558)
Unrecognized tax credit on temporary differences and tax loss carryforwards	-	-	100,755	(2,681)
Taxes on foreign declared dividends	-	-	(12,016)	(17,335)
Difference in tax rates of foreign subsidiaries	-	-	(71,448)	32,379
Tax incentives from subsidiaries	-	-	6,965	25,515
Others	-	(9,992)	(13,810)	(7,387)
Income tax and social contribution credit (expense) in profit or loss	39,844	69,873	(69,139)	(45,702)
Current	(5,529)	(6,909)	(136,828)	(112,502)
Deferred	45,373	76,782	67,689	66,800

10. RELATED PARTIES

a) Management compensation

	12/31/2017	12/31/2016
Board of Directors and Statutory Officers	14,402	16,147
Key Management personnel (salaries and benefits)	126,908	132,647
Agreed profit-sharing in Brazil (bonuses)	13,921	9,934
Agreed profit-sharing abroad (bonuses)	23,112	22,119

The Company made contributions to the private pension plan totaling R$913 (R$870 in 2016) on behalf of the statutory officers and key Management personnel.

The balances of stock options and the related strike prices for the plans granted to the statutory officers and key Management personnel are described in note 21.

The balances of the provision for long-term incentive plan granted to statutory officers and key Management personnel are described in note 22.

b) Related-party transactions

In the normal course of business, the Company, its subsidiaries and its joint ventures conducted intragroup transactions under prices, terms, finance charges and other conditions agreed upon among the parties. These transactions include, but are not limited to, shared service agreements, loan agreements and provision of guarantees under the terms detailed below:

	12/31/2017				
	Assets		Liabilities	Profit or loss	
	Trade receivables	Loan (i)	Trade payables	Sales	Purchases
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	2,461	31,961	8	23	-
Maxion Wheels and its subsidiaries	16,667	-	3,086	125,178	-
Maxion (Nantong) Wheels, Co., Ltd.	14	-	-	21	-
Maxion Wheels de Mexico, S. de R.L. de C.V.	1,442	-	-	35,134	-
Servicios Maxion Wheels Chihuahua, S. de R.L. de C.V.	328	-	-	-	-
Maxion Montich S.A.	2,059	-	-	12,775	-
Total	22,971	31,961	3,094	173,131	-

	12/31/2016			
	Assets	Liabilities	Profit or loss	
	Trade receivables	Trade payables	Sales	Purchases
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	1,569	-	17,442	-
Maxion Wheels and its subsidiaries	15,427	5,089	118,377	11
Maxion (Nantong) Wheels, Co., Ltd.	-	-	6	-
Maxion Wheels de Mexico, S. de R.L. de C.V.	3,178	77	20,220	-
Maxion Montich S.A.	4,948	-	11,391	-
Total	25,122	5,166	167,436	11

(i) Refers to the loan agreement entered into on April 28, 2017 with AmstedMaxionFundição, in the amount of R$31,489, plus interest of R$472, for the payment of pre-existing debts, yielding semiannual interest based on the Interbank Deposit Certificate (CDI) rate fluctuation, plus 2% p.a., with principal falling due on April 28, 2020, which may be extended for additional periods of one year, unless otherwise notified by the Company in advance. The credit realization is substantially supported by AmstedMaxionFundição's future earnings, in accordance with its business plan.

c) Sureties and guarantees granted

The Company recorded the following amounts as sureties on transactions conducted by its subsidiaries and joint ventures, basically related to the borrowings and financing disclosed in note 14:

Subsidiaries	12/31/2017	12/31/2016
Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	414,251	427,217
Maxion Wheels and its subsidiaries	1,767,906	1,318,769
Maxion (Nantong) Wheels, Co., Ltd.	37,424	34,374

Joint ventures	12/31/2017	12/31/2016
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	-	92,722
Amsted-Maxion Equipamentos e Serviços Ferroviários S.A.	-	40,330
Maxion Montich do Brasil Ltda.	6,443	2,043
Maxion Montich S.A.	4,706	-

11. INVESTMENTS

a) Breakdown

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Equity interests in subsidiaries	1,414,395	1,617,176	-	-
Equity interests in joint ventures	47,178	81,264	47,178	81,264
Subtotal - investments	1,461,573	1,698,440	47,178	81,264
Other investments	158	158	161	161
Total investments	1,461,731	1,698,598	47,339	81,425

b) Variations

	Balance as at 12/31/2016	Capital increase (decrease)	Exchange rate changes on investments abroad	Effects of changes in actuarial assumptions	Share of profit (loss) of subsidiaries	Derivative (iv)	Other	Balance as at 12/31/2017
Iochpe Maxion Austria GmbH (i)	1,580,515	(346,089)	29,389	1,200	114,249	-	-	1,379,264
Maxion (Nantong) Wheels, Co., Ltd.	35,666	-	2,516	-	(6,460)	-	-	31,722
Maxion Componentes Estruturais Ltda. (v)	992	-	-	-	108	-	(1,100)	-
Remon Resende Montadora Ltda.	3	-	-	-	21	-	-	24
Maxion Montich S.A. (ii)	6,918	-	(1,036)	-	1,462	-	-	7,344
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. (ii)(iii)	74,346	-	-	-	(21,419)	(13,458)	366	39,835
Maxion Wheels (Thailand) Co. Ltd. (vi)	-	-	(41)	-	(15)	-	3,440	3,384
Total	1,698,440	(346,089)	30,828	1,200	87,946	(13,458)	2,706	1,461,573

					Share of profit (loss) of subsidiaries				
	Balance as at 12/31/2015	Capital increase (decrease)	Exchange rate changes on investments abroad	Effects of changes in actuarial assumptions	Profit or loss for the year	Loss on the dilution of investments	Dividends paid	Other	Balance as at 12/31/2016
Iochpe Maxion Austria GmbH	2,682,267	(964,907)	(358,797)	(15,288)	237,240	-	-	-	1,580,515
Maxion (Nantong) Wheels, Co., Ltd.	12,042	37,566	(1,114)	-	(12,828)	-	-	-	35,666
Remon Resende Montadora Ltda.	(53)	-	-	-	56	-	-	-	3
Maxion Componentes Estruturais Ltda.	992	-	-	-	-	-	-	-	992
Maxion Montich S.A.	10,049	-	(2,841)	-	(292)	-	-	2	6,918
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	62,810	48,946	-	-	(26,210)	(2,297)	(8,911)	8	74,346
Total	2,768,107	(878,395)	(362,752)	(15,288)	197,966	(2,297)	(8,911)	10	1,698,440

(i) On February 7 and February 24, 2017, capital was decreased by R$42,878 (US$13,700 thousand) and R$317,617 (US$102,500 thousand), respectively. On December 19, 2017, capital was increased by R$14,406 (€3,700 thousand).

(ii) Joint ventures considered in the Parent and Consolidated under the equity method.

(iii) On April 28, 2017, the capitalization of AmstedMaxionFundição and AmstedMaxionFerroviários was completed by shareholder Greenbrier do Brasil Participações Ltda.; AmstedMaxionFerroviários has received a capital contribution in the amount of R$63,694 and AmstedMaxionFundição has received a capital contribution in the amount of R$10,350. As a result of such capitalization transactions, the Company reduced its stake in AmstedMaxionFundição from 40.25% to 37.75%, and the latter, in turn, reduced its stake in AmstedMaxionFerroviários from 80.25% to 40%.

The adverse accounting impact (non-cash, nonrecurring) arising from such transaction on the Company's share of profit (loss) of subsidiaries amounted to R$22,556 relating to the investment loss proportionally to the reduction in stake, derived from the fair value recorded as at April 30, 2015.

In the four-month period ended April 30, 2017, the joint venture posted a loss of R$43,046, including the investment loss. In the eight-month period ended December 31, 2017, the joint venture posted a loss of R$10,842. The Company recorded R$17,326 and R$4,093 as share of profit (loss) of subsidiaries, considering the stakes of 40.25% and 37.75%, respectively.

(iv) On April 28, 2017, the Company granted additional stock options to the other shareholders of its joint venture AmstedMaxionFundição, accounting for 12.8% interest in AmstedMaxionFundição, in the total amount of US$5,000 thousand. Such stock options can be exercised up to December 2020 upon satisfaction of certain terms and conditions agreed upon among the parties. As required by CPC 38 - Financial Instruments: Recognition and Measurement, those stock options are classified as financial liabilities measured at fair value through profit or loss. As at December 31, 2017, the fair value of those options is R$13,458.

(v) On December 7, 2017, Maxion Componentes Estruturais Ltda. was merged into Iochpe-Maxion S.A.

(vi) On December 13, 2017, the Company acquired 29.91% noncontrolling interest in the indirect subsidiary Maxion Wheels (Thailand) Co. Ltd. in the total amount of R$16,901 (THB168,000 thousand); the amount of R$6,885 (THB68,000 thousand) was paid in cash and the remaining amount of R$10,016 (THB100,000 thousand) is subject to the attainment of future performance goals of such subsidiary (measured based on income before income tax) from 2017 to 2021. The contingent liabilities amounting to R$10,016 (THB100,000 thousand) recognized at present value represent R$8,629, i.e., R$1,509 recognized in current liabilities and R$7,164 recognized in noncurrent liabilities. In the event of any changes in the measurement of those contingent liabilities, the relevant balancing item will be recognized in profit or loss for the year in which they occur.

On December 13, 2017, Maxion Wheels (Thailand) Co. Ltd.'s equity amounted to R$7,793, whereas noncontrolling interests were equivalent to R$2,331. Consequently, the amount of R$13,183 was recognized as the difference between the fair value and carrying amount in the parent's equity.

On December 14, 2017, Maxion Wheels Italia S.r.l. increased the capital of Maxion Wheels (Thailand) Co. Ltd. by R$34,371 (THB335,000 thousand); therefore, its interest grew from 70.09% to 91.84%. Consequently, the Company's direct interest dropped from 29.91% to 8.15%. In view of the capital increase made by Maxion Wheels Italia S.r.l., the Company's direct investment grew from R$2,331 to R$3,440.

c) Information on subsidiaries and joint ventures

	12/31/2017								
	Number of shares or quotas (in thousands)	Equity interests (%)	Assets	Liabilities	Capital	Equity	Noncontrolling interests	Net revenue	Profit (loss) for the year
Iochpe Maxion Austria GmbH (i)	-	100	5,883,884	4,258,597	693,199	1,379,264	246,023	5,929,653	114,249
Maxion (Nantong) Wheels, Co., Ltd. (i)	-	100	91,678	59,956	241,044	31,722	-	46,537	(6,460)
Remon Resende Montadora Ltda. (ii)	90	66.66	741	705	90	24	12	1,364	31
Maxion Componentes Estruturais Ltda.	-	-	-	-	-	-	-	-	108
Maxion Wheels (Thailand) Co. Ltd.	-	8.16	144,577	103,112	105,221	41,465	-	17,179	(184)
Maxion Montich S.A.	2,813	50	175,543	160,844	987	14,687	12	126,307	2,924
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	14,566,122	37.75	452,784	311,611	184,685	141,173	-	301,099	(53,888)

	12/31/2016								
	Number of shares or quotas (in thousands)	Equity interests (%)	Assets	Liabilities	Capital	Equity	Noncontrolling interests	Net revenue	Profit (loss) for the year
Iochpe Maxion Austria GmbH (i)	-	100	5,330,474	3,516,868	964,093	1,580,515	233,091	5,803,550	237,240
Maxion (Nantong) Wheels, Co., Ltd.	-	100	84,265	48,599	222,470	35,666	-	31,210	(12,828)
Maxion Componentes Estruturais Ltda.	130	-	992	-	4,864	992	-	-	-
Remon Resende Montadora Ltda.	90	66.66	586	582	90	3	1	1,096	84
Maxion Montich S.A.	2,813	50	69,848	56,012	1,199	13,836	-	93,127	(583)
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	13,661,398	40.25	519,890	335,179	174,334	184,711	-	299,265	(57,364)

(i) Local legislation does not provide for the concept of number of shares or private equity units.

(ii) Based on the financial information as at November 30, 2017.

d) Detailed information on subsidiaries with noncontrolling interests

Subsidiary	Core business	Country	Equity interest and voting capital held 12/31/2017	12/31/2016
Maxion Inci Jant Sanayi, A.S.	Manufacture and sale of wheels	Turkey	40%	40%
Maxion Jantas Jant Sanayi ve Ticaret A.S.	Manufacture and sale of wheels	Turkey	40%	40%
Maxion Wheels (Thailand) Co., Ltd. (i)	Manufacture and sale of wheels	Thailand	-	29.91%
Kalyani Maxion Wheels Limited	Manufacture and sale of wheels	India	15%	15%
Resende Montadora Ltda.	Provision of services	Brazil	33.33%	33.33%

(i) On December 8, 2017, the Company acquired 29.91% noncontrolling interest in Maxion Wheels (Thailand) Co., Ltd., as disclosed in item b) (vi) above.

The table below shows the summarized financial information on each of the Company's subsidiaries before the eliminations of transactions with other Company's subsidiaries:

	Maxion Inci Jant Sanayi, A.S.		Maxion Jantas Jant Sanayi ve Ticaret A.S.		Maxion Wheels (Thailand) Co., Ltd.	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/07/2017	12/31/2016
Balance sheets						
Current assets	322,875	285,868	182,176	154,652	82,499	61,709
Noncurrent assets	313,828	283,317	84,425	79,914	60,698	66,503
Total assets	636,703	569,185	266,601	234,566	143,197	128,212
Current liabilities	192,024	157,529	90,709	76,194	98,044	88,366
Noncurrent liabilities	39,402	15,455	17,225	15,519	37,360	32,838
Equity	405,277	396,201	158,667	142,853	7,793	7,008
Total liabilities and equity	636,703	569,185	266,601	234,566	143,197	128,212
Noncontrolling interests	162,111	158,480	63,467	57,141	-	2,096

	Maxion Inci Jant Sanayi, A.S.		Maxion Jantas Jant Sanayi ve Ticaret A.S.		Maxion Wheels (Thailand) Co., Ltd.	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/07/2017	12/31/2016
Statements of profit and loss						
Net sales revenue	932,249	889,923	314,355	292,077	198,103	190,472
Cost of sales	(689,299)	(661,349)	(221,697)	(204,226)	(182,601)	(188,914)
Gross profit	242,950	228,574	92,658	87,851	15,502	1,558
Operating expenses, net	(64,845)	(60,911)	(36,637)	(32,249)	(15,201)	(18,010)
Income tax	(39,838)	(26,771)	(11,764)	(14,108)	-	-
Profit (loss) for the year	138,267	140,892	44,257	41,494	301	(16,452)
Profit (loss) of noncontrolling interests	55,307	56,357	17,703	16,598	90	(4,921)

	Kalyani Maxion Wheels Limited		Resende Montadora Ltda.	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Balance sheets				
Current assets	108,169	92,617	701	525
Noncurrent assets	128,319	127,069	40	61
Total assets	236,488	219,686	741	586
Current liabilities	96,683	80,557	705	582
Noncurrent liabilities	26,056	36,640	-	-
Equity	113,749	102,489	36	4
Total liabilities and equity	236,488	219,686	741	586
Noncontrolling interests	17,062	15,373	12	1

	Kalyani Maxion Wheels Limited		Resende Montadora Ltda.	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Statements of profit and loss				
Net sales revenue	288,552	244,042	1,364	1,096
Cost of sales	(249,770)	(204,556)	(918)	(921)
Gross profit	38,782	39,486	446	175
Operating expenses, net	(30,555)	(36,589)	(351)	(46)
Income tax	(3,899)	(5,979)	(65)	(45)
Profit (loss) for the year	4,328	(3,082)	30	84
Profit (loss) of noncontrolling interests	649	(462)	10	28

In 2017, mandatory dividends amounting to R$50,420 and R$19,818 were paid to noncontrolling shareholders in indirect subsidiaries Maxion Inci Jant Sanayi, A.S. and Maxion Jantas Jant Sanayi ve Ticaret A.S., respectively, on July 1, 2017. The indirect subsidiary Maxion Inci Jant Sanayi, A.S. paid R$25,639 as additional dividends, which were settled on October 3, 2017.

12. PROPERTY, PLANT AND EQUIPMENT

a) Parent

	Buildings and improvements	Machinery and equipment	Land	Construction in progress (i)	Machinery spare Parts	Tooling	Others	Total
Balance as at December 31, 2015	142,050	477,566	24,251	131,910	68,333	30,954	36,406	911,470
Additions	94	1,180	-	93,275	4,377	14	5,673	104,613
Write-offs, net	-	-	-	(52)	(4,110)	-	(127)	(4,289)
Depreciation	(6,751)	(27,436)	-	-	(1,313)	(2,357)	(5,537)	(43,394)
Transfers (iv)	18,926	78,529	-	(101,421)	(42,683)	540	3,077	(43,032)
Balance as at December 31, 2016	154,319	529,839	24,251	123,712	24,604	29,151	39,492	925,368
Additions	145	1,215	-	26,012	5,244	-	2,777	35,393
Write-offs, net	(16)	(740)	-	(296)	(4,161)	(11)	(696)	(5,920)
Depreciation	(7,312)	(34,284)	-	-	(1,547)	(2,547)	(5,976)	(51,666)
Transfers	10,016	72,385	-	(93,801)	161	1,880	9,346	(13)
Balance as at December 31, 2017	157,152	568,415	24,251	55,627	24,301	28,473	44,943	903,162
As at December 31, 2016								
Cost	240,108	997,894	24,251	123,712	27,531	78,514	110,064	1,602,074
Accumulated depreciation	(85,789)	(468,055)	-	-	(2,927)	(49,363)	(70,572)	(676,706)
Carrying amount, net	154,319	529,839	24,251	123,712	24,604	29,151	39,492	925,368
As at December 31, 2017								
Cost	249,955	1,066,567	24,251	55,627	28,370	80,393	118,239	1,623,402
Accumulated depreciation	(92,803)	(498,152)	-	-	(4,069)	(51,920)	(73,296)	(720,240)
Carrying amount, net	157,152	568,415	24,251	55,627	24,301	28,473	44,943	903,162
Depreciation rate	4%	6%	-	-	6%	9%	7% to 45%	-

b) Consolidated

	Buildings and improvements	Machinery and equipment	Land	Construction in progress (ii)	Machinery spare parts	Tooling	Others	Total
Balance as at December 31, 2015	552,321	2,025,798	218,053	305,621	98,675	64,849	93,597	3,358,914
Additions (iii)	1,074	9,684	3,474	262,771	20,473	10,535	20,191	328,202
Write-offs, net	-	-	-	(4,877)	(6,117)	(781)	(622)	(12,397)
Depreciation	(39,430)	(213,772)	-	-	(9,463)	(19,651)	(17,695)	(300,011)
Transfers (iv)	96,822	102,940	-	(232,275)	(42,207)	5,790	21,662	(47,268)
Exchange rate changes	(78,997)	(234,519)	(33,977)	(33,501)	(5,171)	(4,840)	(16,554)	(407,559)
Balance as at December 31, 2016	531,790	1,690,131	187,550	297,739	56,190	55,902	100,579	2,919,881
Additions (iii)	1,166	19,593	-	168,512	19,143	6,828	20,249	235,491
Write-offs, net	(16)	(3,683)	-	(3,336)	(4,855)	(47)	(1,060)	(12,997)
Depreciation	(27,752)	(215,857)	-	-	(10,522)	(17,306)	(14,710)	(286,147)
Transfers	27,436	191,435	-	(244,918)	239	5,970	19,436	(402)
Exchange rate changes	31,792	91,772	19,164	14,661	2,747	3,751	3,378	167,265
Balance as at December 31, 2017	564,416	1,773,391	206,714	232,658	62,942	55,098	127,872	3,023,091
As at December 31, 2016								
Cost	801,673	3,125,638	187,550	297,739	74,852	207,424	234,217	4,929,093
Accumulated depreciation	(269,883)	(1,435,507)	-	-	(18,662)	(151,522)	(133,638)	(2,009,212)
Carrying amount, net	531,790	1,690,131	187,550	297,739	56,190	55,902	100,579	2,919,881
As at December 31, 2017								
Cost	877,741	3,489,729	206,714	232,658	93,264	234,247	280,344	5,414,697
Accumulated depreciation	(313,325)	(1,716,338)	-	-	(30,322)	(179,149)	(152,472)	(2,391,606)
Carrying amount, net	564,416	1,773,391	206,714	232,658	62,942	55,098	127,872	3,023,091
Depreciation rate	7%	14%	-	-	18%	33%	11% to 47%	-

(i) As at December 31, 2017, it consists of projects related to: (1) buildings, amounting to R$24,003 (R$23,973 as at December 31, 2016); (2) machinery and equipment, amounting to R$28,041 (R$96,504 as at December 31, 2016); and (3) other assets, amounting to R$3,583 (R$3,235 as at December 31, 2016), related to the expansion of the Cruzeiro unit.

(ii) As at December 31, 2017, it consists of projects related to: (1) buildings, amounting to R$24,534 (R$24,371 as at December 31, 2016); (2) machinery and equipment, amounting to R$203,216 (R$268,419 as at December 31, 2016); and (3) other assets, amounting to R$4,908 (R$4,949 as at December 31, 2016), related to the expansions of the Mexico, Cruzeiro, Czech Republic and Turkey units.

(iii) Of total additions in the year, most of the investments was made by Maxion Wheels, Maxion Inmagusa and Cruzeiro units, in the amounts of R$144,963, R$33,895 and R$14,949, respectively.

(iv) In 2016, they include the transfers made between the captions "Property, plant and equipment" and "Intangible assets", amounting to R$4,557, and between the captions "Property, plant and equipment" and "Inventories", amounting to R$42,711. In 2017, they include the transfers made between the captions "Property, plant and equipment" and "Intangible assets", amounting to R$402.

The amounts of property, plant and equipment items pledged as collaterals in borrowing and financing transactions are shown in note 14.

13. INTANGIBLE ASSETS - CONSOLIDATED

Assets with finite useful lives	Relationship with customers (a)	Software	Land use rights (b)	Others	Total
Balance as at December 31, 2015	124,348	17,488	6,771	3,094	151,701
Additions	-	1,651	-	1,342	2,993
Amortization	(6,910)	(8,204)	(141)	(1,637)	(16,892)
Transfers (c)	-	4,657	-	(100)	4,557
Exchange rate changes	(20,104)	(2,445)	(1,471)	(570)	(24,590)
Balance as at December 31, 2016	97,334	13,147	5,159	2,129	117,769
Additions	-	10,498	-	1,534	12,032
Write-offs, net	-	(5)	-	-	(5)
Amortization	(6,320)	(7,428)	(127)	(1,975)	(15,850)
Transfers (c)	-	404	-	(2)	402
Exchange rate changes	1,229	384	421	802	2,836
Balance as at December 31, 2017	92,243	17,000	5,453	2,488	117,184
As at December 31, 2016					
Cost	129,061	52,052	6,304	49,879	237,296
Accumulated amortization	(31,727)	(38,905)	(1,145)	(47,750)	(119,527)
Carrying amount, net	97,334	13,147	5,159	2,129	117,769
As at December 31, 2017					
Cost	130,996	63,568	6,830	48,822	250,216
Accumulated amortization	(38,753)	(46,568)	(1,377)	(46,334)	(133,032)
Carrying amount, net	92,243	17,000	5,453	2,488	117,184
Average annual straight-line amortization rate	5%	20%	2%	8%	

		Goodwill on acquisition of subsidiaries				
Assets with indefinite useful lives	Trademarks (d)	Maxion Wheels	Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	Méritor Comércio e Indústria de Sistemas Automotivos Ltda.	Iochpe Sistemas Automotivos de México S.A de C.V	Total
Balance as at December 31, 2015	95,668	1,012,003	404,238	20,292	2,478	1,534,679
Exchange rate changes	(15,820)	(167,398)	(66,742)	-	(443)	(250,403)
Balance as at December 31, 2016	79,848	844,605	337,496	20,292	2,035	1,284,276
Exchange rate changes	1,198	12,673	5,064	-	29	18,964
Balance as at December 31, 2017	81,046	857,278	342,560	20,292	2,064	1,303,240

(a) The relationship with customers was identified in the acquisition process of subsidiary Maxion Wheels, and its remaining useful life is 15 years, to be fully amortized through January 31, 2033.

(b) Refers to rights to use the land in which the subsidiary Maxion (Nantong) Wheels Co. Ltd. is located. Amortization is calculated on a straight-line basis over a 50-year period, as provided for in the concession agreement entered into with the municipality.

(c) Transfers made between the captions "Property, plant and equipment" and "Intangible assets" (see note 12, item (iv)).

(d) "Hayes Lemmerz" trademark was an asset identified in the acquisition process of subsidiary Maxion Wheels.

The impairment test of the Company's and its subsidiaries' goodwill balances and net assets did not result in the need to recognize losses for the year ended December 31, 2017.

14. BORROWINGS, FINANCING AND DEBENTURES

a) Parent

	Index	Annual interest rate - %	Final maturity date	Amortized transaction cost	Balance of unamortized transaction cost	12/31/2017	12/31/2016
Local currency							
BNDES EXIM (xi)	-	-	-	-	-	-	29,886
BNDES EXIM (xi)	TJLP	3.94	September 2018	-	-	98,391	117,238
BNDES - Finame (ii)	TJLP	4.79	March 2021	-	-	353	430
BNDES - Finem and Automatic (iii) (iv)	TJLP	3.43	July 2022	-	-	11,880	15,841
BNDES - Automatic (iv)	Currency basket	4.40	December 2019	-	-	650	961
FINAME - PSI (ii) (iii)	-	5.64	January 2024	-	-	11,278	16,225
Export financing - compulsory (vi)	-	11.00	September 2018	-	-	7,507	17,525
FINDES PRO-INVEST (v)	IPCA	3.88	December 2019	-	-	8,826	17,286
FINEP	-	5.00	March 2018	-	-	186	929
FINEP	TJLP	2.00	June 2022	-	-	12,871	7,240
FINEM	-	5.31	December 2018	-	-	2,324	4,399
Forfaiting transactions (xv)	-	-	-	-	-	-	95,135
Export Credit Bill (ix)	CDI	0.87	September 2018	-	-	5,006	231,214
Leases	-	2.99	September 2020	-	-	1,567	-
Working capital (xvi)	-	-	-	-	-	-	100,514
Subtotal in local currency						160,839	654,823
Foreign currency							
Export Credit Bill in US$	-	-	-	-	-	-	24,134
BNDES loan - US$ (iii)	-	6.96	July 2022	-	-	10,628	12,666
Subtotal in foreign currency						10,628	36,800
Total borrowings and financing						171,467	691,623
6th issue convertible debentures	CDI	2.00	April 2018	8,472	387	239,432	177,009
7th issue simple debentures with subscription warrants	CDI	2.00	April 2019	6,787	1,050	159,550	334,356
Total debentures				15,259	1,437	398,982	511,365
Total borrowings, financing and debentures						570,449	1,202,988
Current liabilities						376,680	520,296
Unamortized costs						(1,217)	(2,393)
Total						375,463	517,903
Noncurrent liabilities						195,206	687,132
Unamortized costs						(220)	(2,047)
Total						194,986	685,085

b) Consolidated

	Index	Annual interest rate - %	Final maturity date	Amortized transaction cost	Balance of unamortized transaction cost	12/31/2017	12/31/2016
Local currency							
BNDES EXIM (xi)	-	-	-	-	-	-	41,565
BNDES EXIM (xi)	TJLP	3.94	September 2018	-	-	98,391	117,238
BNDES – Finame (ii)	TJLP	4.79	March 2021	-	-	353	430
BNDES - Finem and Automatic (iii) (iv)	TJLP	3.15	July 2022	-	-	17,014	20,920
BNDES - Automatic (iv)	Currency basket	4.40	December 2019	-	-	650	961
FINAME – PSI (ii) (iii)	-	5.66	January 2024	-	-	11,843	17,078
Export financing - compulsory (vi)	-	11.00	September 2018	-	-	7,507	17,525
FINDES PRO-INVEST (v)	IPCA	3.88	December 2019	-	-	8,826	17,286
FINEP	-	5.00	March 2018	-	-	186	929
FINEP	TJLP	2.00	June 2022	-	-	12,871	7,240
FINEM	-	5.31	December 2018	-	-	2,324	4,399
Forfaiting transactions (xv)	-	-	-	-	-	-	95,135
Export Credit Bill (ix)	CDI	0.87	September 2018	-	-	5,006	231,214
Leases	-	2.99	September 2020	-	-	1,567	-
Working capital (xvi)	-	-	-	-	-	-	100,514
Subtotal in local currency						166,538	672,434
Foreign currency							
Export Credit Bill in US$	-	-	-	-	-	-	24,134
BNDES loan - US$ (iii)	-	6.96	July 2022	-	-	16,715	18,649
Long-term loan - US$ (i) (viii)	Libor 6m	4.34	September 2022	363	6,629	354,625	427,217
Syndicate - US$ (x)	Libor 6m	5.44	June 2021	7,160	13,257	901,007	881,923
Syndicate - Euro (xiii)	Euribor 3m	3.60	February 2022	3,377	18,760	499,240	-
Export credit - euro	-	4.78	August 2019	-	-	3,473	4,528
Working capital - U.S. dollar (xii)	Libor 3m	5.10	May 2018	-	-	56,661	55,802
Working capital - U.S. dollar (xii) (xiv)	Libor 6m	2.37	December 2018	-	-	139,286	78,441
Working capital - Renminbi Yuan	-	5.36	June 2018	-	-	37,424	34,374
Working capital - Euro	-	3.46	July 2026	39	-	223,832	285,096
Working capital – Rupee (vii)	-	6.79	April 2018	-	-	25,410	21,862
Working capital - Rand	-	10.25	February 2018	-	-	859	-
Working capital - Baht	-	4.06	February 2018	-	-	19,224	44,260
Subtotal in foreign currency				10,939	38,646	2,277,756	1,876,286
Total borrowings and financing						2,444,294	2,548,720
6th issue convertible debentures	CDI	2.00	April 2018	8,472	387	239,432	177,009
7th issue simple debentures with subscription warrants	CDI	2.00	April 2019	6,787	1,050	159,550	334,356
Total debentures				15,259	1,437	398,982	511,365
Total borrowings, financing and debentures				26,198	40,083	2,843,276	3,060,085
Current liabilities						1,370,449	1,190,687
Unamortized costs						(17,905)	(7,879)
Total						1,352,544	1,182,808
Noncurrent liabilities						1,512,910	1,892,385
Unamortized costs						(22,178)	(15,108)
Total						1,490,732	1,877,277

(i) The nominal amount of US$90,090 thousand refers to the loan raised through indirect subsidiary Ingenieria Y Maquinaria de Guadalupe S.A. de C.V. ("Inmagusa") with Itaú BBA International PLC, the final maturity of which is September 14, 2022. As at December 31, 2017, represents the R$300,125 balance in consolidated. This loan is subject to the financial ratios, as described in section 'Debentures Terms and Conditions', item b).

(ii) FINAME and FINAME - PSI (Federal equipment financing authority) financing is collateralized by the financed assets, in the net amount of R$11,631 in parent and R$12,196 on a consolidated basis as at December 31, 2017 (R$16,655 in parent and R$17,508 in consolidated as at December 31, 2016).

(iii) Direct National Bank for Economic and Social Development (BNDES) facility granted to the Company and subsidiary Maxion Wheels do Brasil, under FINEM, FINAME - PSI, and U.S. dollar-denominated loan terms, totaling R$55,530. The balance as at December 31, 2017 is R$32,710. It is intended to finance the investments in the new aluminum wheel plant built in Limeira, and the expansion of the Santo André aluminum wheel unit. Subject to the financial ratios described in section "Debentures terms and conditions", item b), and it is guaranteed by a mortgage of part of the Limeira plant.

(iv) BNDES Automatic are agreements entered into through Banco de Desenvolvimento de Minas Gerais - BDMG, a state development bank, as agent of the BNDES Automatic financing program intended for the expansion or upgrading of Contagem unit's research and development assets and projects. As at December 31, 2017, the balance under these agreements is R$2,491, and the agreements are guaranteed by the mortgage of the Contagem plant, State of Minas Gerais.

(v) Minas Gerais State Government credit facility granted through BDMG that supports the development and the upgrading of the Contagem plant, and the agreements are guaranteed by the mortgage of the Contagem plant, State of Minas Gerais, in consolidated as at December 31, the balance is R$8,826.

(vi) Export Financing: mandatory loan raised with Caixa Econômica Federal. This loan is subject to financial ratios, as described in section "Debentures terms and conditions", item b). As at December 31, 2017, the balance is R$7,507.

(vii) Rupee-denominated working capital loan raised by Kalyani Maxion Wheels Limited - India with local banks, and the agreement is guaranteed by receivables of the India plant. As at December 31, 2017, the balance is R$25,410.

(viii) Long-term loan with Banco Bladex S.A. to invest in capital assets and working capital, amounting to US$11,600 thousand. In 2016, the Company raised an additional US$13,400 thousand. As at December 31, 2017, it represents the R$54,500 balance in consolidated (R$70,567 as at December 31, 2016).

(ix) Export Credit Bill contracted by the Company with a Brazilian bank in November 2015. As at December 31, 2017, the balance is R$5,006.

(x) On June 14, 2016, the subsidiary Iochpe Holdings, LLC raised a syndicated loan, involving seven banks, amounting to US$275,000 thousand, with average rate of 5.44% plus six-month Libor divided into two tranches. Tranche A - US$150,000 thousand with maturity in June 2021, two-year grace period and amounts earmarked for early redemption of the Company's 5th Issue Debentures; and Tranche B - US$125,000 thousand, with maturity in June 2019, two-year grace period and amounts earmarked for payment of the Company's short-term loans. As at December 31, 2017, the balance of this loan in consolidated was R$901,007 equivalent to US$272,372 thousand (R$881,923 equivalent to US$270,603 thousand, plus interest less unamortized cost as at December 31, 2016). Such loan contains covenants for compliance with the same financial ratios as described in the section "Debentures terms and conditions", item b).

(xi) BNDES Exim - Pre-shipment contracted by the Company from four Brazilian banks. As at December 31, 2017, the total balance is R$98,391 (R$158,803 as at December 31, 2016).

(xii) The subsidiary Maxion Wheels de Mexico S. de R.L. De C.V. raised a working capital loan in US$ with two foreign banks, in the total principal amount of US$41,000 thousand. As at December 31, 2017, the balance of this loan in the consolidated was R$136,322 (R$134,243 as at December 31, 2016).

(xiii) On February 24, 2017, the indirect subsidiary Maxion Wheels EAAP Holding GmbH raised a syndicated loan, involving seven banks, amounting to €130,000 thousand, bearing interest rate of 3.60% + 3-month Euribor, with maturity in February 2022, two-year grace period and amounts earmarked for payment of the Company's short-term loans. As at December 31, 2017, this loan balance was R$499,240. Such loan has covenants subject to the same financial ratios.

(xiv) On December 18, 2017, the indirect subsidiary Ingenieria Y Maquinaria de Guadalupe S.A. de C.V. ("Inmagusa") renewed the contract for the working capital loan in US$ with the local bank, in the amount of R$59,625 as at December 31, 2017, maturing in December 2018.

(xv) The loan designated as forfaiting transactions was settled using funds derived from a syndicated loan raised by the indirect subsidiary Maxion Wheels EAAP Holding GmbH in Europe (R$95,135 as at December 31, 2016).

(xvi) In February 2017, the working capital was settled using funds derived from a syndicated loan raised by the indirect subsidiary Maxion Wheels EAAP Holding GmbH in Europe (R$100,514 as at December 31, 2016).

Variations in borrowings, financing and debentures

	Parent	Consolidated
Balance as at December 31, 2015	1,779,584	3,414,855
Funding	1,057,793	2,961,936
Accrued interest and exchange rate changes	222,089	327,335
Principal repayment	(1,612,949)	(2,995,189)
Payment of interest	(243,529)	(349,063)
Unamortized cost	-	(22,677)
Exchange rate changes on translation	-	(277,112)
Balance as at December 31, 2016	1,202,988	3,060,085
Funding	109,238	1,336,434
Accrued interest and exchange rate changes	76,270	211,910
Financial liabilities – 6th issue	105,545	105,545
Financial liabilities – 7th issue	4,281	4,281
Principal repayment	(831,427)	(1,768,616)
Payment of interest	(96,446)	(220,333)
Unamortized cost	-	(26,011)
Exchange rate changes on translation	-	139,981
Balance as at December 31, 2017	570,449	2,843,276

As at December 31, 2017, the installments recorded in noncurrent liabilities mature as follows:

	Parent	Consolidated
2019	172,131	679,306
2020	10,377	390,304
2021	7,946	300,537
2022	4,390	116,848
2023 and thereafter	142	3,737
Total	194,986	1,490,732

The foreign currency-denominated working capital loans raised by foreign subsidiaries are guaranteed by the Company's sureties, in the total net amount of R$452,922 (R$447,795 as at December 31, 2016).

Debentures

Debentures issued by the Company are: (i) 6th issue convertible debentures (CVM Instruction 400); and (ii) 7th issue simple (CVM Instruction 400), registered, book-entry, unsecured debentures with subscription warrants, in a single series, the issue of which was approved at Board of Directors' meetings. Debentures were subscribed at the unit par value, paid in local currency, in cash, upon subscription, with interest repaid on a semiannual basis. Details are as follows:

Debentures	Category	Principal on issue date	Issue date	Final maturity	Finance charges	Amount as at 12/31/2017
6th issue	Convertible	320,000	05/02/2013	04/01/2018	100% CDI + 2% p.a.	239,432
7th issue	Simple with subscription warrant	397,732	04/30/2014	04/01/2019	100% CDI + 2% p.a.	159,550

6th issue - convertible debentures (CVM Instruction 400)

If not converted into shares, the debentures will be repaid on maturity, and interest will be paid semiannually, on the first of April and October of each year. They can be converted into common shares issued by the Company, at any time and at the sole discretion of debentureholders, at the fixed par value of R$12.70. Pursuant to the Debenture Indenture, in case of the Company's capital increase by an amount lower than the above amount over the conversion period, the conversion price will be the lower of the two amounts.

The changes in fair value through profit or loss will have an impact on financial liabilities.

The fair value of the debentures conversion options was determined at December 31, 2017, as follows:

Company's share price	R$23.00
Conversion option price	R$12.70
Remaining vesting period (business days)	63
Interest rate	6.82%
Volatility (per year)	29.53%

The bifurcating calculation of the debenture conversion options' and debt's fair value as at December 31, 2017 is detailed as follows:

Debt instrument - debentures	131,373
Embedded derivative	105,545
Subtotal	236,918
Unamortized transaction cost	(387)
Accumulated interest incurred	107,991
Accumulated interest paid	(105,090)
Total	239,432

7th issue - simple debentures with subscription warrants (CVM Instruction 400)

Interest on debentures will be paid semiannually on the first of April and October of each year, and principal will be repaid on maturity.

Each debenture entitles its holder to 32 subscription warrants, which are separate securities, not bound to debentures and that will float freely and remain valid from their issue date through the strike date or April 1, 2019, whichever occurs first. Each subscription warrant entitles its holder to one Company common share, which can be subscribed at any time, at the sole discretion of the debentureholder, at the fixed par value of R$31.25.

The fair value of the subscription warrants was determined as at December 31, 2017 using the Black & Scholes option pricing model, as follows:

Company's share price	23.00
Conversion option price	31.25
Remaining vesting period (business days)	315
Interest rate	6.74%
Volatility (per year)	39.59%

The bifurcating calculation of the debenture conversion options' and debt's fair value as at December 31, 2017 is detailed as follows:

Debt instrument - debentures	152,936
Embedded derivative	4,281
Subtotal	157,217
Unamortized transaction cost	(1,050)
Accumulated interest incurred	161,051
Accumulated interest paid	(157,668)
Total	159,550

Partial cancellation of 7th and 6th issues of debentures

On March 21, 2017, the Company concluded the private capitalization through the issue of new shares, in the total amount of R$554,323, out of which 119,983 debentures of the 7th issue were used as payment and canceled subsequently. In addition, subscription warrant relating to the 7th issue of debentures was exercised, out of which 52,294 debentures were used as payment and canceled subsequently. Accordingly, 172,277 debentures of the Company's 7th issue were canceled. In the first quarter of 2017, 17,601 convertible debentures of the 6th issue were converted.

On June 27, August 28, September 27, October 30 and December 20, 2017, the Company increased its capital by R$99, R$1,090, R$7,141, R$13,160 and R$1,585, respectively, through the conversion of 100, 1,100, 7,209, 13,285 and 1,600 convertible debentures of the 6th issue.

Debenture terms and conditions

a) The accelerated maturity of debentures will be declared under the terms and conditions set forth in the indenture. Compensatory interest corresponding to 100% of the accumulated CDI fluctuation, plus 2% per year will levy on the outstanding balance of the par value of the 6th and 7th issues of debentures, based on 252 business days, exponentially and cumulatively calculated on a pro rata basis, based on the business days elapsed, from the immediately prior yield payment date through the actual payment date.

b) The trustee will declare the accelerated maturity of the obligations arising from the debentures, notwithstanding the provisions in the indenture in connection with the failure to meet the financial ratio, subject to the terms and procedures set out in the issue indenture, resulting from the division of net debt and EBITDA, calculated semiannually, on the defined dates, which will be equal to or lower than:

   (i) 3.50 times on December 31, 2017.

   (ii) 3.25 times on June 30, 2018.

   (iii) 3.00 times on December 31, 2018 and June 30 and December 31 thereafter.

The agreements are subject to restrictive covenants ("Debentures terms and conditions"), according to usual market practices, which require compliance with financial ratios based on the Company's consolidated interim financial information prepared as at June 30 and December 31 of each year. As at December 31, 2017, the Company was compliant with all the "Debenture terms and conditions" covenants.

15. TRADE PAYABLES

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Domestic	137,481	86,541	158,633	100,981
Abroad	3,121	1,326	897,658	755,103
Foreign related parties (note 10.b)	3,094	5,166	8	-
Total	143,696	93,033	1,056,299	856,084

16. TAXES PAYABLE

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Income tax of foreign subsidiaries	60	-	94,270	42,625
State VAT (ICMS)	324	1,286	4,253	4,667
Tax on revenue (COFINS)	33	17	298	657
Social contribution (CSLL)	21	548	21	681
Withholding Income Tax (IRRF)	3,776	2,844	1,977	1,687
Social security tax (INSS) on gross revenue	3,436	2,654	3,441	2,656
Others	520	205	1,829	2,837
Value Added Tax - VAT - foreign subsidiaries:				
Mexico	-	-	20,966	19,645
Other countries	-	-	6,495	1,648
Total	8,170	7,554	133,550	77,103

17. PAYROLL AND RELATED TAXES

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Payroll	1,830	1,253	53,282	41,491
Related taxes	10,665	9,157	32,984	28,692
13th salary	-	-	-	-
Vacation pay	38,540	27,241	69,269	53,719
Profit sharing	24,264	18,847	96,401	79,927
Total	75,299	56,498	251,936	203,829

18. PROVISION FOR LABOR, TAX AND CIVIL RISKS

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before various courts and governmental bodies, arising in the normal course of business and involving tax, labor, civil and other matters.

Management, based on information from its legal counsel, analyzed ongoing proceedings and has recognized a provision in an amount considered sufficient to cover probable losses on ongoing proceedings, which are presented below together with variations in the year estimated:

	Parent				Consolidated			
	Labor	Tax	Civil	Total	Labor	Tax	Civil	Total
Balance as at 12/31/2015	3,202	28,458	9,611	41,271	18,311	43,706	11,365	73,382
Additions	5,127	2,162	141	7,430	7,008	13,961	191	21,160
Payments	(1,765)	(147)	-	(1,912)	(3,677)	(10,509)	(420)	(14,606)
Reversals	(829)	(8,657)	(117)	(9,603)	(2,457)	(10,833)	(503)	(13,793)
Adjustments	1,176	2,002	118	3,296	4,391	2,274	365	7,030
Exchange rate changes	-	-	-	-	(268)	(2,219)	(36)	(2,523)
Balance as at 12/31/2016	6,911	23,818	9,753	40,482	23,308	36,380	10,962	70,650
Additions	11,732	759	91	12,582	24,770	1,192	5,248	31,210
Payments	(5,865)	-	-	(5,865)	(6,433)	(190)	-	(6,623)
Reversals	(1,185)	(245)	(127)	(1,557)	(4,012)	(1,282)	(131)	(5,425)
Adjustments	1,363	1,582	64	3,009	7,368	1,582	64	9,014
Reclassifications	(106)	88	18	-	(106)	88	18	-
Exchange rate changes	-	-	-	-	88	1,592	157	1,837
Balance as at 12/31/2017	12,850	26,002	9,799	48,651	44,983	39,362	16,318	100,663

The following is a summary of the main proceedings whose likelihood of loss is assessed as probable or possible, which the Company and its subsidiaries are parties, broken down by type:

Labor lawsuits

As at December 31, 2017, the Company and its subsidiaries were parties to labor lawsuits. The main claims are, among others, the payment of risks and health-hazard premiums, recognition of employment guarantees, lawsuits filed against third parties/service providers claiming joint/subsidiary liability of the Company and/or its subsidiaries, as well as indemnity claims deriving from typical work accidents or professional and occupational diseases. However, none of these lawsuits involves individually material loss amounts.

In parent, the total amount under litigation with a probable or possible likelihood of unfavorable outcomes is R$46,839 (R$17,067 as at December 31, 2016), of which R$12,850 (R$6,911 as at December 31, 2016) is recorded as a provision, representing the best estimate of probable losses.

In the consolidated, the total amount under litigation with a probable or possible likelihood of unfavorable outcomes is R$193,299 (R$92,386 as at December 31, 2016), of which R$44,983 (R$23,308 as at December 31, 2016) is recorded as a provision, representing the best estimate of probable losses.

Tax proceedings

Below is list of the provisions related to tax lawsuits to which the Company and its subsidiaries are parties and whose likelihood of loss was assessed by legal counsel as probable:

	Parent	Consolidated
PIS/COFINS (a)	7,226	7,226
INSS (b)	13,502	13,502
IPI (c)	4,163	4,163
IR - Corporate Income Tax (d)	-	11,854
Others	1,111	2,617
Total	26,002	39,362

In parent and on a consolidated basis, the provision amounts refer mainly to:

(a) Legal disputes related to the payment of contributions on: (i) agents' commissions paid abroad, beginning May 2005; and (ii) freight on transfers between branches, beginning May 2008.

(b) Legal disputes related to the suspension of the Accident Prevention Factor (FAP) in the Occupational Accident Insurance (SAT) calculation.

(c) Lawsuit claiming the annulment of the IPI debt related to an administrative proceeding under the Company's responsibility.

(d) Audit of income tax and other taxes conducted by German tax authorities involving the Company's indirect subsidiaries operating in Germany, covering the period 2009-2011, which challenges: (i) the amount of interest deducted from taxation related to an intragroup promissory note; and (ii) the valuation of certain rights capitalized by a subsidiary in 2011.

Civil lawsuits

As at December 31, 2017, the Company was a party to civil proceedings involving contingent liabilities, of which a total of R$9,799 (R$9,753 as at December 31, 2016) under litigation was assessed by the legal counsel as probable losses.

In consolidated, the total contingent liabilities assessed as probable losses was R$16,318 (R$10,962 as at December 31, 2016).

Risks assessed as possible losses

The Company and its subsidiaries are parties to tax and civil lawsuits involving contingent liabilities for which provisions were not recorded because they involve a likelihood of loss classified by Management and its legal counsel either as possible or remote. As at December 31, 2017, on a consolidated basis, these proceedings, classified as possible losses, totaled R$400,445 (R$296,989 as at December 31, 2016). These amounts are mainly related to:

a) Administrative tax proceeding No. 3.127.787-1 filed against the Company, which addresses: (i) the alleged failure to issue tax papers (invoices) on shipment of goods arising on alleged inventory differences, determined based on a tax inventory-taking, in return from manufacturing shipments; (ii) the alleged receipt of goods without tax documentation (invoices) arising on alleged inventory differences, determined based on a tax inventory-taking, in return from manufacturing shipments; (iii) the utilization of ICMS credits claimed on acquisitions from entities subject to Simples (simplified taxation regime); and (iv) the alleged delivery of a digital file (SINTEGRA file) noncompliant with the required statutory template or format. The item (i) of the tax assessment notice above was definitively canceled at the administrative level, and a request was filed for the amendment of the decision in light of the remaining items, which is pending judgment that was interrupted due to requested examination of the records, totaling R$176,066, classified as a possible loss.

b) Tax assessment notices issued by Spanish tax authorities for the periods between 2004 and 2009, under proceedings No. 08/8972/2012 and No. 08/01138/2013, deriving from tax audits, involving the subsidiaries Maxion Wheels Europe S.à.r.l. (formerly HLI European Holdings ETVE, S.L.), Maxion Wheels España S.L. (formerly Hayes Lemmerz Manresa, S.L.) and Hayes Lemmerz Barcelona, S.L., where the tax deductibility of interest on intragroup loans made as part of the corporate and financial restructuring process is challenged. Once the administrative defense was filed, an unfavorable decision was rendered at the lower court. The case is pending decision on an administrative appeal at the upper court. The total amount under litigation is R$33,727.

c) Administrative tax proceeding No. 16045.720014/2015-51 filed against the Company, which addresses the collection of corporate income tax, plus interest and assessment fine of 75%, by alleging that the Company has not settled the monthly estimates of calendar year 2011 ("Unapproved Offsets"). Once the administrative defense was filed, a favorable decision was rendered at the lower court, fully cancelling the debt. The case is pending decision on an administrative appael at the upper court. The total amount under dispute classified as a possible loss is R$20,515.

d) Administrative proceedings No. 16045.720012/2015-62 and No. 16045.720013/2015-15, which address: (i) the collection of corporate income tax for the alleged undue deduction of income tax paid abroad for calendar year 2011; and (ii) the collection of social contribution as a result of the corporate income tax due as alleged in item (i) above, both plus interest and assessment fine of 75%, as well as administrative proceedings No. 10860.901849/2015-11 and No. 10860.901848/2015-76 that address the disallowance of the negative IRPJ and CSLL balance for calendar year 2012, due to alleged undue deduction of income tax paid abroad mentioned in item (i) above. Administrative defenses were filed and the case is pending an administrative lower court decision. The total amount under litigation classified as a possible loss is R$19,948.

e) Administrative proceedings No. 16048.720140/2017-48 and No. 16048.720.402/2017-74, which address: (i) the collection of corporate income tax for the alleged undue deduction of income tax paid abroad for calendar year 2012; and (ii) the collection of social contribution as a result of the corporate income tax due as alleged in item (i) above, both plus interest and assessment fine of 75%, plus separate fine. Administrative defenses were filed and the case is pending an administrative lower court decision. The total amount under litigation assessed as a possible loss is R$56,778.

f) Administrative tax proceedings relating to the Federal Revenue Service's collection of separate fines due to unapproved offsets, pursuant to article 74, paragraph 17 of Law 9430/1996 and Regulatory Instruction 1675 of 2016. Administrative defenses were filed and the case is pending a lower court decision. The total amount under litigation is R$9,813.

Judicial deposits related to provision – on a consolidated basis

Represent restricted assets of the Company and its subsidiaries and are related to amounts deposited in court in connection with lawsuits which likelihood of unfavorable outcome is assessed as probable, such amounts will be held by courts until a final decision of the related litigation is reached. As at December 31, 2017, the balance is R$25,653 (R$24,929 as at December 31, 2016).

19. EMPLOYEE PENSION PLAN AND POST-EMPLOYMENT BENEFITS

a) Defined contribution - supplementary pension plan

Parent

Since August 1, 2004, the Company sponsors an open pension plan, managed by Brasilprev Seguros e Previdência S.A., which provides supplementary pensions, lump-sum payment and health benefits. As at December 31, 2017, 3,872 Company's employees participated in this plan (4,012 as at December 31, 2016). The Company's contributions totaled R$2,042 as at December 31, 2017 (R$1,811 as at December 31, 2016).

Maxion Wheels

Indirect subsidiary Maxion Wheels sponsors a supplementary pension plan that covers substantially all employees of the units located in the United States of America. The subsidiary's contribution totaled R$3,033 as at December 31, 2017 (R$2,933 as at December 31, 2016).

b) Defined benefit - supplementary pension plan and post-employment health care plan - consolidated

The Company sponsors, through its indirect subsidiary Maxion Wheels, several defined benefit pension plans, post-employment health care plans and life insurance. The subsidiary sponsors pension benefits based on the funding requirements provided for in relevant international laws and regulations, and prior to the payment of benefits. It also sponsors other benefits as these benefits are granted to the employees.

Changes in the present value of defined benefit

Defined benefit obligations	12/31/2017					12/31/2016				
	Defined benefit plan					Defined benefit plan				
	Germany	Spain	Mexico	Others	Total	Germany	Spain	Mexico	Others	Total
Obligations assumed at the beginning of the year	(339,610)	(24,327)	(3,069)	(40,077)	(407,083)	(406,552)	(30,383)	(4,514)	(49,396)	(490,845)
Benefits paid by the plan	21,756	1,532	-	5,043	28,331	21,528	1,662	-	4,597	27,787
Service cost	(1,556)	(149)	(267)	(3,877)	(5,849)	(1,497)	(150)	638	(4,696)	(5,705)
Finance cost	(5,254)	(372)	(255)	(3,513)	(9,394)	(7,730)	(513)	(260)	(3,817)	(12,320)
Effect of changes in financial assumptions	8,689	(675)	-	(5,391)	2,623	(27,111)	(607)	264	584	(26,870)
Effect of experience adjustment	3,568	(387)	(245)	(3,741)	(805)	3,299	(147)	(516)	1,070	3,706
Exchange rate changes arising on the translation of the financial statements	(51,014)	(3,781)	(182)	(939)	(55,916)	78,453	5,811	1,319	11,581	97,164
Defined benefit obligations at the end of the year	(363,421)	(28,159)	(4,018)	(52,495)	(448,093)	(339,610)	(24,327)	(3,069)	(40,077)	(407,083)

Fair value of plan assets	12/31/2017					12/31/2016				
	Defined benefit plan					Defined benefit plan				
	Germany	Spain	Mexico	Others	Total	Germany	Spain	Mexico	Others	Total
Plan assets at the beginning of the year	1,251	18,393	746	3,536	23,926	1,550	22,382	1,027	3,589	28,548
Finance income	19	281	62	267	629	30	376	59	250	715
Contributions made to plans	21,702	548	-	4,906	27,156	21,477	443	-	4,998	26,918
Benefits paid by the plans	(21,756)	(1,532)	-	(5,043)	(28,331)	(21,528)	(1,662)	-	(4,597)	(27,787)
Expected return on plan assets	25	149	(12)	(42)	120	18	1,154	(30)	(9)	1,133
Exchange rate changes arising on the translation of the financial statements	193	2,817	48	298	3,356	(296)	(4,300)	(310)	(695)	(5,601)
Fair value of plan assets at the end of the year	1,434	20,656	844	3,922	26,856	1,251	18,393	746	3,536	23,926
Total noncurrent liabilities	(361,987)	(7,503)	(3,174)	(48,573)	(421,237)	(338,359)	(5,934)	(2,323)	(36,541)	(383,157)

Net cost of benefit	12/31/2017					12/31/2016				
	Defined benefit plan					Defined benefit plan				
	Germany	Spain	Mexico	Others	Total	Germany	Spain	Mexico	Others	Total
Service cost	(1,556)	(149)	(267)	(3,877)	(5,849)	(1,497)	(150)	638	(4,696)	(5,705)
Finance cost	(5,254)	(372)	(255)	(3,513)	(9,394)	(7,730)	(513)	(260)	(3,817)	(12,320)
Net cost of benefit	(6,810)	(521)	(522)	(7,390)	(15,243)	(9,227)	(663)	378	(8,513)	(18,025)

The actuarial assumptions used to determine the calculation of cost and obligations were as follows:

	Cost		Obligations	
Weighted average of the assumptions	Pension	Other plans	Pension	Other plans
Discount rate - international	2.06%	10.16%	2.41%	9.64%
Wage increase rate - international	2.47%	5.00%	2.61%	5.00%
Inflation growth rate - international	1.72%	4.75%	2.00%	4.42%
Pension plan increase rate - international	1.73%	-	1.75%	-

The discount rate was calculated using specific interest rates with 0.5% increments for each of the next 30 years, based on the price and yield data for top-tier companies, with maturity ranging between 12 months and 30 years.

Sensitivity analysis of obligations

As at December 31, 2017, changes in the discount rates used to value the benefit obligations would produce the following impacts on the defined benefit plan obligations and on the weighted average duration of the defined benefit obligation (in years), as follows:

	Pension plan	Other plans
Scenario using a 50-basis point decrease in the rate at:	1.79%	8.25%
Increase in the defined benefit obligation	22,018	2,999
Weighted average duration of the defined benefit obligation (in years)	11	12
Scenario using a 50-basis point increase in the rate at:	2.79%	9.25%
Decrease in the defined benefit obligation	20,758	2,824
Weighted average duration of the defined benefit obligation (in years)	11	12

In order to develop the expected long-term return rate assumption of the assets, the historical return and expected future return for each type of asset were taken into consideration, as well as the pension plan portfolio asset allocation purpose.

Contributions made to plans

The indirect subsidiary Maxion Wheels contributed R$22,250 to defined benefit plans as at December 31, 2017 (R$21,920 as at December 31, 2016).

20. EQUITY

a) Share capital

As at December 31, 2017, paid-in capital is R$1,277,398 (R$700,000 as at December 31, 2016), represented by 140,327,782 registered common shares without par value (94,863,372 as at December 31, 2016).

In addition to the 140,327,782 common shares, the Company is authorized to increase its capital as at December 31, 2017, without any amendment to its bylaws, up to a ceiling of 30,535,590 registered common shares without par value, by issuing new common shares, under a Board of Directors' decision, which will set the number of shares issued, the issue date, and the payment terms.

The Company may, within the authorized capital ceiling and in accordance with the plan approved by the Shareholders' Meeting, grant stock options to its officers, employees or individuals who provide services to the Company, pursuant to article 168, paragraph 3, of Law 6404/76.

On March 21, 2017, the Board of Directors ratified the increase in the Company's capital, which was approved at the Board of Directors' Meeting held on January 10, 2017, in the total amount of R$400,000, out of which R$275,159 was paid in in local currency and R$124,841 was paid in through payment in kind of 7th issue debentures, through the issue of 31,496,063 registered common shares without par value within the authorized capital limit. Due to said capital increase, 3,149,354 subscription warrants were issued as additional advantage to underwriters of the capital increase, and each subscription warrant entitles its holder to one new Company's share, at the issue price of R$12.70 per share, in the period from April 2, 2019 to June 3, 2019.

On March 21, 2017, the Board of Directors also ratified other increases in the Company's capital, in the total amount of R$154,323, through the issue of 12,151,415 registered common shares, without par value, within the authorized capital limit, occurred in the first quarter of 2017 due to the (i) exercise of subscription warrant issued by the Company on April 1, 2014, as additional advantage to underwriters of 7th Issue Debentures; and (ii) conversion of 6th public issue convertible debentures at the conversion price of R$12.70 per share, as per the requests for conversion received and confirmed in such period.

From June 27 to December 20, 2017, the Board of Directors ratified new increases in the Company's capital, in the total amount of R$23,075, through the issue of 1,816,932 registered common shares, without par value, within the authorized capital limit, due to conversion of 6th public issue convertible debentures at the conversion price of R$12.70 per share, as per the requests for conversion received and confirmed in the period from June 9 to December 20, 2017.

As at December 31, 2017, there is a remaining balance of 1,948,887 subscription warrants, which were issued on April 1, 2014 as additional advantage to underwriters of the Company's 7th issue simple debentures, and each subscription warrant entitles its holder to one new Company's share, at the issue price of R$31.25 per share, at any time, up to April 1, 2019.

b) Reserve for investment and working capital

Aimed at ensuring investment in production assets and increase in working capital, even though upon the Company's debt repayment, as well as capitalization and financing of subsidiaries and joint ventures. This reserve will be recognized with a minimum annual portion of 10% and maximum of 58% of profit for the period, and its amount cannot exceed, together with the legal reserve, the amount of capital.

c) Allocation of net income

Net income for the year, determined in accordance with article 191 of Law 6404/76, is allocated as follows: (i) 5% to the legal reserve, which cannot exceed 20% of capital; (ii) 37% for distribution as mandatory dividends; and (iii) the remaining, which is not allocated to the bylaws investment and working capital reserve or retained as provided for in the capital budget approved by the Shareholders' Meeting, is distributed as additional dividend to the shareholders.

On April 7, 2017, the Company paid dividends related to 2016 totaling R$10,446.

	12/31/2017	12/31/2016
Profit for the year	6,403	21,531
Realization of the depreciation of the deemed cost, net of taxes	7,637	6,701
Undistributed total	14,040	28,232
(-) Legal reserve (5%)	(702)	(1,412)
Allocation of profit:		
Mandatory minimum dividends - 37%	(5,195)	(10,446)
(-) Reserve for investment and working capital	(8,143)	(16,374)

d) Stock options granted

Share-based payments: refer to the results obtained with 2015, 2014, 2012 and 2011 stock option plans, less the vested and exercised stock options. As at December 31, 2017, 48,834 options were canceled (94,285 options as at December 31, 2016).

e) Treasury shares

As at December 31, 2017, the Company held 683,411 common shares under the stock option plans in the amount of R$12,880 (R$8,260 as at December 31, 2016), as commitment under the stock option plan and long-term incentive program.

The fair value of those common shares held in treasury corresponded to the total amount of R$15,718, represented by the quotation of R$23.00 per share as at December 31, 2017.

21. STOCK OPTION PLAN

The Extraordinary Shareholders' Meeting (ESM) held on December 1, 2009 approved the stock option plan for the Company's officers. This plan sets the individual conditions for each beneficiary.

A beneficiary should assign part of the annual bonus paid by the Company, as profit sharing, net of income tax and other applicable charges ("profit sharing") so as to purchase on the stock market the Company's shares ("own shares"). For this purpose, the beneficiary must elect to allocate its profit-sharing bonus in the defined percentages of 75%, 50% or 25%. The percentage elected by the beneficiary to purchase own shares will determine the number of stock options he/she will be able to exercise. If the beneficiary fails to allocate any percentage of his/her profit-sharing bonus to the purchase of own shares, he/she is not to be granted any stock options.

The profit-sharing bonus percentage committed to the purchase of own shares must be elected and, consequently, supported by the beneficiary to the Company by filing a brokerage invoice within up to five days after the deadline for purchasing own shares. The deadline for purchasing own shares starts on the day following the day on which the Company informs the strike price to beneficiaries and lasts 15 consecutive days. After the deadline, the Board sets the number of stock options granted to each beneficiary, by applying the following formula:

O = (B*M)/P

Where:

O = number of stock options granted to the beneficiary.

B = amount, in reais, of the profit-sharing bonus allocated by the beneficiary to the purchase of own shares.

M = multiple on the profit-sharing bonus allocated to the purchase of own shares, set according to specifications below.

P = average price per Company share in the 20 São Paulo Stock Exchange trading sessions immediately following the deadline.

Said "M" multiple must have a fixed numerical value for each beneficiary, as follows:

a) If the beneficiary allocates 75% of his/her profit-sharing bonus to the purchase of own shares, "M" is equal to 2.0.

b) If the beneficiary allocates 50% of his/her profit-sharing bonus to the purchase of own shares, "M" is equal to 1.5.

c) If the beneficiary allocates 25% of his/her profit-sharing bonus to the purchase of own shares, "M" is equal to 1.0.

On the stock option grant date, the Company enters into the related Stock Option Agreement with the beneficiary, governing the grant terms and conditions.

The stock options' strike price shall be equivalent to the average price of each Company share on the 20 BM&FBOVESPA trading sessions immediately before the start of the own shares' vesting period.

The stock options' strike price shall be adjusted using the Broad Consumer Price Index released by the Brazilian Statistics Bureau (IPCA/IBGE) to be applied to the option strike price from the plan's date to the option exercise date.

Vesting period: the options are divided into three equal annual allotments, in terms of number of options, vesting within two, three and four years from each plan's date, respectively. After the corresponding vesting period, each annual allotment can be exercised, fully or in part, in one or several occasions, and at any time, before the final, forfeiting deadline of three years, by notifying the Company of each exercise with a 10-day prior notice. After this period, the beneficiary forfeits the right to exercise the stock options of the corresponding annual allotment, without compensation.

The Company granted 206,446, 62,285 and 27,581 options under the 2011, 2012 and 2014 Stock Option Programs, with a strike price of R$20.95, R$32.13 and R$23.34, respectively.

As prescribed by Plan rules, no Stock Option Program was created in 2013.

In such fifth program, created in 2015, the Board of Directors decided to grant to management, under Clause 3.2.1 of the Stock Option Plan, as amended by Extraordinary Shareholders' Meeting (ESM) held on May 9, 2014, a number of options corresponding to 25% of its share in 2014 profits, without the acquisition of own shares on stock exchange. Executive officers who decide to invest their share in 2014 profits, as set forth in prior plans, in addition to the abovementioned 25%, will receive additional options, according to Plan rules.

The Company granted 50,393 stock options under the fifth stock options program, with a strike price of R$10.38.

The changes in the number of outstanding share call options and their corresponding weighted average prices for the year are as follows:

	12/31/2017		12/31/2016	
	Average strike price per option - R$	Outstanding options	Average strike price per option - R$	Outstanding options
Balance at the beginning of the year	24.03	148,678	22.26	242,963
Exercised	12.00	(1,041)	-	-
Forfeited	27.47	(48,834)	28.61	(94,285)
Balance at the end of the year	24.80	98,803	24.03	148,678

Of the 98,803 stock options outstanding on December 31, 2017 (148,678 stock options outstanding on December 31, 2016), 39,713 stock options (79,899 stock options on December 31, 2016) are vested.

The maturities and strike prices of the stock options outstanding at the end of the year are as follows:

As at December 31, 2017

Grant date	Option fair value at grant date - R$	Strike price R$	Outstanding options	Remaining contractual life (years)	Vested options
March 2011	8.14	20.95	18,478	0.2	18,478
March 2012	9.09	32.13	6,020	0.2	6,020
March 2012	10.59	32.13	6,020	1.2	6,020
April 2014	7.13	23.34	9,195	1.2	9,195
April 2014	9.43	23.34	9,193	2.3	-
April 2014	10.37	23.34	9,193	3.3	-
April 2015	4.81	10.38	12,894	2.3	-
April 2015	5.35	10.38	13,905	3.3	-
April 2015	6.29	10.38	13,905	4.3	-
Total			98,803		39,713

As at December 31, 2016

Grant date	Option fair value at grant date - R$	Strike price R$	Outstanding options	Remaining contractual life (years)	Vested options
March 2010	10.67	14.88	13,532	0.2	13,532
March 2011	7.12	20.95	19,188	0.2	19,188
March 2011	8.14	20.95	19,188	1.2	19,188
March 2012	7.45	32.13	6,278	0.2	6,278
March 2012	9.09	32.13	6,259	1.2	6,259
March 2012	10.59	32.13	6,259	2.2	6,259
April 2014	7.13	23.34	9,195	2.2	9,195
April 2014	9.43	23.34	9,193	3.3	-
April 2014	10.37	23.34	9,193	4.3	-
April 2015	4.81	10.38	16,821	3.3	-
April 2015	5.35	10.38	16,786	4.3	-
April 2015	6.29	10.38	16,786	5.3	-
Total			148,678		79,899

As at December 31, 2017, the market price of the Company's shares was R$23.00 (R$11.66 as at December 31, 2016).

The stock options were measured at fair value on the grant date. The weighted average fair value of the stock options as at December 31, 2017 is R$6.78 (R$1.76 as at December 31, 2016).

The stock options were priced using the Black-Scholes model and the significant data included in the fair value pricing model of the stock options granted was:

- Volatility of 38.41% estimated based on the standard deviation of the daily share closing price considering the maturity prices.
- Expected stock option life from one to five years.
- Annual risk-free interest rate of 6.86%, 6.73%, 7.41%, 8.28%, and 8.96%, for one, two, three, four and five years, respectively.

22. LONG-TERM INCENTIVE PLAN

In April 2016 and 2017, the Board of Directors approved a long-term incentive plan relating to profit or loss for 2016-2019 period ("2016 Program") and profit or loss for 2017-2020 period ("2017 Program"), respectively, which aims to: (i) promote the Company's good performance and fulfill its shareholders' interests through a long-term commitment assumed by the Company's management and employees; and (ii) align the compensation and benefits granted to some Company's officers and employees with the performance of the Company's shares on stock exchanges and the Company's economic and financial performance.

Under the long-term incentive plan terms and conditions, the 2016 and 2017 Programs beneficiaries will be entitled to referenced cash premiums (i) in the price of the Company's shares on stock exchanges; and (ii) in the return on capital invested in the Company ("Return On Invested Capital" or "ROIC"). The premium received is designated as "Restricted Stock Unit", in the first case, and "Performance Share", in the second case. Each granted unit, in the amount of 14.26 and 15.93, for 2016 Program and 2017 Program, respectively, is equivalent to the weighted average price of shares (MYPK3) in the twenty (20) trading sessions on the São Paulo Stock Exchange (B3 S.A. – Brasil, Bolsa, Balcão) prior to the grant date in April 2016 and 2017.

The RSUs will be settled in three tranches, whereas each RSU will be equivalent to the weighted average price of shares (MYPK3) in the ten (10) trading sessions prior to the settlement date; the 2016 and 2017 PSs will be settled only if the Company's average ROIC determined from January 1, 2016 to December 31, 2019 and from January 1, 2017 to December 31, 2020, respectively, is met as per the ratios determined by the Board of Directors for each Program. The settlement dates for each program are as follows:

Program	Tranche	Maturity	Granted number
RSU - 2016	33.4%	04/27/2018	76,721
RSU - 2016	33.3%	04/27/2019	76,491
RSU - 2016	33.3%	04/27/2020	76,491
PS - 2016	100%	04/27/2020	229,703
RSU - 2017	33.4%	04/26/2019	64,259
RSU - 2017	33.3%	04/26/2020	64,067
RSU - 2017	33.3%	04/26/2021	64,067
PS - 2017	100%	04/26/2021	192,393

As at December 31, 2017, total accrued amounts are R$720 and R$1,759 in Parent (R$366 in 2016) and R$1,748 and R$4,088 in Consolidated (R$889 in 2016), recorded in "Other payables" in current and noncurrent liabilities, respectively. Treasury shares acquired for purposes of using the funds in the payment of the "2016 and 2017 Programs" are shown in note 20.e).

23. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Finance income:				
Income from short-term investments	19,121	9,850	25,318	18,146
Changes in the fair value of financial liabilities of debentures	13,016	-	13,016	-
Pension plan interest income	-	-	629	715
Tax credit gain	6,920	25,703	6,920	25,703
Discounts obtained and interest receivable	98	308	102	412
Inflation adjustment of escrow deposits	2,473	1,619	2,698	2,155
Others	542	5,597	6,477	10,706
Total	42,170	43,077	55,160	57,837
Finance cost:				
Interest expense and finance charges	(74,066)	(207,600)	(200,809)	(311,755)
Changes in the fair value of financial liabilities of debentures	(134,276)	-	(134,276)	-
Pension plan interest	-	-	(9,394)	(12,320)
Inflation adjustment of provision for risks	(3,009)	(3,296)	(9,014)	(7,030)
Tax on financial transactions (IOF)	(2,713)	(6,286)	(2,959)	(6,288)
Amortized cost of debentures issued	(3,247)	(18,365)	(3,247)	(18,365)
Bank charges	(7,011)	(5,953)	(28,578)	(14,303)
Others	(3,080)	(9,418)	(6,347)	(12,192)
Total	(227,402)	(250,918)	(394,624)	(382,253)

24. EXCHANGE RATE GAINS (LOSSES), NET

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Trade receivables	129	(2,940)	(15,858)	(8,233)
Borrowings and financing	(5,241)	7,894	(9,870)	9,181
Trade payables	(37)	(90)	15,576	(7,776)
Short-term investments	-	-	(7,021)	(83)
Derivatives	5,234	(8,642)	3,822	(7,826)
Others	895	(4,518)	5,607	(5,337)
Total	980	(8,296)	(7,744)	(20,074)

25. NET SALES REVENUE

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Gross sales revenue	2,130,640	1,424,840	8,051,025	7,273,282
Revenue deductions:				
Taxes on sales	(450,955)	(293,151)	(541,569)	(422,979)
Discounts, returns and cancelations	(8,954)	(30,753)	(21,516)	(33,849)
Net sales revenue	1,670,731	1,100,936	7,487,940	6,816,454

26. EXPENSES BY NATURE

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Raw materials	(792,347)	(511,479)	(3,869,157)	(3,390,744)
Salaries and benefits	(478,362)	(370,430)	(1,428,205)	(1,365,359)
Supplies/maintenance	(76,915)	(61,596)	(502,978)	(510,142)
Electric power	(41,975)	(36,057)	(243,593)	(255,960)
Depreciation and amortization	(52,334)	(44,251)	(301,997)	(316,903)
Outside services	(53,995)	(43,434)	(180,715)	(166,179)
Freight	(29,922)	(21,833)	(149,199)	(147,092)
Management fees	(14,402)	(16,147)	(14,402)	(16,147)
Transportation/communication	(14,929)	(13,375)	(48,350)	(51,498)
Other costs and expenses	(30,168)	(22,231)	(155,331)	(159,946)
Total	(1,585,349)	(1,140,833)	(6,893,927)	(6,379,970)
Classified as:				
Cost of sales and services provided	(1,453,056)	(1,030,404)	(6,332,962)	(5,844,666)
Selling expenses	(38,302)	(27,214)	(162,157)	(150,931)
General and administrative expenses	(79,589)	(67,068)	(384,406)	(368,226)
Management fees (note 10)	(14,402)	(16,147)	(14,402)	(16,147)
Total	(1,585,349)	(1,140,833)	(6,893,927)	(6,379,970)

27. OTHER OPERATING INCOME (EXPENSES)

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Gain (loss) on sale of assets (a)	(421)	-	2,266	68,710
Restructuring expenses (b)	-	-	(31,603)	(28,722)
Court settlement (c)	-	-	(23,216)	21,629
Gain (loss) on valuation of stock option - India	-	-	(4,387)	7,337
Fair value of stock options granted to AmstedMaxionFundição (d)	(13,458)	-	(13,458)	-
Other operating income (expenses)	(8,638)	12,023	(7,102)	2,683
Total	(22,517)	12,023	(77,500)	71,637

(a) On February 22, 2016, the indirect subsidiary Maxion Wheels do Brasil concluded the sale of its properties, located in the city of Guarulhos, State of São Paulo, for a total of R$84,058. A net gain of R$68,710 was recorded.

(b) Refer to nonrecurring expenses related to the transfer of the steel wheel production from the Guarulhos plant to the Limeira plant (light wheel) and to the Cruzeiro plant (heavy wheel), in order to improve the utilization of the installed capacity in Brazil. In 2017, those expenses are related to the maintenance, the Real Estate Tax (IPTU) and lease of Guarulhos-SP unit. According to the strategy of continuously improving our operations, the Company began to restructure the operations of its foreign branches in the second quarter of 2017.

(c) In 2016, the Company entered into an agreement relating to a legal dispute, thus recognizing a gain of R$21,629 for the quarter, net of the respective attorneys' fees. In 2017, the Company entered into labor agreements and recognized provisions for labor risks in indirect subsidiary Maxion Wheels do Brasil.

(d) Refers to the fair value of stock options granted to the joint venture AmstedMaxionFundição's shareholders, as disclosed in note 11, item b) (iv).

28. RISK AND FINANCIAL INSTRUMENT MANAGEMENT

a) General considerations and policies

The Company and its subsidiaries conduct transactions involving financial instruments, including derivatives, when applicable, all of which recorded in balance sheet accounts, which are intended to meet their operating and financial needs. These instruments are represented by short-term investments, borrowings and financing, and intragroup loans, as well as derivatives.

These financial instruments are managed based on policies, strategies and control systems, and are monitored by the Company's Board of Directors, through its Financial Committee.

The policy related to entering into financial instrument contracts for hedging purposes is also approved by the Board of Directors, which is then regularly reviewed as to the risk exposure that the Management intends to hedge. Gains or losses on these transactions are consistent with the policies and strategies designed by the Company's Management. The Company and its subsidiaries do not make speculative investments in derivatives or any other risk assets.

The Company's Board of Directors oversees how Management monitors the compliance with the risk management policies and procedures and reviews the appropriateness of the risk management model for risks accepted by the Company and its subsidiaries.

Classification of financial instruments - by category

		Parent					
		12/31/2017			12/31/2016		
	Note	Loans and receivables	Other financial liabilities	Fair value	Loans and receivables	Other financial liabilities	Fair value
Assets:							
Cash and cash equivalents	5	121,040	-	-	29,659	-	-
Trade receivables	6	254,116	-	-	184,973	-	-
Borrowings	10	31,961	-	-	-	-	-
Derivatives	11	-	-	13,458	-	-	-
Total		407,117	-	13,458	214,632	-	-
Liabilities:							
Borrowings and financing	14	-	171,467	-	-	691,623	-
Debentures	14	-	289,156	-	-	504,705	-
Financial liabilities	14	-	-	109,826	-	-	6,660
Trade payables	15	-	143,696	-	-	93,033	-
Total		-	604,319	109,826	-	1,289,361	6,660

		Consolidated					
		12/31/2017			12/31/2016		
	Note	Loans and receivables	Other financial liabilities	Fair value	Loans and receivables	Other financial liabilities	Fair value
Assets:							
Cash and cash equivalents	5	543,331	-	-	431,599	-	-
Trade receivables	6	1,064,916	-	-	835,158	-	-
Borrowings	10	31,961	-	-	-	-	-
Derivatives	11	-	-	13,458	-	-	-
Total		1,640,208	-	13,458	1,266,757	-	-
Liabilities:							
Borrowings and financing	14	-	2,444,294	-	-	2,548,720	-
Debentures	14	-	289,156	-	-	504,705	-
Financial liabilities	14	-	-	109,826	-	-	6,660
Trade payables	15	-	1,056,299	-	-	856,084	-
Total		-	3,789,749	109,826	-	3,909,509	6,660

b) Fair values

The Company and its subsidiaries adopt hierarchy rules to measure the fair value of their financial instruments, as set out in technical pronouncement CPC 40/IFRS 7 - Financial Instruments: Disclosure, for financial instruments measured in the balance sheet, which requires the disclosure of fair value measurements at the fair value levels 1, 2 and 3.

In the case of the Company and its subsidiaries, the financial instruments disclosed in balance sheets, such as bank accounts, short-term investments, trade receivables and trade payables, approximate their market values.

The comparison between the fair value and the carrying amount of the loans is as follows:

Carrying amount	Fair value
2,444,294	2,436,059

The fair value of the convertible debentures was determined as at December 31, 2017 using the Black & Scholes option pricing model and was recorded as disclosed in note 14.

The fair value of the subscription warrants of the 7th issue debentures was determined as at December 31, 2017 using the Black & Scholes option pricing model and was recorded as disclosed in note 14.

The fair value of the debt arising from the 6th and 7th issue of Company's debentures is calculated based on the secondary market quotations (level 1) published by ANBIMA at the balance sheet dates. The fair values of cash and cash equivalents, trade receivables, short-term debt and trade payables correspond to their carrying amounts.

c) Financial risk management

The Company's and its subsidiaries' operations are subject to the following risk factors:

Credit risk

Arises from the possibility that the Company and its subsidiaries incur losses as a result of default by their counterparties or financial institutions that are depositaries of funds or financial investments. To mitigate this risk, the Company and its subsidiaries adopt the procedure of analyzing the financial position of their counterparties, as well as establishing credit limits, and constantly monitoring their balances. Concerning the financial institutions, the Company and its subsidiaries only conduct transactions with financial institutions highly rated by credit rating agencies.

In relation to customers' credit lines, the Company understands that, due to the: (i) strict credit analysis; (ii) ongoing monitoring of the outstanding balances; and (iii) the fact that the customers are represented by large assemblers highly rated by credit rating agencies, the credit risk is controlled.

The Company's Management believes that the existing allowance is sufficient to cover any default, as referred to in note 6.

Liquidity risk

Effectively managing liquidity risk implies maintaining sufficient cash and securities, funds available through committed credit facilities and the ability to settle market positions. Due to the active nature of the Company's and its subsidiaries' businesses, the treasury area is flexible in raising funds through the maintenance of committed credit facilities.

Management monitors the Company's consolidated liquidity level considering the expected cash flow against unused credit facilities and cash and cash equivalents. This forecast takes into consideration the Company's debt financing plans, fulfillment with internal balance sheet ratio goals and, when applicable, external regulatory or legal requirements (e.g., currency restrictions). Through its Risk Management Policy, the Company establishes a minimum consolidated cash limit and debt management financial indicators.

Surplus cash held by the operating entities above the balance required for working capital management is maintained in the entities themselves but managed by the Corporate Finance Department. The Company invests its liquidity according to its financial risk management policy, in short-term investments, with maturities of less than 90 days, through deposits in financial institutions.

The table below illustrates the Company's and its subsidiaries' nonderivative financial liabilities, by maturity ranges, corresponding to the remaining period in the balance sheet through the contractual maturity date:

	12/31/2017					
	Parent			Consolidated		
	Less than 1 year	1 to 2 years	Over 2 years	Less than 1 year	1 to 2 years	Over 2 years
Trade payables	143,696	-	-	1,056,299	-	-
Borrowings, financing and debentures	375,463	172,131	22,855	1,352,544	679,306	811,426
Total	519,159	172,131	22,855	2,408,843	679,306	811,426

	12/31/2016					
	Parent			Consolidated		
	Less than 1 year	1 to 2 years	Over 2 years	Less than 1 year	1 to 2 years	Over 2 years
Trade payables	93,033	-	-	856,084	-	-
Borrowings, financing and debentures	517,903	329,507	355,578	1,182,808	874,114	1,003,163
Total	610,936	329,507	355,578	2,038,892	874,114	1,003,163

Interest rate risk

Arises from the possibility of the Company and its subsidiaries incurring gains or losses due to fluctuations in the interest rates applied to their financial assets and financial liabilities. To mitigate this risk, the Company and its subsidiaries try to diversify their borrowings into fixed and floating rates.

Foreign exchange risk

Arises from possible fluctuations in the exchange rates of the foreign currencies used by the Company and its subsidiaries to purchase inputs, sell products, and contract financial instruments. Besides payables and receivables in foreign currencies, the Company and its subsidiaries invest in foreign direct and indirect subsidiaries and have operating purchase and sale flows denominated in other currencies. The Company and its subsidiaries have a specific policy to conduct hedging transactions aimed at mitigating these risks.

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Assets:				
Trade receivables (i)	9,073	6,221	804,184	632,142
Foreign related parties	20,510	23,553	2,059	4,948
Total assets	29,583	29,774	806,243	637,090
Liabilities:				
Borrowings and financing (ii)	10,628	31,566	2,277,756	1,871,052
Trade payables (iii)	3,121	1,326	897,658	755,103
Foreign related parties	3,086	5,166	-	-
Total liabilities	16,835	38,058	3,175,414	2,626,155
Net exposure	12,748	(8,284)	(2,369,171)	(1,989,065)
(-) Foreign subsidiaries with local functional currency	-	-	2,361,966	1,961,358
(+) Swap position (iv)	-	18,900	-	18,900
Total exposure for sensitivity analysis purposes	12,748	10,616	(7,205)	(8,807)

(i) In consolidated, as at December 31, 2017, 75.5% (75.7% as at December 31, 2016) refers to trade receivables of foreign subsidiaries and which are denominated in U.S. dollars, euros and yuans.

(ii) In consolidated, as at December 31, 2017, 80.1% (61.1% as at December 31, 2016) refer to borrowings obtained in local currency by foreign subsidiaries, which are denominated in U.S. dollars, as shown in note 14.

(iii) In consolidated, as at December 31, 2017, 85.0% (88.2% as at December 31, 2016) refers to trade payables of foreign subsidiaries and which are denominated in U.S. dollars, euros and yuans.

(iv) As at December 31, 2016, refers to the notional amount of the swap that swaps US$ for R$, and has a long position of R$18,900.

Foreign exchange risk arises from fluctuations in foreign exchange rates on foreign currency-denominated borrowings and financing, trade receivables, and trade payables.

Concentration risk

The Company's and its subsidiaries' products are usually sold under purchase orders in material amounts, periodically issued by a restricted number of customers, which account for a significant volume of their sales. Currently, approximately 65% of their operating revenue is concentrated on ten customers. The loss of a major customer or the decrease of the volume such customer purchases could have an adverse impact on the Company and its subsidiaries.

Steel and aluminum price fluctuation risk

A significant portion of the Company's and its subsidiaries' operations depends on their ability to purchase steel and aluminum at competitive prices. If the price of steel and aluminum increases significantly, and the Company and its subsidiaries are unable to pass on the price increase to products or reduce operating costs to offset such increase, the operating margin will be lower.

Sensitivity analysis - consolidated

Financial instruments, including, when applicable, derivatives, are exposed to changes due to fluctuations in exchange rates, interest rates (Long-term Interest Rate, or TJLP) and the CDI. The sensitivity analyses of the financial instruments to these variables were taken into consideration by the Company's Management and are shown below:

i) Selection of risks

The Company and its subsidiaries selected three market risks that could have a higher impact on the value of financial instruments held by them, as follows: (1) U.S. dollar/Brazilian real exchange rate; (2) interest rates on borrowings and financing (TJLP), (IPCA), (CDI) and (LIBOR); and (3) yield rate of short-term investments (CDI).

ii) Selection of scenarios

The tables below take into consideration three risk sensitivity-analysis scenarios for the indices on these financial assets and financial liabilities, adopted by the Company as the probable scenario. CVM Instruction 475/08 established two additional scenarios with stresses of 25% and 50% in the risk variables considered as at December 31, 2017.

The probable scenario used by the Company is the actual Brazilian real versus U.S. dollar exchange rate, and TJLP, CDI and IPCA indices as at December 31, 2017. Accordingly, the Company consulted the Central Bank of Brazil's website to obtain the U.S. dollar/Brazilian real quotation, the BNDES's website for TJLP, the CETIP S.A. - Mercados Organizados's website for CDI, the Brazilian Institute of Geography and Statistics (IBGE)'s website for the IPCA and Bloomberg portal for LIBOR.

Sensitivity analysis of exchange rate changes

In the consolidated foreign exchange exposure sensitivity analysis as at December 31, 2017, as shown in the foreign exchange exposure table of paragraph "Foreign exchange risk", the balances of trade receivables, trade payables and borrowings and financing of foreign subsidiaries were disregarded because they are denominated in the local functional currencies of each foreign subsidiary, and, therefore, the Company's Management believes that they are not exposed to foreign exchange risks.

Considering these foreign exchange exposures as at December 31, 2017, the sensitivity analysis of outstanding position is as follows:

Company risk	Possible scenario	Remote scenario
U.S. dollar rate appreciation	1,802	3,603

The possible scenario considers a 25% depreciation of the Brazilian real against the U.S. dollar over the exchange rate as at December 31, 2017 of R$3.3080/US$1.00 (R$4.1350/US$1.00), and the remote scenario considers a 50% depreciation (R$4.9620/US$1.00).

In light of the parities considered, results would correspond to losses of R$1,802 and R$3,603 in the possible and remote scenarios, respectively.

Management did not consider the sensitivity analysis for the probable scenario because it understands that this scenario substantially reflects the exchange rate changes already recognized in the financial statements for the year ended December 31, 2017.

Sensitivity analysis of interest rate changes - Company's exposure to interest rate increase

	Scenarios		
Borrowings and financing - TJLP and currency baskets	Probable	Possible	Remote
TJLP as at December 31, 2017	6.75%	8.44%	10.13%
Indexed financing - TJLP - R$129,280			
Estimated finance costs	8,726	10,911	13,096
Effect - loss		(2,185)	(4,370)

	Scenarios		
Borrowings and financing - IPCA	Probable	Possible	Remote
IPCA as at December 31, 2017	2.95%	3.68%	4.42%
Indexed financing - IPCA - R$8,826			
Estimated finance costs	260	325	390
Effect - loss		(65)	(130)

Borrowings and financing - CDI	Scenarios		
	Probable	Possible	Remote
CDI as at December 31, 2017	7.82%	9.79%	11.75%
Indexed borrowing – 113% of CDI – R$5,006:			
Estimated finance costs	391	490	588
Effect - loss		(99)	(197)

Borrowings and financing – 3-month LIBOR	Scenarios		
	Probable	Possible	Remote
LIBOR as at December 31, 2017	1.69%	2.12%	2.54%
Indexed borrowing – 3-month LIBOR – R$56,661:			
Estimated finance costs	960	1,201	1,439
Effect - loss		(241)	(479)

Borrowings and financing – 6-month LIBOR	Scenarios		
	Probable	Possible	Remote
LIBOR as at December 31, 2017	1.84%	2.30%	2.76%
Indexed borrowing – 6-month LIBOR – R$1,414,804:			
Estimated finance costs	25,991	32,540	39,049
Effect - loss		(6,549)	(13,057)

Debentures - CDI	Scenarios		
	Probable	Possible	Remote
CDI as at December 31, 2017	6.89%	8.61%	10.33%
Indexed debentures - 100% of CDI - R$290,593:			
Estimated finance costs	20,022	25,020	30,018
Effect - loss		(4,998)	(9,996)

Sensitivity analysis of changes in short-term investments - Company's exposure to interest rate decrease

Short-term investments - CDI	Scenarios		
	Probable	Possible	Remote
CDI - R$ as at December 31, 2017	6.90%	5.17%	3.45%
Short-term investments – 100.1% of CDI - R$121,944:			
Estimated finance income	8,414	6,305	4,207
Effect - loss		(2,110)	(4,207)

In December 2017, the subsidiaries Maxion Jantas Jant Sanayi ve Ticaret A.S. and Maxion Inci Jant Sanayi A.S., due to the forecast of future purchases of steel and aluminum and to hedge against the risk of price fluctuations, entered into forward contracts to set the price of such commodity. As at December 31, 2017, total unrealized net losses on these steel and aluminum forward contracts, recognized in line item "Raw materials" (note 7), were R$267, with a balancing item in "Cost of sales and services" (note 25) in the statement of profit and loss.

The transactions have settlement terms, which take into consideration the forecast of purchases, between three and eight months from the contract date. As at December 31, 2017, the outstanding transactions total twelve contracts, have maturities between March 29, 2018 and August 29, 2018, and are summarized as follows:

Hedged item	Risk	Counterparty	Notional amount (in thousands)		Fair value loss
			€	R$	
Inventories	Commodity price	Türkiye İş Bankası A.Ş.	18,700	73,954	(267)

29. CAPITAL MANAGEMENT

It is the Management's policy to sustain a solid capital basis to obtain the confidence of investors, creditors and the market, and to maintain the business's future development. The Executive Board monitors the returns on capital, defined by the Company as the operating activities' results divided by total equity.

The Company's Management seeks to strike a balance between the possible highest returns with more appropriate financing levels and the benefits and security provided by a healthy capital position. The goal is to reach a return compatible with its cost of capital reviewed annually based on the Weighted Average Cost of Capital - WACC approach.

The debt-to-capital ratio is as follows:

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Total borrowings, financing and debentures	570,449	1,202,988	2,843,276	3,060,085
Cash and cash equivalents and short-term investments	(121,040)	(29,659)	(543,331)	(431,599)
Net debt	449,409	1,173,329	2,299,945	2,628,486
Total equity	2,387,853	1,783,985	2,630,505	2,017,077
Net debt-to-equity ratio	19%	66%	87%	130%

30. COMMITMENTS ASSUMED - OPERATING LEASES

The Company and its subsidiaries have property leases, in the amount of R$82,559, effective for varying periods between 2017 and 2021, with automatic renewal clauses. These agreements are expected to be renewed.

The costs on these lease agreements in consolidated were R$27,080 (R$34,605 in December 2016).

These transactions include the usual restrictive covenants, such as, but not limited to, guarantees against early termination, which were all complied with by the Company and its subsidiaries as at December 31, 2017, and thus none of the lease agreements effective on this date was qualified by the Company's Management as an onerous agreement. In addition, no contingent payment was made by the Company during the years ended December 31, 2017 and 2016, respectively.

Additionally, the Company and its subsidiaries do not have other long-term commitments with third parties.

31. EARNINGS PER SHARE

	12/31/2017	12/31/2016
Denominator:		
Weighted average of the number of shares	129,303,790	94,863,372
Weighted number of treasury shares	(569,125)	(299,703)
Weighted average number of outstanding shares	128,734,665	94,563,669
Numerator – basic:		
Profit for the year - R$	6,402,613	21,531,476
Basic earnings per share for the year - R$	0.04973	0.22769
Denominator – diluted:		
Weighted average number of outstanding shares	128,734,665	94,563,669
Number of shares relating to the stock option plan	59,182	50,393
Weighted average of the number of shares	128,793,847	94,614,062
Numerator – diluted:		
Profit for the year	6,402,613	21,531,476
Diluted earnings per share for the year - R$	0.04971	0.22757

As at December 31, 2017, the convertible financial instruments corresponding to the 6th and 7th issues of debentures and subscription warrants granted to underwriters of the capital increase were not considered in the calculation of diluted earnings per share as they have an antidilutive impact.

32. SEGMENT INFORMATION

Technical pronouncement CPC 22/IFRS 08 - Segment Reporting requires segment reporting consistently with managerial reports provided and revised by the chief operating decision-maker to assess the performance of each segment and the allocation of funds. The Company's chief operating decision-maker is the Chief Executive Officer - CEO.

The Company and its subsidiaries operate in a single sector (automotive), whose management structure determines that solely the sales revenues must be analyzed by the decision-maker in detail, as the products produced and sold by the Company and its subsidiaries are divided between the Maxion Wheels and Maxion Structural Components divisions.

Net revenue is represented as follows for the years ended December 31, 2017 and 2016:

	12/31/2017		12/31/2016	
	Net revenue	Equity interest	Net revenue	Equity interest
Operations in South America - Brazil	1,831,326	24.5%	1,400,256	20.5%
International operations:				
North America	2,127,084	28.4%	2,144,369	31.5%
Europe	2,872,248	38.3%	2,717,409	39.9%
Others	657,282	8.8%	554,420	8.1%
Total	7,487,940	100.0%	6,816,454	100.0%

33. INSURANCE

The Company and its subsidiaries contracted insurance for certain inventory items, property, plant and equipment, civil liability, and other assets. As at December 31, 2017, the insurance policies and coverage are as follows:

Insured assets	Coverage	Insured amount
Inventory and property, plant and equipment	Fire, lightning, explosion, windstorm, machinery breakdown and other perils	1,738,600
Guarantee	Judicial, traditional and customs guarantees	9,284
Freight	Highway risk and cargo carrier civil liability and transportation risk during imports and exports	69,387
Civil and professional liability	Third-party claims	539,356

34. ADDITIONAL DISCLOSURES TO THE STATEMENTS OF CASH FLOWS

Transactions without cash disbursements

	Parent		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Capital increase upon payment in kind of the 7th issue debentures, exercise of subscription warrant and conversion of 6th issue debentures	217,646	-	217,646	-
Property, plant and equipment purchases payable, recognized in line item "Trade payables"	3,397	1,775	10,062	38,029
Capital increase through dividends paid of joint venture	-	8,911	-	8,911

35. OFFICERS' STATEMENT OF COMPLIANCE

In compliance with the provisions of CVM Instruction 480/09, the Executive Committee hereby declares that it has reviewed, discussed, and agreed with the financial statements for the year ended December 31, 2017, and also agreed with the respective independent auditor's report, as well as for purposes of compliance with CVM Resolution 727/14, it states that all the relevant information, disclosed in the financial statements, and only this information, is being disclosed and corresponds to the information used by the Executive Committee to manage the Company.

36. EVENTS AFTER THE REPORTING PERIOD

Pursuant to article 204, paragraph 2 of Law 6404/76, as amended, and article 27, letter "i", of the Company's Bylaws, the Board of Directors approved, at the meeting held on February 20, 2018, the Executive Board's proposal for the payment of interim dividends totaling R$31,051 in line item "Earnings reserves" from the Company's balance sheet for the year ended December 31, 2016. The payment of interim dividends will be made beginning March 15, 2018.

37. AUTHORIZATION FOR ISSUANCE AND DISCLOSURE OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Company's Executive Committee and authorized for disclosure and issue on February 20, 2018.

Marcos S. de Oliveira
Chief Executive Officer

Augusto Ribeiro Junior
Chief Financial and Investor Relations Officer

Paulo Marcio Almada dos Santos
Chief Human Resources Officer

Renato J. Salum Junior
Accountant
CRC nº 1 SP 237586/O-4