Movida Participações S.A.
and its subsidiaries
Individual and consolidated financial statements at December 31, 2017 and independent auditor's report

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), containing individual and consolidated financial statements prepared in accordance with the accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB)

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Movida Participações S.A.
Corporate Taxpayer's ID (CNPJ/MF): 21.314.559/0001-66
Company Registry (NIRE): 3530047210-1

2017 Management Report

HIGHLIGHTS

- **Net Income** up by 104.4%, reaching **R$65.7 million**;
- **Total Gross Revenue** of **R$2.6 billion** for the year, **up by 34.0%**, comprised of **R$903.2 million** in **RAC (31.8% up), R$231.3 million** in **GTF (12.2% up)** and **R$1.4 billion** in **Used Car Sales (up 39.8%** versus 2016);
- Consolidated **EBITDA** of **R$326.3 million, up by 21.2% versus 2016**, with an EBITDA margin[1] of 32.1%;
- **Fleet of 75,860 vehicles**, of which **57,059** in **rent a car services (RAC)** and **18,801** in **fleet management and outsourcing (GTF)**;
- **241 stores**, of which 183 in RAC and 58 in Used Car Sales;
- **Strengthening of the Movida Seminovos brand** with a **102.3% increase** in the number of unique visitors to the website and a **complete restructuring in marketing strategy**;
- **About 410 thousand new individual clients in RAC** in **2017;**
- **Focus on individual clients**, representing approximately **50% of online reservations** and **70% of direct channels;**
- **First car rental company** in Brazil to offer clients a **prepayment** option on the reservation platform;
- Development of the **Movida Labs** project that fosters start-up companies with initiatives similar to our operations;
- **Urban mobility initiatives** with the launch of **Movida Trikke** with electric tricycles on the Rio de Janeiro waterfront;
- Expansion of luxury segments with the acquisition of **Movida Premium** and the creation of an **exclusive rental group** for the Mercedes Benz GLA 200;
- **The Company was recognized on several fronts:** Estadão SME Award, Exame's "Biggest and Best" Award, Best Supplier Award by Rental Cars, Consumer Value Leadership Award by Frost & Sullivan and CWT Supplier Awards 2017.

[1] Over service revenue

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MESSAGE FROM MANAGEMENT

2017 was an **important milestone** in Movida's history. When looking at the rearview mirror, we see many lessons learned and **great accomplishments to be proud of**, which rendered several insights that have paved the **road** we still have to drive and **conquer** in the coming years. In February 2017, he had our **IPO** (Initial Public Offer), ratifying our strategy of **being a listed company** with access to capital markets. We improved in terms of **governance, structure and maturity**, while maintaining our **DNA to serve focusing on innovation**. We have also **successfully** joined the Fixed Income market, issuing for the first time **Debentures and Promissory Notes**, **which improved our capital structure** and enabled the Company to have **more attractive terms** and **costs**.

Our net income more than doubled in 2017, reaching **R$65.7 million**, while our **net margin grew by 2.5 p.p**. We have **consistently** improved our gross service margin, gaining nearly **20 p.p. since 2014**, of which approximately 5 p.p. in 2017. We improved procedures, restructured teams and took action to close the gaps in a **quick and assertive fashion**. Our **positive results** especially at a time of economic hardship in Brazil, prove our **execution capacity** with opportunities to further improve in the coming years, such as the adjustment of the allowance for doubtful accounts to better levels than those recorded in 2016.

Consolidated EBITDA was **R$326.3 million** in 2017, **21.2% more** than in 2016, driven by the **addition of more than 10,000 cars** to the operational fleet in the period, with a **margin of 32.1%** over service revenue.

We closed 2017 with **75,860 cars**, of which 57,059 in rent a car operations (RAC) and 18,801 in fleet management and outsourcing (GTF). Net revenue totaled **R$2.5 billion in 2017**, including the provision of services and sale of assets, **growth of 34.8%** over 2016.

The volume of RAC **daily rentals increased by 37.7%** in 2017, to **11.3 million**. **We encouraged market growth** and added approximately **410,000 new clients** to our base in the year. Maintaining our **innovative profile**, we launched products, such as Movida Mensal Flex and Movida Bagging, in addition to **making our CRM and yield management tools more efficiently** by using **big data and artificial intelligence**. As a result, daily rentals remained at approximately R$80 in 2017, while **occupancy rates remained** close to 74%.

We **improved our processes** in the 2017, especially in terms of stolen cars, fraud and sale of damaged cars. We are sure that these indicators will have **significant improvements** in the medium term. Moreover, we added **high-end vehicles** to our fleet: Mobi in the AX economy car group, Toyota Corolla in the QX group, and Mercedes Benz GLA 200 in the HZ group, **increasing diversification** and providing better **options to our clients**.

The **RAC scale** and **special partnerships with automakers** enabled the **addition of 3,700 cars** to the GTF operation, **increasing the EBITDA margin by 12.6 p.p.** year over year. This business line accounted for **21% of service revenue** in 4Q17 and will become **even more relevant to the Company's total result** in the coming quarters, **contributing to the consolidated margins**. The Company's **operational fleet reached** 15,658 cars, a record **1.5 million daily rentals in 4Q17,** in addition to an **average monthly ticket approximately 10% higher** in the quarter. We provide our clients with a **customized service**,



advanced technology and **support from Movida's network**. We maintained our **selective growth** strategy and currently have **top-class** operations. Moreover, in 2017 we acquired Fleet Services, which became **Movida Premium** and is consolidated in the GTF unit, and operates in the premium corporate vehicle rental segment, such as Audi, BMW, Mini, Jaguar, Land Rover and Porsche, which have **high added value**.

Our Used Cars Sales unit sold 39,641 cars in 2017, **23.3% more** than in 2016, with an **increase of 19.6% in the volume of car sold per store per month in the retail**. This business line is strategic for the success of our business model and the Company's **main focus.** We **reviewed all processes** in order to **adjust our focus to the retail segment**, resulting in **better performance and the alignment of our sales team**. We have already started to **reap the rewards** of our efforts, with **more than 51% of sales to final clients** in 4Q17. Since 1Q17, the **number of leads, calls and incoming contacts has improved by approximately 70%**, while the **cost per contact fell** due to investment optimization. We have also changed the focus of our marketing strategy to **online channels**, and reached more than **10 million complete views** on our video channel.

RAC initiatives have also become **increasingly digital-focused**, with the implementation of DCO (Dynamic Creative Optimization), which monitors users profiles in order to **build customer loyalty through retargeting and CRM ruler**. Moreover, we were the **first Brazilian car rental to launch the prepayment option** in the reservations portal, offering more convenience to customers and **improving the predictability** of our operation. We also launched a **pioneer campaign** to raise our clients' awareness of the importance of traffic safety**,** named "**Vá de Boa com Movida**". We used our website, e-mail marketing and social media, and distributed folders and tie-shaped flyers to be hung on the cars' stick shifts to address important topics, such as **high speed** and **using mobile phones while driving.** Following our goal to include car rental as an **important alternative in the Brazilian mobility matrix**, we entered into a partnership with **MetroRio**, offering special discounts to public service users in order to integrate the platforms. In addition, we offer the **Movida Trikke** in Rio de Janeiro beaches, electric tricycles rentals that have been a success among the public.

The **Movida Labs** project, started in 2017, has **contributed to our innovative profile**, with the development of six selected start-ups that operate in several segments. The main objective is to seek companies with daring proposals to **co-create and transform** opportunities into **innovative mobility solutions**, such as **Lady Driver**, the first Brazilian company to offer private transportation services with female drivers only, and **Flapper**, the first private aviation marketplace in Brazil. The program has also discovered **Trackage**, which offers intelligent real-time monitoring solutions; **Easy Crédito**, an online platform that assists its clients with credit access and other financial products; **QueroQuitar**, which locates, negotiates and settles debt through the internet; and **Sambatech**, which offers online video solutions.

In 2017, we received **several awards**, such as the **Estadão SME Award**, which ranked us first in Customer Satisfaction among Car Rental companies; **Exame's "Biggest and Best" Award**, as the company that grew the most in the service ranking; and the **Rental Cars Award** as the Best Suppliers. The most recent prize was the **Customer Value Leadership Award**, in which Frost & Sullivan, a company with 50 years of experience, elected us the **company that offers more value to its customers** in the Brazilian car rental market. We were also recognized at the **CWT Supplier Awards 2017,** offered to the best suppliers in several segments of the Carlson Wagonlit Travel network. **We owe these achievements to our entire team**, whose **skills and energy** make the difference in our business!



We have a lot to thank for. We highlight **our people**, who are always **assisting clients with energy and joy**. This is what distinguishes us and gives us confidence to go for what we still **have to achieve**. We would like to say **THANK YOU** to all our clients, investors, financial partners, shareholders, suppliers and stakeholders. The **value network** created from the **connection** with each of you is **essential** for us to **successfully** achieve our goals.

We are **building and improving** our efficiency levels in a market that is undergoing **transformation and growth**. We strategically entered this context to capture **gains of scale and better profitability levels**. We designed a path in a responsible way, **focused on execution** and internal controls, which will bring us the **necessary structure** for us to present the **state of the art** of value creation. May this new cycle bring more people to join us in our goal, **turn the key and connect to the urban mobility of the future**!

THANK YOU. AND MAY WE HAVE A SUCCESSFUL YEAR!

Sincerely,



Renato Horta Franklin
CEO



1) Movida: *Vire a Chave, Vá de Movida* (Move On with Movida)

Incorporated on October 1, 2014, Movida Participações S.A. consolidates the activities of RAC (rent a car) and GTF (fleet management and outsourcing), working with the culture and principles of serving the customer, in order to strengthen this relationship. We ended 2017 with over 75 thousand vehicles, of which 57 thousand in RAC and 18 thousand in GTF.

The activities of Movida are executed from the following three integrated lines of business:

RAC – Rent a Car

Provides rental service of lightweight vehicles on a daily, monthly and annual basis to individuals and companies. The business ended 2017 with 183 stores located in the main cities and airports of Brazil. While executing its activities, it values the quality of its services rendered and provides all clients with differentials, such as: 27-hour daily rentals, easiness to rent cars directly on the VIP parking lot floor at the Congonhas Airport through Movida Express, unlimited mileage, youth rentals for individuals over 19 years old and the *Fidelidade Movida Move Você* program (Movida Loyalty Moves You), Carbon Free, Movida Connect, Movida Bagging and Movida Trikke, which rents electric tricycles. Reservations are provided through a specialized 24-hour call center, a website with simple navigation that was remodeled in 2017, a mobile app for all platforms, increasing presence in social medias and customer support via ChatBot which uses artificial intelligence to optimize the experience of renting a car. As of December 31, 2017, Movida had 57,059 vehicles in its RAC fleet, with over 90 models distributed in 21 car groups available to customers.

GTF – Fleet Management and Outsourcing

Provides car rental services signed through long-term contracts (over 12 months) with corporate clients. We have been selective in our expansion, focusing on an exclusive fleet profile in line with the purchase pattern of the RAC segment in order to optimize the asset cycle. Services include the analysis of vehicle fleet sizing, including acquisitions, adaptations, rentals, maintenance, and replacement of damaged and/or end-of-life vehicles. For the management of these services, we also provide all support for documentation and online management reports, offering clients transparency and agility. Customers are provided with a diversity of contractual modalities, which include aggregate services, such as corrective and preventive maintenance, insurance, tire replacement, vehicle replacement during maintenance periods, as well as various vehicle brands and models.

The fleet is acquired according to the contracts signed and are based on customers' specific needs. As of December 31, 2017, 18,801 vehicles were part of the GTF fleet, an increase of 3,713 vehicles (+9.2%) versus 2016. Considering the quality of the services provided, Movida offers, in addition to the online tools, a Consumer Service team (SAC – *Serviço de Atendimento ao Consumidor*) with special focus on GTF customers, with continuous support and answering questions and complaints, and also prioritizes agility in solving demands. Besides this, the differentiating factor of this segment is due, for example, to the use of technology, such as the B2B portal and telemetry technology, and by the support provided by the rent-a-car store network, which allows us to quickly and assertively respond to our customers' demands. This business line accounted for 21% of service revenue in 4Q17 and will become even more relevant to the Company's total result in the coming quarters, contributing to the consolidated margins.

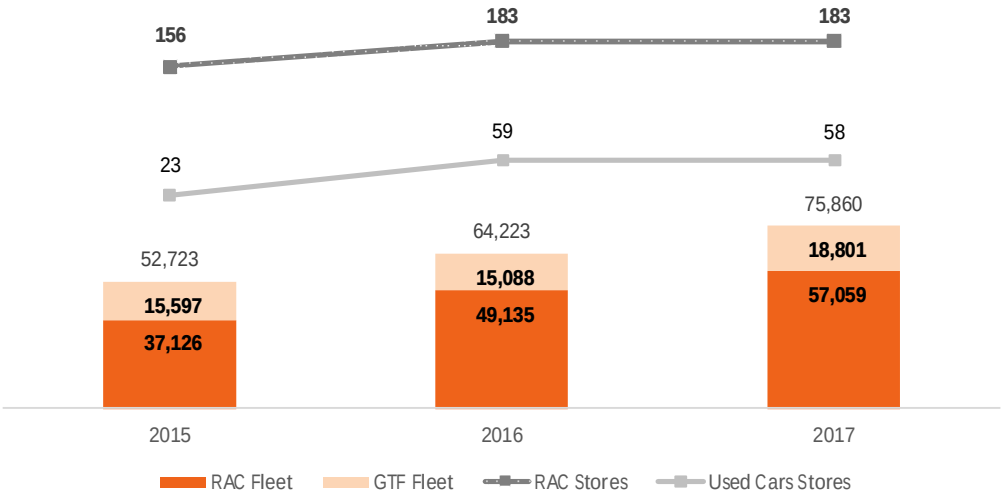
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Used Car Sales

During the fleet's renewal period, or at the end of the contracts, the assets used for rentals are put on sale. The sale of assets used in this service generates a relevant residual value, which is characteristic of the business. The age, mileage and condition of the vehicle are important factors taken into considered in the decision to sell the vehicle in the retail sector or to resellers. The sale to end consumers, which result in better margins, represented a 19.6% growth year-over-year.

Breakdown of fleet, RAC stores and used car stores



2) Operating Performance

Gross Revenue

In 2017, Movida reported total gross revenue of R$2.6 billion, up by 34.0% versus 2016. In order to support the growth of its operations, the Company invested R$2.1 billion during the year, of which R$507.3 million went towards business expansion, being R$506.8 million in fleet and R$0.4 million in new stores, in addition to R$1.6 billion in fleet renewals.

Gross Revenue (R$ thousand)	2016	2017	Chg. 2017x2016
RAC	685,462	903,172	31.8%
GTF	206,104	231,339	12.2%
Used Cars Sales	1,038,799	1,452,365	39.8%
TOTAL	**1,930,366**	**2,586,877**	**34.0%**

The expansion of the RAC operation reflects the investment in fleet increase during the period, seeking gains in scale while maintaining the geographical coverage built over the past years. The GTF operation was positively impacted by the increase in fleet and restructuring of contracts to an administrative profile of lighter use. The largest upturn, as expected, was generated in the used car sales segment. In 2017, 39,641 vehicles were sold, up by 23.3% versus 2016, as part of the fleet renewal process for vehicles acquired in the previous year, with a 13.4% increase in the average sale when compared to

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2016, reaching R$36,638 in 2017. This result is based on the increase in scale, quality and asset variety, increase in retail sales, and the strengthening of the "Movida Seminovos" brand.

Financial Highlights

Financial Statements (R$ thousand)	2016	2017	Chg. 2017 x 2016
Consolidated			
Gross Revenue	**1,930,361**	**2,586,815**	**34.0%**
Deductions	(99,748)	(118,832)	19.1%
Net Revenue	**1,830,613**	**2,467,983**	**34.8%**
Net Revenue from Services	794,649	1,017,908	28.1%
Cost	(1,386,348)	(1,823,113)	31.5%
Gross Income	**444,265**	**644,870**	**45.2%**
Gross Margin	*24.3%*	*26.1%*	*+1.9 p.p*
Administrative Expenses	(47,441)	(73,508)	54.9%
EBITDA	**269,125**	**326,310**	**21.2%**
EBITDA Margin[1]	*33.9%*	*32.1%*	*-1.8 p.p*
EBIT	**191,280**	**252,108**	**31.8%**
EBIT Margin[1]	*24.1%*	*24.8%*	*+0.7 p.p*
Financial Result	**(141,922)**	**(161,795)**	**14.0%**
Financial Expenses	(177,399)	(217,682)	22.7%
Financial Revenues	35,477	55,887	57.5%
EBT	**49,358**	**90,313**	**83.0%**
EBT Margin[1]	*6.2%*	*8.9%*	*+2.7 p.p*
Net Income	**32,160**	**65,743**	**104.4%**
Net Margin[1]	*4.0%*	*6.5%*	*+2.4 p.p*

[1] Over net revenue of services
Note: 2016 data are presented pro-forma for comparison purposes, considering the reclassification of PIS/COFINS credits in the deduction of gross revenue.

Net revenue
Movida's total net revenue was R$2.5 billion, a 34.8% increase over the consolidated number in 2016, and consists of R$1.0 billion in net service revenue and R$1.4 billion in net asset sales revenue.

Costs
The Company's total costs came to R$1.8 billion in 2017, of which R$446.7 million were in service costs and R$1.4 billion in asset sale costs. Total costs grew by 31,5%, 3.3 p.p. below the 34.8% increase in the Company's net revenue, with an upturn of 1.9 p.p. in the gross margin. Total gross profit for 2017 reached R$644.9 million, with a gross margin of 26.1%.

Earnings Before Interest and Taxes (EBIT)
The earnings before interest and taxes reached R$252.1 million, representing 24.8% of net service revenue, up 0.7 p.p. when compared to 2016, mainly related to GTF activities and the cost dilution of the

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operating structure that was previously built. This result was also due to the increase in RAC expenses, which were impacted by the worsening of stolen cars indicators and mismatch in the sales flow of damaged cars.

Net Financial Result

Consolidated Net Financial Result corresponded to a net financial expense of R$161.8 million in 2017, related to the increase in net debt partially offset by the reduced benchmark interest rate. The increase in cash carrying costs due to the issue of debentures and promissory notes also had a negative impact on the period's financial result.

Net Income and EBITDA

Movida's total Net Income in 2017 reached R$65.7 million, a 104.4% increase versus 2016, with a net margin[2] 2.4 p.p. higher, reaching 6.5% for the period. Total EBITDA was R$326.3 million, up by 21.2% and reaching an EBITDA margin[2] of 32.1%. The drop in the EBITDA margin was due to a higher share of RAC in the consolidated result and an increase in expenses for the period.

ROIC

ROIC in 2017 was 8.8%, an increase by 0.5 p.p. when compared to 2016, mainly due to gains in scale of the operations and partially offset by the impact of expenses on stolen and damaged cars in the period. During 2017, a structuring and maturing cycle of internal processes occurred in the Company, which will enable it to build solid foundations that will bring increase ROIC and take the business to new profitability levels.

3) Liquidity: Cash and Debt

Indebtness (R$ thousand)	2016	2017	Chg. 2017 x 2016
Suppliers financing - car makers	184,404	848,234	360.0%
Debentures	309,281	719,959	132.8%
Suppliers confirming	433,100	228,769	-47.2%
Finance leases payable	113,401	64,078	-43.5%
Cash	(123,511)	(783,609)	534.4%
Net Debt	**916,675**	**1,077,431**	**17.5%**

As of December 31, 2017, total cash and securities was R$783.6 million due to funding operations during the year, such as the IPO and the Debentures issue, which helped the Company to optimize, lengthen, reduce costs and improve its capital structure. Net debt in December 2017 was R$1.1 billion, compared to net fixed assets of R$2.8 billion. Net debt in 2017 was 17.5% higher than in 2016, linked to investments that totaled R$2.1 billion. The Company's debt was mostly allocated to asset acquisition, which, at the end of 2017 had an average age of 12 months and is extremely liquid. In addition, the Company has R$157.9 million in short-term Accounts Receivable.

4) Investments

Movida invested R$2.1 billion in 2017, of which R$507.3 million destined for business expansion, being R$506.8 million for fleet and R$0.4 million for new stores, and R$1.6 billion for fleet renewals.

[2] *Over net revenue of services*

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It is important to mention that over 99% of Movida's investments were directed to its fleet, and the Company has great flexibility to postpone the renewal of its assets due to the low average age of its fleet, or to monetize the value of the assets due to their high liquidity.

5) Relevant Corporate Events

On February 7, 2017, the Company was granted its public registration by the Brazilian Securities and Exchange Commission (CVM) and its shares began to trade on February 8, 2017 under the ticker MOVI3 in the Novo Mercado corporate governance segment.

On August 17, 2017, the Company announced the acquisition of “Fleet Services”, a company that was later renamed "Movida Premium", which operates in the corporate rental segment for premium vehicles such as Audi, BMW, Mini, Jaguar, Land Rover and Porsche. The company has 153 luxury vehicles with high added value.

6) Human Capital

Movida values its employees’ growth, being their development fundamental, as well as the stimulation of the creativity of its team, in order to present differentiated solutions that can help improve service dynamics. At the end of 2017, Movida had 2,953 professionals in its structure, 50% of which were operating positions, 37% administrative positions, and 12% commercial positions. In addition, 40% are women and 60% are men.

Movida shares its culture of being at the service of clients along with its team, and knows that the more qualified its professionals are, the better the customer service will be. As a result, the Company created the *Academia Movida* (Movida Academy), offering distance-learning courses with the use of technology and videos, in an interactive and engaging manner. In addition to general training courses, there are also specific courses for each of the Company’s activities, such as customer service, from the signing of a contract to the return of a vehicle, preparation of stores and leadership, as well as the institutional integration performed with newly-hired employees.

Without our people, none of these results would have been possible. The energy, friendliness and dedication of our employees are our main competitive advantage and essential for our goals to be achieved. Having this as one of the main focuses, we started 2018 with the *Jovens Talentos* (Young Talents) program, having received more than 12,000 résumés from all over Brazil from young individuals who are interested in joining our Company, bringing great pride to our team.

The Company follows the guidelines of human and labor rights, based on its Code of Conduct and Human Relations Policy. The policy establishes the Company's contrary position regarding child labor, forced labor, and discrimination, ensuring freedom of association and collective bargaining. As a result, the Company reinforces its commitment to the Declaration of Human Rights and International Labor Standards. In addition, Movida uses the control mechanism called *Canal Alerta* (Alert Channel), a tool that helps prevent potential abuse of these rights.

7) Risk Management and Corporate Governance

The Group's Risk and Compliance Integrated Management Executive Department is responsible for regulating internal procedures and reports directly to the Board of Directors. Its scope includes verifying documented information, based on ongoing reviews and evaluations of the processes,



contributing to increased efficiency and productivity. It guarantees the alignment with policies, rules, standards and internal and external regulations, whose main activities are: (i) to review and publish policies and procedures; (ii) to act as control mentors and assist in the implementation/correction of processes; (iii) to implement and monitor action plans; and (iv) to timely report the results to Management.

The Company has an Ethics and Compliance Committee, responsible for policies, training and risk mapping, which must report its findings to the Company's Board of Directors.

The process of identification, information and management of risks involves a variety of the Company's administrative structures, and is in line with the guidelines and supervision of senior management, monitoring possible deviations and irregularities through discussions at monthly meetings among Managers, Officers and the Executive Board.

In addition, Movida has a Related Party Policy whose purpose is to ensure that all decisions with a potential conflict of interest involving the Company are favorable to the Company and its shareholders and are also conducted within market conditions, valuing the best corporate governance practices, with due transparency.

8) Social and Environmental Responsibility

Movida's initiatives focus on mitigating the impact of its activities on the environment and society. Such initiatives include the control of the use of water, energy, and mileage traveled, as well as the involvement of employees in the initiatives to raise awareness on the efficient use of materials. The average age of Movida's total fleet is 12 months, contributing to customers' increased safety, reduced pollution and lower maintenance costs.

Concerned with the greenhouse effect and global warming, Movida offers its customers a carbon free rental as an alternative to neutralize the same amount of CO2 issued during vehicle use. With its partnership with the SOS Mata Atlântica Foundation, the program proposes neutralization by planting trees in Brazilian territory, since forests capture CO2, reducing its concentration in the atmosphere and positively contributing to the fight against climate change. The choice for the carbon free option is made by the client, who, when opting for this program, has an additional symbolic fee of R$1.00 included in the daily rental fee; for each adhesion, Movida pays for the other costs, sharing this responsibility. In 2017, over 68,000 square meters were reforested due to this initiative.

Additionally, we have other efforts that envision more sustainable mobility, giving continuity to our pioneering profile, such as the unprecedented launch of the Trikke Movida on the Rio de Janeiro waterfront, which provides rentals of electric tricycles.

9) Sector Scenario

The car rental and fleet management market had 11,482 rental companies nationwide by December 2017, according to ABLA (*Associação Brasileira de Locadoras de Automóveis* – Brazilian Association of Car Rental Companies). According to the Association, the sector had 8,559 commercial points, and reported gross revenues of R$15.5 billion in 2017, 12.3% up on 2016. From January to December 2017, 27.2 million users rented cars, and the business profile is composed of 58% of Fleet Outsourcing, 23% of Leisure, and 19% of Business.



In 2017, the participation of car rental companies in the automobile sector accounted for 16.6%, and the light vehicle fleet of the sector had 709,033 vehicles, with an average age of 18 months[3]. Movida grew 0.6 percentage points in market share from 2016 to 2017, reaching a 19.2% share in the RAC segment in terms of fleet size, according to ABLA data. Our GTF share reached 4.6%, with a 0.5 percentage point growth when compared to 2016. This sector is concentrated among five companies, three of which are domestic, and two are international. For ABRACORP[4], Movida registered 30.3% of travel agencies' daily rental market share in 2017, consolidating the Company as the second largest player in the sector in this segment.

10) Independent Auditor

In 2017, pursuant to CVM Instruction 381/03, KPMG Auditores Independentes audited the parent company and consolidated financial statements for the fiscal year ended December 31, 2017, as well as provided audit-related services to issue a limited assurance report, with fees totaling R$66 thousand, which represent 19% of external audit service fees. We understand that these services do not represent conflict of interest, loss of independency or objectivity of our independent auditors.

11) Management Declaration

In accordance with the provisions of CVM Instruction 480/09, Management hereby declares that it has discussed, reviewed and agreed with the opinions expressed in the independent auditors' report and the financial statements for the fiscal year ended on December 31, 2017.

http://ri.movida.com.br/

Renato Horta Franklin	**Edmar Prado Lopes Neto**	**Jamyl Jarrus Júnior**
CEO	Chief Administrative, Financial and Investor Relations Officer	Executive Officer

[3] Data disclosed in ABLA's 2018 Yearbook

[4] *Associação Brasileira de Agências de Viagens Corporativas* – ABRACORP (Brazilian Association of Corporate Travel)

Movida Participações S.A. and its subsidiaries

Balance sheets

Years ended December 31, 2017 and 2016

In thousands of Brazilian reais

		Parent company		Consolidated	
Assets	**Note**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Current					
Cash and cash equivalents	5	66,644	889	411,381	53,576
Marketable securities	6	169,780	-	372,228	69,935
Trade receivables	7	-	-	157,921	215,516
Taxes recoverable	8	6,867	1,405	36,179	12,891
Prepaid expenses	-	28	447	9,107	6,020
Assets available-for-sale (fleet renewal)	9	-	-	170,849	191,068
Related parties	26	-	1,155	1,386	3,624
Advances to third-parties	-	-	-	1,373	-
Dividends receivable	26	22,388	36,897	-	-
Others credits	-	78	-	914	12,708
Total current assets		**265,785**	**40,793**	**1,161,338**	**565,338**
Non-current					
Long-term					
Judicial deposits	20	-	-	833	348
Discontinued operations	28	-	-	-	4,585
Deferred income tax and social contribution	21.1	17,059	230	18,410	230
Trade receivables	7	-	-	2,528	-
Investments	10	1,571,677	767,324	-	-
Property and equipment	11	-	-	2,799,625	2,202,890
Intangible assets	12	1,117	1,117	23,736	16,322
Total non-current assets		**1,589,853**	**768,671**	**2,845,132**	**2,224,375**
Total assets		**1,855,638**	**809,464**	**4,006,470**	**2,789,713**

Movida Participações S.A. and its subsidiaries

Balance sheets

Years ended December 31, 2017 and 2016

In thousands of Brazilian reais

		Parent company		Consolidated	
Liabilities	**Note**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Current					
Trade payables	13	55	-	716,062	848,919
Suppliers financing – car makers	14	-	-	228,769	433,100
Borrowings and financing	15	893	-	215,776	11,559
Debentures	16	15,901	-	321,943	10,418
Finance leases payable	17.1	-	-	57,140	56,080
Labor liabilities	18	3,960	-	29,142	21,221
Tax liabilities	19	4,317	3	14,849	5,182
Income tax and social contribution payable	21.4	-	-	-	2,948
Other accounts payable	-	3,383	1,625	17,355	15,864
Related parties	26	-	107	1,205	5,945
Dividends payable	22.3	13,536	85,964	13,536	85,964
Total current liabilities		**42,045**	**87,699**	**1,615,777**	**1,497,200**
Non-current					
Discontinued operations	28	-	-	-	3,585
Borrowings and financing	15	130,737	-	632,458	172,845
Debentures	16	398,016	-	398,016	298,863
Finance leases payable	17.1	-	-	6,938	57,321
Provision for judicial and administrative litigation	20	-	-	3,451	194
Deferred income tax and social contribution	21.1	-	-	64,990	37,940
Total non-current liabilities		**528,753**	**-**	**1,105,853**	**570,748**
Equity					
Share capital	22.1	1,177,581	715,629	1,177,581	715,629
Capital reserves	22.1	50,443	-	50,443	-
Profit reserves	22.5	56,816	6,136	56,816	6,136
Total equity		**1,284,840**	**721,765**	**1,284,840**	**721,765**
Total liabilities and equity		**1,855,638**	**809,464**	**4,006,470**	**2,789,713**

The accompanying notes are an integral part of the individual and consolidated financial statements.

Movida Participações S.A. and its subsidiaries

Statements of income

Years ended December 31, 2017 and 2016

In thousands of Brazilian reais, except earnings per share

	Note	Parent company		Consolidated	
		12/31/2017	12/31/2016	12/31/2017	12/31/2016 (Reclassified explanatory note 2.30)
Continuing operations					
Net revenue from services rendered and sale of assets used in services rendered	23	-	-	2,467,983	1,830,613
(-) Cost of services rendered	25	-	-	(446,657)	(412,868)
(-) Cost of sales of assets used in services rendered	25	-	-	(1,376,456)	(973,480)
		-	**-**	**(1,823,113)**	**(1,386,348)**
(=) Gross profit		**-**	**-**	**644,870**	**444,265**
Administrative and selling expenses	25	(8,230)	(228)	(318,881)	(205,541)
Other operating income (expenses), net	25	1,625	-	(73,881)	(47,442)
Equity in the results of investees	10	77,125	39,761	-	-
Profit before finance income, costs and taxes		**70,520**	**39,533**	**252,108**	**191,282**
Finance income	24	12,077	174	55,887	35,477
Finance costs	24	(20,592)	(10)	(217,682)	(177,399)
(=) Profit before income tax and social contribution		**62,005**	**39,697**	**90,313**	**49,360**
Income tax and social contribution	21.3	4,461	-	(24,570)	(17,200)
Profit for the year from continuing operations		**66,466**	**39,697**	**65,743**	**32,160**
Discontinued operations					
Profit for the year from discontinued operations	28	-	-	723	7,537
Profit for the year		**66,466**	**39,697**	**66,466**	**39,697**
(=) Basic and diluted earnings per share at the end of the year (in Reais)	29			**0,3223**	**0,2723**

Movida Participações S.A. and its subsidiaries

Statements of comprehensive income

Years ended December 31, 2017 and 2016

In thousands of Brazilian reais

	Parent company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Profit for the year	66,466	39,697	66,466	39,697
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**66,466**	**39,697**	**66,466**	**39,697**

The accompanying notes are an integral part of the individual and consolidated financial statements.

Movida Participações S.A. and its subsidiaries

Statements of changes in equity

Years ended December 31, 2017 and 2016

In thousands of Brazilian reais

	Note	Share capital	Capital reserves	Profit reserves				Other comprehensive income	Advances for future capital increase	Total equity
				Legal reserve	Retention earnings	Additional dividend proposed	Retained earnings			
Balance at December 31, 2015		**624,250**	**-**	**3,591**	**483**	**47,773**	**-**	**-**	**118,392**	**794,489**
Advances for future capital increase		-	-	-	-	-	-	-	2,912	**2,912**
Distribution of dividends		-	-	-	-	(47,773)	-	-	-	**(47,773)**
Capital increase		121,304	-	-	-	-	-	-	(121,304)	**-**
Partial spin-off of Movida GTF		(29,925)	-	-	-	-	-	-	-	**(29,925)**
Profit for the year		-	-	-	-	-	39,697	-	-	**39,697**
Recognition of legal reserve		-	-	1,985	-	-	(1,985)	-	-	**-**
Profit allocation – minimum mandatory dividends		-	-	-	-	-	(9,428)	-	-	**(9,428)**
Profit allocation – additional dividends		-	-	-	-	77	(28,284)	-	-	**(28,207)**
Balance at December 31, 2016		**715,629**	**-**	**5,576**	**483**	**77**	**-**	**-**	**-**	**721,765**
Capital increase on the Initial Public Offering (IPO)	22.2	535,955	-	-	-	-	-	-	-	**535,955**
Capital reserve	22.2	(50,000)	50,000	-	-	-	-	-	-	**-**
Initial Public Offering (IPO) cost	22.1	(36,367)	-	-	-	-	-	-	-	**(36,367)**
Deferred taxes on IPO costs	22.1	12,364	-	-	-	-	-	-	-	**12,364**
Share-based payment transactions	22.4	-	443	-	-	-	-	-	-	**443**
Gains and losses on interests in subsidiaries	-	-	-	-	-	-	-	311	-	**311**
Equity in the gains and losses of subsidiaries	-	-	-	-	-	-	-	(311)	-	**(311)**
Profit for the year	-	-	-	-	-	-	66,466	-	-	**66,466**
Recognition of legal reserve	-	-	-	3,323	-	-	(3,323)	-	-	**-**
Profit allocation – minimum mandatory dividends	22.3	-	-	-	-	-	(15,786)	-	-	**(15,786)**
Retention earnings	-	-	-	-	47,357	-	(47,357)	-	-	**-**
Balance at December 31, 2017		**1,177,581**	**50,443**	**8,899**	**47,840**	**77**	**-**	**-**	**-**	**1,284,840**

The accompanying notes are an integral part of the individual and consolidated financial statements.

Movida Participações S.A. and its subsidiaries
Statements of cash flows – indirect method
Years ended December 31, 2017 and 2016
In thousands of Brazilian reais

	Note	Parent company		Consolidated	
		12/31/2017	12/31/2016	12/31/2017	12/31/2016
Cash flows from operating activities					
Profit before income tax and social contribution, include discontinued operations		**62,005**	**39,697**	**91,409**	**61,571**
Depreciation and amortization		-	-	74,739	77,845
Cost of sale of assets used in services rendered	9	-	-	1,387,311	976,558
Write-off of stolen vehicles and cost of sales of damaged vehicles		-	-	134,997	7,768
Losses on fair value of derivative financial instruments		-	-	-	14,777
Write-off of intangible assets	12.1	-	-	526	-
Equity in the results of investees	10	(77,125)	(39,761)	-	-
Share-based payments		443	-	443	-
Provision for judicial and administrative litigation		-	-	3,257	1,000
Estimated losses on doubtful accounts	7	-	-	20,089	30,056
Extemporaneous tax credits		-	-	(11,515)	-
Interest and monetary variations on borrowings, financing, finance leases and debentures		18,352	-	186,117	65,598
Adjustments to reconcile profit for the year to cash generated by operating activities		**(58,330)**	**(39,761)**	**1,795,964**	**1,173,602**
Decrease (increase) in assets					
Trade receivables		-	-	35,744	(49,747)
Taxes recoverable		(2,916)	1,575	(4,488)	(14,466)
Related parties		1,737	104	(1,409)	(365)
Judicial deposits		-	-	(485)	(151)
Prepaid expenses		419	(447)	(2,950)	(1,324)
Other receivables		(78)	4	10,420	(9,609)
(Decrease) increase in liabilities					
Trade payables		55	-	(18,155)	507,381
Labor and tax liabilities		6,024	(4,888)	15,584	6,639
Other accounts payable and advances		(877)	-	(1,930)	(20,930)
Changes in current and non-current assets and liabilities		**4,364**	**(3,652)**	**32,331**	**417,428**
Net cash generated by (used in) operating activities		**8,039**	**(3,716)**	**1,919,704**	**1,652,600**
Income tax and social contribution paid		-	-	(14,304)	(534)
Marketable securities		(169,780)	-	(302,293)	(46,598)
Interest paid on borrowings and financing, finance leases payable, debentures and suppliers financing – car makers		(3,248)	-	(131,902)	(87,761)
Acquisition of operational property and equipment		-	-	(2,491,677)	(1,722,155)
Net cash used in operating activities		**(162,141)**	**(3,716)**	**(1,020,473)**	**(204,447)**
Cash flows from investing activities					
Investments in subsidiaries	10.1	(745,151)	-	-	-
Acquisition of investments due to purchase of company	27	(3,765)	-	(3,372)	-
Dividends received		36,897	18,190	-	-
Acquisition of property and equipment		-	-	(9,494)	(28,030)
Intangible assets		-	-	(5,219)	(3,953)
Other changes in investments		(1,305)	-	-	-
Net cash (used in) generated by investing activities		**(713,324)**	**18,190**	**(18,085)**	**(31,983)**
Cash flows from financing activities					
Advances for future capital increase		-	2,912	-	2,912
Dividends paid		(85,964)	(16,501)	(85,965)	(16,501)
Capital increase from IPO, net of offering costs		499,589	-	499,588	-
Proceeds from derivative transactions		-	-	-	682
Increase in borrowings and financing		531,000	-	1,154,007	155,242
Payment of borrowings, financing, finance leases payable and debentures		(557)	-	(171,268)	(312,908)
Net cash generated by (used in) investing activities		**944,068**	**(13,589)**	**1,396,362**	**(170,573)**
Net increase (decrease) in cash and cash equivalents		**65,755**	**885**	**357,805**	**(407,003)**
Cash and cash equivalents					
At the beginning of the year		889	4	53,576	460,579
At the end of the year		66,644	889	411,381	53,576
Net increase (decrease) in cash and cash equivalents		**65,755**	**885**	**357,805**	**(407,003)**
Main non-cash transactions					
Purchase of property and equipment through financing:					
Leasing for the acquisition of property and equipment		-	-	(2,286)	(60,041)
Suppliers financing - car makers		-	-	236,934	72,394
Property and equipment capitalized with outstanding trade payables		-	-	114,493	-
Profit before income tax and social contribution of continued operations		-	-	90,313	49,360
Profit before income tax and social contribution of discontinued operations		-	-	1,096	12,211

The accompanying notes are an integral part of the individual and consolidated financial statements.

Movida Participações S.A. and its subsidiaries
Statements of value added
Years ended December 31, 2017 and 2016
In thousands of Brazilian reais

	Parent company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016 (Reclassified explanatory note 2.30)
Sales and services rendered	-	-	2,620,006	2,014,415
Estimated losses on doubtful accounts	-	-	(27,260)	(30,056)
Other operating income	1,625	-	7,005	(709)
	1,625	**-**	**2,599,751**	**1,983,650**
Inputs acquired from third parties				
Cost of sales and services rendered	-	-	284,898	328,059
Materials, electricity, outsourced services and others	3,860	51	1,504,228	980,730
	3,860	**51**	**1,789,126**	**1,308,789**
Gross value added	**(2,235)**	**(51)**	**810,625**	**674,861**
Retentions				
Depreciation and amortization (Notes 11 and 12)	-	-	74,739	71,927
Impairment trade receivables	-	-	7,171	-
Net value added generated by Movida	**(2,235)**	**(51)**	**735,886**	**602,934**
Value added received in transfer				
Equity in the results of investees (Note 10)	77,125	39,761	-	-
Finance income	12,676	-	58,010	35,785
	89,801	**39,761**	**58,010**	**35,785**
Total value added to distribute	**87,566**	**39,710**	**793,896**	**638,719**
Distribution of value added				
Personnel and payroll charges	3,793	-	166,049	150,320
Federal taxes	(1,676)	13	85,414	145,536
State taxes	2	-	96,814	52,629
Municipal taxes	-	-	3,189	9,835
Interest and rentals	18,981	-	375,964	240,702
Interest on capital	15,000	-	15,000	-
Dividends	786	37,635	786	37,635
Retained profits for the year	50,680	2,062	50,680	2,062
	87,566	**39,710**	**793,896**	**638,719**

The accompanying notes are an integral part of the individual and consolidated financial statements.

1. ABOUT THE COMPANY

Movida Participações S.A. (the "Company" or "parent company") is a publicly-traded corporation registered on the New Market of B3 (*"Brasil, Bolsa e Balcão"*), which is the highest level of corporate governance in the Brazilian capital market, under the trading code MOVI3, with its headquarters at 1.017 Dr. Renato Paes de Barros street, 9º floor, in the city of São Paulo, controlled by JSL S.A., which holds 65.59% of its common shares

Movida and its subsidiaries, together called "Movida", operate in the segment of light vehicles rental (rent a car) and light vehicle fleet management and outsourcing. As part of its business, Movida constantly renews its fleet, selling the vehicles at the end of their economic lives to replace them.

At December 31, 2017, Movida had 241 company-owned stores, of which 183 were car rental stores and 58 are used car stores (183 and 59 at December 31, 2016, respectively), in 102 cities in Brazil in streets and airports, operating a fleet of 75,860 vehicles (64,223 at December 31, 2016).

On February 7, 2017, the Brazilian Securities and Exchange Commission (CVM) approved the Company's registration of public offering, and its shares started being traded on the stock exchange on February 8, 2017. With the Initial Public Offering of Shares, with primary and secondary distributions, 71,460,674 registered book e-entry common shares with no par value were subscribed and paid in, corresponding to the primary distribution, and 6,741,573 common shares related to the secondary distribution were traded by the controlling shareholder. The total amount contributed to the capital and reserve was R$ 511,952, net of the costs incurred by the offering.

1.1 Acquisition of BVHD Locação de Veículos e Serviços Ltda. ("BVHD")

On August 11, 2017, Movida entered into an agreement for acquisition of BVHD, which operated under the "Fleet Services" brand and after the acquisition it started to operate under the "Movida Premium" brand. Located in the city of São Paulo, the subsidiary provides services in the segment of corporate rental of luxury cars and has a fleet of 153 vehicles, of high value added, with an average revenue per car five times greater than a popular car. As a result of the acquisition, Movida is expected to increase its presence in the luxury car rental market, increasing its product portfolio.

The acquisition price was determined based on the balance sheet as at June 30, 2017.

The consideration paid was determined as follows:

	Consideration amounts
Price as per the acquisition agreement	22,000
Net cash on the agreement date	332
	22,332
(-) Debt of assumed borrowings	(17,532)
(-) Seller's debt to Movida	(465)
Total consideration	**4,335**
Contingency reserve (i)	(570)
Cash paid by the parent company	**3,765**
Cash assumed on the transaction, at the transaction closing date	(393)
Actual cash paid on the transaction	**3,372**

(i) The amount of R$ 570 will be retained by Movida Participações for six years, as guarantee for eventual contingencies. On the acquisition date there were no amounts recognized as provision for contingencies in the acquired.

On September 20, 2017, the Brazilian Antitrust Agency (CADE) approved the acquisition of BVHD. On October 11, 2017, according to the transaction closing agreement, Movida obtained the control over the operation.
The fair value of the assets acquired and liabilities assumed for purposes of determining the purchase price allocation according to the report prepared at September 30, 2017 as follows:

Assets	Carrying amount	Fair value adjustment	Fair value on the acquisition date
Cash and cash equivalents	393	-	393
Property and equipment	15,571	1,665	17,236
Intangible assets	7	505	512
Other assets	914	-	914
Total assets	**16,885**	**2,170**	**19,055**
Liabilities			
Trade payables	495	-	495
Borrowings and financing	14,965	1,376	16,341
Other liabilities	538	-	538
Total liabilities	**15,998**	**1,376**	**17,374**
Total net assets			**1,681**
Fair value of the consideration paid			**4,335**
Goodwill based on expected future profitability			**2,654**

Arising from the acquisition: surplus value of R$ 1,665, intangible assets of R$ 505 allocated to customer contracts and goodwill of R$ 2,654. Goodwill is expected to be deductible for income tax purposes.

a) Impact of the business combinations

The business combinations in 2017 contributed with net revenue of R$ 2,180 and results of R$ 486 from the acquisition date to December 31, 2017, in the consolidated result. Had the acquisition occurred at the beginning of 2017, the consolidated net revenues for the year would be increased by R$ 9,084 and the consolidated profit for the year would be decreased by R$ 1,645.

b) Cost of negotiation

The Company incurred acquisition costs of R$140, related to attorney's fees and due diligence costs, classified as Company's administrative expenses in the statement of income.

1.2 Company situation and Management's plans

Due to the Company's operating cycle, which comprises the purchase, rental and sale of assets with an average of 12 to 15 months of use and the wide expansion of stores and number of fleet vehicles in the last 3 years, financed with short and medium-term credit lines, Movida reported a net negative working capital in consolidated of R$ 931,862 at December 31, 2016, decreasing to R$ 454,439 at December 31, 2017. Management has been implementing its plan to extend the indebtedness, which had a capital contribution of R$ 511,952 from the Initial Public Offering (IPO), net of IPO costs. Funds raised of R$ 250,000 with new debts in March and June 2017 and issuance of debentures with funds raised of R$ 400,000 in July 2017, as disclosed in note 16.

Based on its projections of results and future cash flows, Movida's Management expects to continue generating operating profits and liquidity, which will be sufficient to reverse the current situation of negative net working capital during the following periods.

Furthermore, Movida has vehicles in the amount of R$ 2,672,444, as shown in note 11, which can be sold quickly in the event of additional liquidity requirement. Therefore, Management understands that there is no going concern risk.

2. BASIS OF PREPARATION AND PRESENTATION OF THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

2.1. Statement of compliance (with regard to IFRS and CPC standards)

The individual and consolidated financial statements have been prepared in accordance with the accounting practices adopted in Brazil, which comprise the practices included in the Brazilian corporate law and the technical pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements

Committee (CPC), approved by the Brazilian Securities and Exchange Commission (CVM) and in conformity with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), these statements disclose all significant information, and only such information, which is consistent with that used by Management.

These financial statements were approved and authorized for issuance by the Board of Directors on March 20, 2018.

2.2. Basis of preparation of the individual and consolidated financial statements

The financial statements have been prepared on the historical cost basis, except for financial instruments measured at fair value through profit or loss, when applicable.

The preparation of the financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by the Company's management in applying the accounting policies. Those areas that require a higher degree of judgment and have greater complexity, as well as the areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.29.

2.3. Statement of value added (DVA)

The preparation of the individual and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies.

The international financial reporting standards ("IFRS") do not require the presentation of this statement. Accordingly, under the IFRS, this statement is presented as supplementary information, and not as part of the set of individual and consolidated financial statements.

2.4. Equity interests and basis of consolidation

The consolidated financial statements at December 31, 2017 and 2016 include the operations of Movida and its subsidiaries, whose equity interests at the end of the reporting periods are as follows:

				Equity interest %			
				Direct	Indirect	Direct	Indirect
Company Name	Trade Name	Headquarters country	Segment	12/31/2017	12/31/2017	12/31/2016	12/31/2016
Movida Gestão e Terceirização de Frotas S.A.	"Movida GTF"	Brazil	Car rental	99.99	-	99.99	-
Movida Locação de Veículos S.A. (i)	"Movida RAC"	Brazil	Car rental	64.85	35.15	53.43	46.57
Movida Locação de Veículos Premium Ltda.	"Movida Premium"	Brazil	Car rental	99.99	0.01	-	-

(i) At December 31, 2017, the Board of Directors approved the capital increase in the subsidiary Movida RAC. After this increase, the Company increased its interests in the subsidiary by 11.42%.

2.5. Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

Subsidiaries

Subsidiaries are all entities over which Movida holds the control. Subsidiaries are fully consolidated from the date on which control is transferred to Movida. They are deconsolidated from the date on which Movida ceases to hold the control.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Transactions, balances and unrealized gains on intragroup transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Movida.

2.6. Individual financial statements

In the individual balance sheet, the interests in its subsidiaries are accounted for under the equity method of accounting. In accordance with this method, an investment is initially recognized at cost and subsequently adjusted to recognize the Company's interest in the changes of the investee's net assets. Adjustments to the investment's carrying amount are also necessary to recognize the Company's proportionate interest in the changes in the equity valuation adjustments balance, recognized directly in its equity. These changes are also recognized directly in its subsidiaries, that is, in equity valuation adjustments directly in equity.

2.7. Foreign-currency translation

i. Functional and presentation currency

Items included in the financial statements of each of Movida's subsidiaries are measured using the currency of the primary economic environment in which the Company operates ("functional currency").

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the functional currency of Movida and also the presentation currency of other subsidiaries.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured.

Foreign exchange gains and losses that relate to borrowings and financing, cash and cash equivalents and marketable securities indexed in a currency different than the functional currency, are presented in the statement of income (loss) as finance income (cost).

2.8. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other highly-liquid short-term investments, readily convertible into cash, with insignificant risk of change in value.

2.9. Financial instruments

2.9.1. Non-derivative financial assets

i) Classification and initial recognition

The Company classifies its financial assets into the following categories: (i) measured at fair value through profit or loss and (ii) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets upon their initial recognition, when it becomes a party to the contractual provisions of the instrument.
Financial assets are initially recognized at fair value plus, in the case of investments not designated at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Movida's financial assets include cash and cash equivalents, marketable securities, trade receivables, receivables from related parties and other receivables.

ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification, which may be as follows:

- Non-derivative financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term.

Financial assets at fair value through profit or loss are presented in the balance sheet at fair value, and the related gains or losses are recognized in the statement of income. Movida designated its marketable securities as at fair value through profit or loss since it intends to trade them in the near term. When Movida does not have conditions to trade these financial assets due to inactive markets and Management's intention to sell them in the near changes significantly, Movida may elect to reclassify these financial assets under certain circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This assessment does not affect any financial assets designated at fair value through profit or loss using the fair value option at the time of the presentation.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are carried at amortized cost using the effective interest (effective interest rate) method, less any impairment. The amortization under the effective interest method is included in the finance income line, in the statement of income. Impairment losses are recognized as finance costs in the statement of income. They are presented as current assets, except for those with maturities greater than 12 months after the balance sheet date (these are classified as non-current assets).

  The Company designated in this category trade receivables, cash and cash equivalents, receivables from related parties and other receivables.

iii) Derecognition (write-off) of non-derivative financial assets

A financial asset or, when applicable, a part of a financial asset or a part of a group of similar financial assets, is derecognized when:

- The rights to receive cash flows from the assets expire; and

- Movida transfers its rights to receive cash flow from the asset or assumes the obligation to pay in full the cash flow received, without significant delay, to a third party, based on a transfer agreement; and (i) Movida transfers substantially all the risks and rewards of the asset, or (ii) Movida neither transfers nor retains substantially all the risks and rewards of the asset, but transfers the ownership of the asset. When Movida transfers its rights to receive cash flow from an asset or enters into a transfer agreement, but neither transfers nor retains substantially all of the risks and rewards of the asset, this asset is recognized to the extent of Movida's continuous involvement with the asset. In this case, Movida also recognizes an associated liability. The asset transferred and the associated liability are measured based on the rights and obligations retained by Movida. The continuous involvement in the form of a guarantee on the asset transferred is measured at the lower of the original carrying amount of the asset and the maximum consideration that can be required from Movida.

Impairment of non-derivative financial assets

Non-derivative financial assets carried at amortized cost

As regards the financial assets carried at amortized cost, the Company assesses on an individual basis if there is clear evidence of impairment of each financial asset that is individually significant, or on a collective basis for financial assets that are not individually significant. If Movida concludes that there is no evidence of impairment of a financial asset individually assessed, whether significant or not, this asset is included in a group of financial assets with similar credit risk characteristics and is assessed for impairment on a collective basis. Assets that are individually assessed for impairment and for which an impairment is or continues to be recognized, are not included in a collective assessment of impairment.

When there is clear evidence of impairment, the impairment amount is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding expected future credit losses not yet incurred). Evidence of impairment may include indicators that the borrowers are facing significant financial difficulty. The probability that they will undergo bankruptcy or any other type of financial reorganization, default or delinquency in interest or principal payments can be evidenced by a measurable decrease in the estimated future cash flows, such as changes in maturity dates or economic condition related to defaults.

The carrying amount of the asset is reduced by a provision, and the impairment amount is recognized in the statement of income (loss). If, in a subsequent period, the estimated impairment amount increases or decreases due to an event occurring after the impairment was recognized, the previously recognized impairment is increased or decreased by adjusting the provision. In the case of a future recovery of an amount written off, this recovery is recognized in the statement of income (loss).

2.9.2. Non-derivative financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified as (i) measured at fair value through profit or loss, or (ii) other financial liabilities. Movida determines the classification of its financial liabilities upon initial recognition. All other financial liabilities are recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

Movida's financial liabilities include, debentures, suppliers financing - car makers, borrowings and financing, finance leases payables, trade payables, other accounts payable and payables to related parties.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, which may be as follows:

- Financial liabilities at fair value through profit or loss

  Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated on initial recognition at fair value through profit or loss (fair value option on initial recognition). This designation cannot be subsequently changed.

  Transaction costs are recognized in the statement of income as incurred. These financial liabilities are measured at fair value and changes in the fair value, including any interest or dividend income, are recognized in the statement of income for the year.

  In accordance with IAS32/CPC39 Financial Instruments: Presentation, the fair value option can only be applied when it reduces or eliminates an accounting mismatch or when the financial liabilities are part of a portfolio for which risk is managed and reported to Management based on its fair value or also when these liabilities consist of debt instruments and embedded derivative that must be separated.

- Borrowings and financing

  After initial recognition, interest-bearing borrowings and financing are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income (loss) when the liabilities are derecognized, as well as during the amortization process using the effective interest rate method.

- Financial instruments - net presentation

  Financial assets and liabilities are presented on a net basis in the balance sheet if, and only if, there is an existing and executable right to offset the amounts recognized and the intent is to offset the asset and settle the liability simultaneously.

iii) Derecognition (write-off)

A financial liability is derecognized when the obligation is revoked, canceled or expires. When an existing financial liability is substituted for another with the same amount but substantially different terms, or the terms of an existing liability change significantly, this substitution or change is treated as a derecognition of the original liability and recognition of a new liability is recognized, with the difference in the corresponding carrying amounts recognized in the statement of income (loss).

2.10. Trade receivables

Trade receivables are amounts due from customers for vehicles sold or services performed in the ordinary course of business of Movida and its subsidiaries. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less estimated losses on doubtful accounts (impairment).

The provision for estimated impairment losses is set up based on the history of default and individual analysis of customers with risk of default, especially those with amounts past due for over 90 days and that have no guarantees to honor the receivables. The amount of the provision made to cover losses with trade receivables is considered sufficient by the Company's Management.

The credit area assesses the client's quality of credit, taking into account its financial position, past experience and other factors. Individual credit limits are determined based on internal ratings, in accordance with the policy in force. The use of credit limits is monitored regularly. Sales to clients without a credit limit are settled in kind or through the main credit cards existing in the market.

2.11. Assets available-for-sale (fleet renewal)

In order to comply with its service agreements, Movida must renew its fleet after a certain period of utilization. Vehicles available for replacement are reclassified from property and equipment to available-for-sale assets.

Once classified as such, these assets are not depreciated and are recorded at the lower of the residual amount and the market value.

2.12. Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to Movida. Maintenance and recurring repair expenditures are recognized in profit or loss when incurred.

iii. Depreciation

Vehicles are depreciated on a straight-line basis, in accordance with the economic method that considers the estimated realizable value of these assets at the estimated date of sale. Therefore, the depreciation rates vary according to the asset purchase date, type of asset, the amount paid and the estimated selling price (method of depreciation through use and sale). The depreciation of vehicles, machinery and equipment is recorded in the cost of services, while the depreciation of other property and equipment is recorded as an expense.

The depreciation periods based on the weighted average time of utilization of the assets for the year ended December 31, 2017 and 2016 are disclosed in note 11.

The depreciation methods, useful lives and residual values are reviewed annually and adjusted, if appropriate.

2.13. Leases

The characterization of an agreement as a finance lease is based on substantive aspects related to the use of a specific asset or assets or to the right to use a certain asset, on the date of the formalization of the agreement.

i. Company as lessee

Finance leases that transfer to Movida substantially all of the risks and rewards of ownership of the leased asset are capitalized at the inception of the lease, at the lower of the fair value of the leased asset and the present value of the minimum lease payments. When applicable, the initial direct costs incurred in the transaction are added to the cost. The finance leases payments are allocated between finance charges and the decrease in the principal of the financial lease liability, so as to obtain a constant interest rate on the remaining balance of liabilities.

Finance charges are recognized in the statement of income (loss). The leased assets are depreciated over the useful lives estimated by Movida.

Payments related to operating leases are recorded as expenses in the statement of income (loss) using the straight-line method over the period of the lease.

ii. Company as lessor

Movida has only lease agreements for which it does not transfer substantially the risks and rewards associated to the ownership of the asset. These agreements are considered as operating leases, where revenues are recognized similarly to rental income, on a straight-line basis over the agreement period.

2.14. Intangible assets

2.14.1. Goodwill

Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity, based on the expectation of future profitability. The goodwill was recorded in connection with Movida's business combinations.

Goodwill on acquisition of subsidiaries is recorded as “Intangible assets” in the consolidated financial statements.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment and any impairment losses are recognized in the statement of income for the year and cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of the goodwill related to the entity sold.

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGUs"), as described in note 12.2. The allocation is made to CGUs or groups of CGUs that are expected to benefit from the business combination on which the goodwill arose.

2.14.2. Trademarks and licenses

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Subsequently, trademarks and licenses with a finite useful life are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

2.14.3. Software

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the respective software. These costs are amortized over the estimated useful life of the software.

Costs associated with maintaining computer software are recognized as an expense as incurred.

2.14.4. Commercial rights and point of sales

Commercial rights are capitalized based on the amount paid on the business combination that gave rise to it. Intangible assets related to points of sales (amounts paid on the acquisition of new points of sale) are capitalized on the acquisition date at the amount paid on the transaction.

2.14.5. Customer contracts

Customer contracts acquired on a business combinations is initially recorded at the fair value on the acquisition date and is carried at the fair value less accumulated amortization. Amortization is calculated on the straight-line basis over the expected life of the relationship with the customer.

2.14.6. Amortization and Impairment of non-financial assets

When it has a finite useful life, the asset is amortized over its estimated useful life. Estimated useful lives and average amortization rates are disclosed in note 12.1.

The assets with indefinite useful lives are not amortized, but are tested annually for impairment, individually or at the cash-generating unit level.

The assumptions and methodologies for impairment testing of intangible assets with indefinite useful lives are disclosed in note 12.2.

2.15. Current and deferred income tax and social contribution ("IR" and "CS")

The income tax and social contribution expenses for the year comprise current and deferred taxes. Taxes on profit are recognized in the statement of income.

Current and deferred income tax and social contribution charge is calculated based on the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates the positions taken by Movida in income tax returns with respect to situations in which the applicable tax regulations are subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

The income tax and social contribution on profit are presented net, separated by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date, if there is a legally enforceable right to offset the tax liabilities and assets, and if these are related to taxes levied by the same tax authority.

Deferred income tax and social contribution are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting nor the taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences/tax losses can be utilized.

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus a 10% surcharge on the taxable profit exceeding R$ 240 annual for income tax and 9% on the taxable profit for the social contribution on net income. In addition, at JSL Leasing S.A., the provision for income tax is recognized at the rate of 15% plus a 10% surcharge on the taxable profit.

2.16. Other assets and accounts payable and advances from customers (current and non-current)

An asset is recognized in the balance sheet when it is probable that its future economic benefits will flow to Movida and its cost or value can be reliably measured. A liability is recognized in the balance sheet when Movida has a legal or constructive obligation as a result of past events, and it is probable that assets will be surrendered

in order to settle the obligation. The assets and liabilities are recorded, including the related charges and exchange and monetary variations. The provision is recorded based on the best estimates of the risk involved. Assets and liabilities are classified as current when their realization or settlement is expected within the next 12 months. Otherwise, they are presented as non-current.

2.17. Trade payables

Trade payables are obligations payable for goods or services that have been acquired in the regular course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.
Trade payables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

2.18. Borrowings and financing

Borrowings and financing are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowings and financing using the effective interest method.

Borrowings and financing are classified as current liabilities unless Movida has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing and financing costs directly attributable to the acquisition, construction or production of a qualifying asset that requires a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset when it is probable that future economic benefits associated with the item will flow to the Company, and the related costs can be measured reliably. Other borrowing and financing costs are recognized as finance costs for the period in which they are incurred.

2.19. Suppliers financing – car makers

Movida has agreements with some suppliers called suppliers financing – car makers or confirming and records these transactions in line item suppliers financing. These transactions aim to extend the terms of payment to suppliers through a financial institution.

The interest levied on these transactions is recognized at every month of accrual, in accordance with the agreements entered into with the financial institutions.

2.20. Provisions

2.20.1. General

Provision is recognized when Movida has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

When Movida expects the amount of a provision to be reimbursed, in whole or in part, for example, due to an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain

The expense related to any provision is recognized in the statement of income, net of any reimbursement.

2.20.2. Provision for judicial and administrative litigation

Movida is a party to various judicial and administrative litigation. Provision is established for all contingencies referring to lawsuits for which it is probable that an outflow of funds will be necessary to settle the contingency/obligation, and where a reasonable estimate of this outflow can be made. The assessment of the likelihood of a loss includes the evaluation of existing evidence, the hierarchy of laws, previous court decisions, most recent court decisions and their relevance in the judicial context, as well as the opinion of outside legal advisors. The provision is reviewed and adjusted to account for changes in circumstances, such as the

applicable statute of limitations, completion of tax inspections, or additional exposure identified on the basis of new matters or court decisions.

2.21. Profit sharing

Movida recognizes a liability and an expense for profit sharing based on a methodology that takes into consideration the profit attributable to Movida's shareholders after certain adjustments. Movida recognizes a provision when there is a legal or a constructive obligation as a result of a past event.

2.22. Revenue recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to Movida. Revenue is measured based on the fair value of the consideration received, net of discounts, rebates and taxes or charges on sales and services rendered. Movida assesses revenue transactions in accordance with specific criteria, in order to determine whether it is acting as agent or principal, and ultimately concluded that it has been acting as principal in all of its revenue contracts.

The following specific criteria should also be met before revenue is recognized:

i. Net revenue from services rendered (vehicle rental)

Revenue from vehicle rental is recognized on a daily basis according to the rental agreements entered into with customers. The revenue from the management of rented car insurance claims, recognized when the service is provided, as well as the revenue from insurance intermediation, on the account and discretion of the Company's customers when cars are rented, is recognized on a monthly basis.

ii. Revenue from sales of assets used in services rendered

Revenue from sales is recognized when the significant risks and rewards of ownership of the asset are transferred to the purchaser, which usually occurs upon delivery.

iii. Interest income

For all financial instruments carried at amortized cost and assets which generate interest, the finance income or cost is accounted for using the effective interest rate, which discounts exactly the estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Interest income is included in the finance income line, in the statement of income (loss).

2.23. Employee benefits

2.23.1. Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for an amount expected to be paid if Movida has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.23.2. Share-based payments

Movida measures the cost of equity-settled transactions with employees with reference to the fair value of the equity instruments on the date when they are granted. The estimation of the fair value of the share-based payments requires the determination of the most adequate valuation model for the grant of equity instruments, which depends on the grant terms and conditions. This estimation also requires determining the most appropriate inputs for the valuation model, including the expected life of the share option, volatility and dividend yield, and requires assumptions to be made about each input. The assumptions and models used to estimate the fair value of the shared-based payments are disclosed in Note 22.4. Expenses on these transactions are recognized in profit or loss during the period in which services are rendered, against a capital reserve, in equity.

2.24. Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.25. Earnings per share

i. Basic

Basic earnings per share are calculated by dividing the profit attributable to the stockholders of the Company by the weighted average number of outstanding common shares during the year, excluding common shares purchased by the Company and held as treasury shares.

ii. Diluted

Diluted earnings (losses) per share are calculated by adjusting the weighted average number of outstanding common shares for potential dilution.

2.26. Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to Movida's stockholders is recognized as a liability in the financial statements at the year-end based on Movida's Bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders at the Board of Directors, Annual or Extraordinary Shareholders' Meeting.

The tax benefit of interest on capital is recognized in the statement of income (loss).

2.27. Operating segments

Information by operating segment is presented in a manner consistent with the internal reporting provided to the Management and Board of Directors, which are responsible for allocating resources, for strategic decision-making and the evaluation of results.

Movida is organized into two operating segments: “Rent a Car” and “Fleet Outsourcing and Management”. The results of these segments are regularly reviewed by Movida's Management on a consolidated basis.

2.28. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at its acquisition date fair value and any non-controlling interest in the acquired. For each business combination, Movida measures the non-controlling interest in the acquired at its fair value or based on its share of the acquired's identifiable net assets. Other costs directly attributable to the acquisition are expensed as incurred.

When acquiring a business, Movida assesses the financial assets and liabilities assumed, in order to classify and allocate them according to the contractual terms, the economic circumstances and the relevant conditions at the acquisition date, which includes the segregation, by the acquired, of embedded derivatives existing in the acquired's host contracts.

If the business combination is carried out in stages, the acquisition date fair value of any previous equity interest in the capital of the acquired is re-measured to its fair value at the acquisition date, and the impact is recognized in the statement of income (loss).

Any contingent consideration to be transferred by Movida is recognized at its acquisition date fair value. Subsequent changes in the fair value of the contingent consideration, considered an asset or a liability, shall be recognized in accordance with CPC 38 (IAS 39) - Financial Instruments: Recognition and Measurement in the statement of income (loss) or in other comprehensive income (loss). If the contingent consideration is classified in equity, it shall not be re-measured until it is finally settled in equity.

Goodwill is initially measured as the excess of the consideration paid over the fair value of the net assets acquired (identified assets and liabilities assumed). When the consideration transferred is less than the fair value of the net assets acquired, the difference is recognized as a gain in the statement of income (loss).

Goodwill acquired in the course of a business combination is, from the acquisition date, allocated to each CGU of Movida that is expected to benefit from the synergies of the combination, irrespectively of the other assets or liabilities of the acquired being assigned to that CGU.

When goodwill is part of a CGU and a portion of that unit is disposed of, the goodwill associated with the portion disposed of shall be included in the cost of the operation to determine the gain or loss on disposal. Goodwill disposed of in such circumstances is determined based on the proportional value of the portion sold in relation to the CGU retained.

2.29. Use of estimates and judgments

The preparation of the financial statements requires the use of certain accounting estimates and also the exercise of judgment by Movida's management in applying the accounting policies. Those areas that require a higher degree of judgment and have greater complexity, as well as the areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes below:

i) Provision for impairment of trade receivables - Note 7;
ii) Property and equipment (depreciation of vehicles and determination of residual value) - Note 11;
iii) Provision for judicial and administrative litigation - Note 20;
iv) Fair value of financial instruments - Note 4.2;
v) Taxes payable and recoverability of deferred tax assets - Note 21;
vi) Share-based payments transactions - Note 22.4.

2.30. Reclassification of comparative balances

On January 1, 2017, Movida started presenting the PIS and COFINS credits on purchase of inputs and depreciation charges as credits reducing the cost of sales and services, in order to better reflect the nature of the respective credits and expenses.

The amount corresponding to these credits for the year ended December 31, 2016, of R$ 62,567, has been reclassified in the statement of income, parent company and consolidated, from the line item of taxes on sales in the group of net revenue to the line item of costs of sales and services and, in the statement of value added, parent company and consolidated, from the line item of federal taxes to the line item of cost of sales and services.

2.31. New standards not yet effective

2.31.1. IFRS 9 / CPC 48 - Financial instruments

The Company is required to adopt IFRS 9 / CPC 48 - Financial Instruments in replacement of IAS 39/CPC 38 Financial Instruments: Recognition and Measurement beginning on January 1, 2018, in accordance with CVM Resolution 763/16. The new accounting policies are subject to changes until the Company presents its first financial statements that include the date of first-time adoption.
The Company made studies in order to estimate the impacts on the adoption of the standard and expects the effects to be immaterial. The most significant changes for the Company of the adoption of the new standard when compared to IAS 39/CPC 38, and its impacts on the Company's financial statements as follows:

- **Classification of financial assets**

  IFRS 9/CPC 48 has a new approach for the classification and measurement of financial assets, comprising three main categories of classification: measured at amortized cost, at fair value through other comprehensive income (loss) (FTVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the categories existing on IAS 39/CPC 38 of held-to-maturity, loans and receivables and available-for-sale.

This amendment causes changes in disclosures, which should reflect the new categories. On the first-time adoption, no impact is expected on the measurement of financial statements recognized by the Company that would require an adjustment.

- **Impairment of financial assets**

  The IFRS 9/CPC 48 replaces the "incurred losses" model of IAS 39/CPC 38 by a prospective model of "expected credit losses". This will require significant judgment on how the changes in economic factors affect the expected credit losses, which will be determined based on weighted probabilities.

  The new expected credit losses model will be applied on financial assets measured at amortized cost or FTVOCI, except for investments in equity instruments and contractual assets.

  For financial investments, cash and cash equivalents, the Company does not expect significant credit losses, in view of the high ratings of its counterparties. For trade receivables, the Company elected to adopt the practical expedient of the provision matrix by aging proposed in paragraph B5.5.35 of IFRS 9/CPC 48, with the appropriate grouping of its portfolios.

- **Disclosures**

  IFRS 9 will require extensive new disclosures, especially on hedge accounting, credit risk and expected credit losses. The Company is assessing how the information required will impact the current processes and is implementing the changes in its controls to comply with the new requirements.

- **Transition**

  The changes in accounting policies derived from the adoption of IFRS 9 will be applied retrospectively, except for the exemption that allows to not restate comparative figures in respect of the changes in classification and measurement of financial instruments (including expected credit losses). The differences in the carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9 will be recognized in retained earnings and reserves on January 1, 2018.

2.31.2. IFRS 15 / CPC 47 - Revenue from contracts with customers

The IFRS 15 / CPC 47 will supersede all current requirements for revenue recognition in accordance with IFRS / CPCs. The new standard establishes a five-step model for the recognition of revenue from contracts with customers. In accordance with IFRS 15 / CPC 47 the revenue must be recognized by an amount that reflects the counterparty to which the Company expects to be entitled in exchange for the transfer of goods or services to a customer.

Management assessed the five steps of the new revenue recognition model, by type of revenue, and identified that the car rental agreements may have additional services, such GPS, child safety seat, etc. Revenue is recognized on a pro rata basis over the period used by the customers and the additional services are recognized when the vehicle is returned. Management is assessing whether the services promised in the agreements shall be considered separately, that is, if these are different performance obligations in the context of the agreement.

2.31.3. IFRS 16 / CPC 06 (R2) - Leases

IFRS 16 / CPC 06 (R2) is aimed at unifying the lease accounting model, requiring the lessees to recognize all lease agreements as assets or liabilities, unless they present the following characteristics that are within the scope of the standard exemption:

i. Leases with a lease term of 12 months or less; and
ii. Leases where the underlying asset has a low value or are based on variable amounts.

The standard is effective beginning on January 1, 2019, with retrospective effect.

The standard will impact the recognition of Movida's outstanding operating leases, as mentioned in note 17.2 related to operating lease commitments.

However, Movida has not determined the extent at which these commitments will result in the recognition of an asset and a liability for future lease payments, as well as the impact on its statement of income and on the classification of cash flows. We must also highlight that some of the existing commitments may fall into the standard exemptions - short-term and low value. Moreover, some commitments may be related to agreements that do not qualify as leases in accordance with IFRS 16/CPC 06 (R2).

There are no other IFRS standards or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are not yet effective that could have a significant impact on the Company's financial statements.

2.31.4. Other amendments

In addition, the following new standards, amendments to and interpretations of standards were issued by the IASB, however Management does not expect significant impacts on the Company's consolidated financial statements and/or financial information on their first-time application:

- Annual improvements to the IFRS 2014 - 2016 Cycle - Amendments to IFRS 1 and 28;
- Amendments to CPC 10 (IFRS 2) Share-based payment transactions, regarding the classification and measurement of certain share-based payment transactions.
- Amendments to CP 36 Consolidated Financial Statements (IFRS 10) and CPC 18 - Investments in Associates and Joint Ventures (IAS 28) regarding the sales or contributions of assets between an investor and its associate or joint venture;
- ICPC 21 / IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Uncertainty over Income Tax Treatments

The Company intends to adopt such standards when they become effective, disclosing and recognizing the impacts on the financial statements and/or interim financial information that may rise on the application of such standards.

There are no other IFRS/CPC standards or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are not yet effective that could have a significant impact on Movida's financial statements.

3. OPERATING SEGMENTS

Operating segments are defined as components that develop business activities: (i) from which can earn revenues and incur expenses; (ii) whose operating results are regularly reviewed by the chief operating officer responsible for deciding on resources to be allocated to the segment and for evaluating its performance; and (iii) to which individual financial information is available.

Movida's Management defined operating segments based on reports used for strategic decision-making by the Company's Management and Board of Directors.

For management purposes, Movida is divided into two operating segments subject to disclosure of information:

- **Rent a car:** division responsible for car rental in stores located inside and outside airports. Rentals are contracted by individuals and companies, there are also rentals to insurance companies that offer hire cars to their customers in case of claims.

  As part of the fleet renewal program, Movida retires the cars and sells them after a period of use from 12 to 15 months, and a significant part is sold to final customers through used car stores.

- **Fleet Management and Outsourcing (GTF):** division responsible for the management of fleets for companies for long periods, generally 24 to 36 months. Cars are purchased after signing the agreements according to each customer's need, and at the end of these agreements cars are retired and sold to car dealers.

Financial information by operating segment

The statement of income and assets and liabilities consolidated by operating segment are as follows:

	Rent a Car		GTF		Eliminations		Consolidated	
	12/31/2017	**12/31/2016 (Reclassified note 2.30)**	**12/31/2017**	**12/31/2016 (Reclassified note 2.30)**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016 (Reclassified note 2.30)**
Net revenue from services rendered and sale of assets used in services rendered	**2,229,450**	**1,507,907**	**314,678**	**357,257**	**(76,145)**	**(34,551)**	**2,467,983**	**1,830,613**
Cost of services rendered	(389,921)	(320,459)	(132,881)	(126,960)	76,145	34,551	(446,657)	(412,868)
Cost of sale of assets used in services rendered	(1,271,837)	(819,179)	(104,619)	(154,301)	-	-	(1,376,456)	(973,480)
Gross profit	**567,692**	**368,269**	**77,178**	**75,996**	**-**	**-**	**644,870**	**444,265**
Administrative and selling expenses	(310,367)	(194,703)	(8,514)	(10,838)	-	-	(318,881)	(205,541)
Other operating income (expenses), net	(77,452)	(46,717)	3,571	(725)	-	-	(73,881)	(47,442)
Profit before finance income and costs (EBIT)	**179,873**	**126,849**	**72,235**	**64,433**	**-**	**-**	**252,108**	**191,282**
Net financial result							(161,795)	(141,922)
Profit before income tax and social contribution							**90,313**	**49,360**
Income tax and social contribution							(24,570)	(17,200)
Profit for the year from continuing operations							**65,743**	**32,160**
Discontinued operations							723	7,537
Profit for the year							**66,466**	**39,697**

Assets and liabilities by operating segment	*Rent a Car*		GTF		Eliminations (i)		Consolidated	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Assets	3,463,636	2,511,540	980,700	838,493	(437,866)	(560,320)	4,006,470	2,789,713
Liabilities	1,604,441	1,673,994	612,914	524,255	504,275	(130,300)	2,721,630	2,067,948

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments used by Movida are restricted to cash and cash equivalents, marketable securities, trade receivables, borrowings and financing for working capital and investments, finance leases, debentures, trade payables, other receivables, other accounts payable and receivables and payables with related parties negotiated under normal market conditions and recognized in the financial information. These instruments are managed based on operating strategies aiming at liquidity, profitability and risk minimization.

4.1. Financial instruments by category

The breakdown by category of the carrying amount and fair value of Movida's financial instruments, presented in the consolidated financial statements, is shown below:

						Consolidated
			12/31/2017			12/31/2016
Assets, as per the balance sheet	**Fair value through profit or loss**	**Loans and receivables**	**Total**	**Fair value through profit or loss**	**Loans and receivables**	**Total**
Cash and cash equivalents	260,461	150,920	411,381	19,296	34,280	53,576
Marketable securities	372,228	-	372,228	69,935	-	69,935
Trade receivables	-	160,449	160,449	-	215,516	215,516
Other receivables	-	914	914	-	12,708	12,708
	632,689	**312,283**	**944,972**	**89,231**	**262,504**	**351,735**

Liabilities, as per the balance sheet	**Other financial liabilities**	**Total**	**Other financial liabilities**	**Total**
Borrowings and financing	848,234	848,234	184,404	184,404
Debentures	719,959	719,959	309,281	309,281
Suppliers financing – car makers	228,769	228,769	433,100	433,100
Finance leases payable	64,078	64,078	113,401	113,401
Trade payables	690,159	690,159	848,919	848,919
Other accounts payable	17,355	17,355	15,864	15,864
	2,568,554	**2,568,554**	**1,904,969**	**1,904,969**

4.2. Fair value of financial assets and liabilities

A comparison by category of the carrying amount and fair value of Movida's financial instruments, presented in the consolidated financial statements, is shown below:

				Consolidated
	12/31/2017			12/31/2016
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	411,381	411,381	53,576	53,576
Marketable securities	372,228	372,228	69,935	69,935
Trade receivables	160,449	160,449	215,516	215,516
Other receivables	914	914	10,861	10,861
Total	**944,972**	**944,972**	**349,888**	**349,888**
Financial liabilities				
Borrowings and financing	848,234	848,214	184,404	181,619
Finance leases payable	64,078	64,078	113,401	113,364
Debentures	719,959	726,036	309,281	309,281
Suppliers financing – car makers	228,769	228,769	433,100	433,100
Trade payables	690,159	690,164	848,919	848,919
Other accounts payable	17,355	17,355	15,864	15,864
Total	**2,568,554**	**2,574,616**	**1,904,969**	**1,902,147**

The fair values of cash and cash equivalents and marketable securities approximate the amortized cost used to record the cash and cash equivalents, marketable securities and derivatives, and were determined based on quotations in active markets for similar transactions, classified into the levels of the fair value hierarchy as follows:

Level1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities. This category includes investments in Brazilian foreign debt securities, Financial Treasury Bills (“LFT”), National Treasury Bills (“LTN”), Bank Deposit Certificates (“CDB”), Financial Bills, Repo Operations, Units of Funds and other securities;

Level 2 - Quoted prices in active markets for similar instruments, observable prices for identical or similar instruments in non-active markets and valuation models for unobservable inputs. At this level are classified the derivatives.

Level 3 - Instruments with unobservable significant inputs. The Company has no instruments classified in this category.

The table below presents the general classification of financial instruments assets and liabilities, according to the fair value hierarchy.

	Consolidated					
	12/31/2017			12/31/2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets at fair value through profit or loss						
Cash and cash equivalents						
CDB (Bank Deposit Certificate)	-	190,105	190,105	-	9,688	9,688
Repo operations	-	70,356	70,356	-	9,608	9,608
Marketable securities						
Financial Treasury Bills ("LFT")	128,963	-	128,963	47,347	-	47,347
National Treasury Bills ("LTN")	243,265	-	243,265	22,588	-	22,588
	372,228	**260,461**	**632,689**	**69,935**	**19,296**	**89,231**

The fair value of the debt was calculated based on the current price of each debt instrument of Movida so that its replacement would enable to have the same characteristics of cash flows and remaining periods of the original transaction. Specifically for *Finame* agreements at fixed rates, the realizable values of the agreements were determined based on the marking-to-market of these agreements.

The curve used in the fair value measurement of agreements indexed to CDI at December 31, 2017 is as follows:

Interest curve - Brazil							
Vertex	1st MONTH	6th MONTH	1st YEAR	2nd YEAR	3rd YEAR	5th YEAR	10th YEAR
Rate (p.a.) - %	6.90	6.66	6.86	8.03	9.03	9.97	10.76

Source: B3 on 12/31/2017

4.3. Financial risk management

Movida has borrowings, financings, debentures, leases, suppliers financing, trade payables, other receivables, trade receivables, and demand and short-term deposits that result directly from its operations. Thus, Movida is exposed to (i) market risk, (ii) credit risk and (iii) liquidity risk.

Movida's management monitors these risks and is supported by a Financial Committee in the assessment and management of the financial risks, and recommends to the Board of Directors that the activities that result in these risks be governed by appropriate practices and procedures.

Movida does not have derivative instruments or any other assets of speculative risk. Movida's Financial Committee performs an ongoing monitoring of the financial transactions to avoid entering into derivative instruments other than those used for hedging known risks.

The Board of Directors is responsible for authorizing the transactions involving any type of derivative instrument, that is, any agreements that generate financial assets and liabilities to their parties, regardless of the market in which they are traded or registered, or the manner of realization.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates due to changes in market prices. Market prices involve three types of risks: interest rate risk, exchange rate risk and price risk, which can be of commodities, shares, and others. The market risk is managed to ensure that Movida keeps risk levels considered acceptable in the context of its operations. In the current context of its operations, Movida is exposed only to interest rate risk, mainly related to financial investments, marketable securities, borrowings and financing, finance leases payable, suppliers financing and debentures.

- **Interest rate risk**

  Movida uses the resources generated by operating activities to manage its operations and ensure the renewal of its fleet and its growth. To complement the cash needed for growth, Movida obtains borrowings, financing, leases and suppliers financing from the country's major financial institutions and issuance debt

securities (debentures and promissory notes), which are mainly indexed to the variation of the CDI. The inherent risk arises from the possibility of significant increases in CDI rate.

Movida performed a sensitivity analysis for adverse scenarios, presented in item 4.4.

(ii) Credit risk

Credit risk is the risk of a counterparty of a business not fulfilling an obligation set out in a financial instrument or agreement, which would cause financial loss. Movida is exposed to credit risk in its operating (mainly regarding receivables) and investing activities, including deposits with banks and financial institutions, and other financial instruments.

- **Cash and cash equivalents and marketable securities**

  The credit risk associated with funds held in banks and other financial institutions is managed by Movida's treasury area in accordance with the policy approved by the Board of Directors. Surpluses are deposited only in approved institutions and in compliance with the limits set for each, in order to minimize risk concentration and therefore mitigate potential financial losses in the event of any such institution going bankrupt.

- **Trade receivables**

  Movida reviews its customer-related credit risk on a monthly basis in accordance with the procedures, controls and policies established to address risks of this nature. Outstanding trade receivables are monitored very closely by the Company's Management. Every month the Company reviews the need to set up a provision for the impairment of trade receivables on an individual basis for its key customers. In addition, the Company pools several similar low-value accounts receivable for the purpose of estimating the loss collectively. This calculation is based on historical data.

  The credit analysis area assessed the credit quality of customers taking into consideration their financial position, past experience and other factors. Individual limits and risks are determined based on internal or external ratings in accordance with limits set by Management.

  The credit risk concentration is limited because Movida has a diversified client base. All significant transactions and clients are located in Brazil, and there is no client that individually accounts for more than 10% of Movida’s revenues.

(iii) Liquidity risk

Liquidity risk is the risk of shortage of funds to settle the obligations. Liquidity risk management is carried out with the purpose of ensuring that Movida has sufficient resources to settle its financial liabilities on the maturity dates.

Movida's purpose is to achieve a balance between funding continuity and flexibility through the use of bank loans, debentures, finance leases payable and operating lease. The average term of indebtedness is managed to secure short-term liquidity, analyzing payment schedules, charges and cash flows.

Presented below are the contractual maturities of financial liabilities, including the interest payment and excluding the impact of the trading of currencies by the net position.

Financial liabilities	Annual average cost - %	Carrying amount	Contractual cash flow	Up to 1 year	From 1 to 2 years	From 3 to 5 years
Trade payables	-	690,159	690,159	690,159	-	-
Borrowings and financing	8.4%	848,234	944,239	243,116	428,452	272,671
Suppliers financing – car makers	14.0%	228,769	228,769	228,769	-	-
Debentures	9.0%	719,959	865,116	363,152	110,984	390,980
Finance leases payable	10.8%	64,078	67,117	59,490	3,428	4,199
Other accounts payable	-	17,355	17,355	17,355	-	-
Total		**2,568,554**	**2,812,755**	**1,602,041**	**542,864**	**667,850**

4.4. Interest rate sensitivity

The following sensitivity analysis of financial instruments was prepared in accordance with CVM Instruction 475/2008, to show the gains and losses on the main financial assets and liabilities, considering a probable interest rate scenario (Scenario I), with increase in interest rate of 25% (Scenario II) and 50% (Scenario III).

This study estimated a probable scenario of the CDI rate of 6.86% p.a., based on the future interest rate curve drawn on B3 ("*Brasil, Bolsa e Balcão"*), the average rate at December 31, 2017 is 10.76% p.a., proportionally impacting debts and financial investments. Regarding TJLP, the scenario considered probable at December 31, 2017 is 7% p.a., according to BNDES – "*Banco Nacional de Desenvolvimento"*.

Operation	Exposure	Risk	Potential gain / (loss)	Probable rate	Probable scenario - CDI/TJLP	Scenario I + 25% deterioration - CDI/TJLP	Scenario I + 50% deterioration - CDI/TJLP
Financial investments	R$ 402,977	101% of CDI	Gain	6.86%	27,644	34,555	41,466
Marketable securities	R$ 372,228	102% of SELIC	Gain	7.00%	26,056	32,570	39,084
		Total financial investments			**53,700**	**67,125**	**80,550**
Borrowings and financing	R$ 707,523	Average 119% of CDI	(Loss)	6.86%	(48,536)	(60,670)	(72,804)
Debentures	R$ 719,959	CDI + 2.3%	(Loss)	6.86%	(49,389)	(61,736)	(74,084)
		Total CDI			**(97,925)**	**(122,406)**	**(146,888)**
Borrowings and financing	R$ 1,019	TJLP + 2.17%	(Loss)	7.00%	(71)	(89)	(107)
		Total TJLP			**(71)**	**(89)**	**(107)**
Total impact					**(44,296)**	**(55,370)**	**(66,445)**

The objective of this sensitivity analysis is to measure the impact of changes in market variables on the Movida's financial instruments, assuming that all other market indicators remain constant, showing the possible impacts on Movida's statement of income. Such amounts may differ from those upon their settlement.

5. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Cash	1	1	440	161
Banks	-	888	7,821	29,308
Total cash and banks	**1**	**889**	**8,261**	**29,469**
CDB (Bank Deposit Certificate))	26,176	-	190,105	9,688
Repo operations	11,497	-	70,356	9,608
Financial Bills	8,274	-	84,392	-
Units of Funds	20,696	-	58,267	-
Others	-	-	-	4,811
Total financial investments	**66,643**	**-**	**403,120**	**24,107**
Total cash and cash equivalents	**66,644**	**889**	**411,381**	**53,576**

Cash and cash equivalents include cash, bank deposits and highly-liquid financial investments. Cash equivalents are held to meet short-term commitments and not for investment or other purposes.

For the year ended December 31, 2017, the average income of investments was 102.2% p.a. of the CDI rate, equivalent to a monthly average of 0.8% (100.1% for the year ended December 31, 2016, equivalent to a monthly average of 1.12%).

6. MARKETABLE SECURITIES

	Parent company		Consolidated	
Operations	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Exclusive funds				
Financial Treasury Bills ("LFT")	79,768	-	128,963	47,347
National Treasury Bills ("LTN")	90,012	-	243,265	22,588
	169,780	**-**	**372,228**	**69,935**

Exclusive investment funds in marketable securities are managed by exclusive funds of first tier financial institutions with low credit risk; their average income disclosed below is net of management fees and commission.

The average income of investments in marketable securities is defined at fixed and floating rates operating LTN, based on the variation of the daily SELIC rate. For the year ended December 31, 2017, the average income was 102.2% p.a. of the CDI rate, equivalent to a monthly average of 0.93% (100.1% for the year ended December 31, 2016, equivalent to a monthly average of 0.80%).

7. TRADE RECEIVABLES

	Consolidated	
	12/31/2017	**12/31/2016**
Trade receivables	214,915	249,967
Unbilled revenues from rental	14,257	14,183
(-) Estimated losses on doubtful accounts (i)	(68,723)	(48,634)
Total	**160,449**	**215,516**
In current assets	157,921	215,516
In non-current assets	2,528	-
	160,449	**215,516**

(i) The provision for impairment of trade receivables is recognized based on Management's best estimate for receivables that may not be realized. During the year ended December 31, 2017, Movida implemented various improvements in its receivables collection processes of account receivables, and as a result, it has managed to achieve a higher rate of recovery of overdue receivables that had been provided for as losses. Accordingly, the Company reviewed the provision, considering the new scenario.

The movements in the provision are as follows:

	Consolidated
Balance at December 31, 2015	**(18,578)**
(-) Additions	(38,197)
(+) Reversals	8,141
Balance at December 31, 2016	**(48,634)**
(-) Additions	(70,151)
(+) Reversals	42,823
(+) Write-offs	7,239
Balance at December 31, 2017	**(68,723)**

7.1. Aging list

	Consolidated	
	12/31/2017	12/31/2016
Falling due	**129,165**	**162,219**
Overdue for up to 30 days	5,859	23,792
Overdue from 31 to 90 days	13,244	26,584
Overdue from 91 to 180 days	14,051	12,824
Overdue from 181 to 365 days	26,905	14,195
Overdue for more than 365 days	39,948	24,536
Total Overdue	**100,007**	**101,931**
(-) Estimated losses on doubtful accounts	(68,723)	(48,634)
Total	**160,449**	**215,516**

8. TAXES RECOVERABLE

	Parent company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Corporate Income Tax (IRPJ) and Social Contribution on Profit (CSLL) to offset (i)	6,867	1,405	21,990	12,379
Social Integration Program ("PIS") / Social Contribution on Revenue ("COFINS") to offset (ii)	-	-	11,944	450
Social Security Tax ("INSS") to offset (iii)	-	-	2,183	-
Services Tax ("ISS") to offset	-	-	62	62
Total	**6,867**	**1,405**	**36,179**	**12,891**

(i) Corporate income tax - IRPJ and Social contribution on profit - CSLL to offset from withholdings and prepayments made during 2017 and balances of prepayments from prior years.

(ii) PIS and COFINS credits at December 31, 2017 mainly refers to the recognition of extemporaneous credits of R$ 9,206 in the second quarter of 2017, as disclosed in note 25.

(iii) INSS - Social Security Tax to offset mainly refers to the recognition of extemporaneous credits of R$ 2,309 in the second quarter of 2017, as disclosed in note 25.

9. ASSETS AVAILABLE-FOR-SALE (FLEET RENEWAL)

As a result of the fleet renewal process, vehicles of Movida were made available-for-sale, totaling R$ 170,849 at December 31, 2017 (R$ 191,068 at December 31, 2016).

This account includes vehicles that were recorded as property and equipment and that, as a result of their replacement, are available for immediate sale.

The amounts are presented at the lower of the residual book value, which is the result of the cost of acquisition less accumulated depreciation until the date in which the assets were made available-for-sale, and their fair value less estimated costs to sell them. These assets are available for immediate sale in their present condition and are thus very likely to be sold in one year or less.

Depending on the demand, as during seasonal upturn, the vehicles can be used again in operations. When this occurs, they are transferred again to property and equipment and depreciation is recognized during this period.

The changes for the years ended December 31, 2017 and 2016, as follows:

	Consolidated		
	Cost or valuation	**Accumulated depreciation**	**Net value:**
At December 31, 2015	**98,580**	**(9,026)**	**89,554**
Assets derecognized on sale (i)	(1,066,089)	89,485	(976,604)
Assets transferred from property and equipment	1,180,734	(102,616)	1,078,118
At December 31, 2016	**213,225**	**(22,157)**	**191,068**
Assets derecognized on sale (i)	(1,446,813)	59,502	(1,387,311)
Assets transferred from property and equipment	1,412,074	(44,982)	1,367,092
At December 31, 2017	**178,486**	**(7,637)**	**170,849**

(i) The amounts of assets derecognized on sale reflect the total cost of sales of assets used in services rendered, including the discontinued operations, as described in note 28.

10. INVESTMENTS

The interests in investees were accounted for under the equity method of accounting, based on the financial information on the investees for the year ended December 31, 2017, as follows:

				Parent company	
Investments	**Equity at 12/31/2017**	**Interest %**	**Equity in the results of investees**	**12/31/2017**	**12/31/2016**
Movida GTF	352,494	99.99	47,767	352,494	314,238
Movida Locação (i)	1,846,954	64.84	28,873	1,197,673	451,691
Movida Premium (ii)	15,291	99.99	485	15,291	-
Goodwill (iii)	-	-	-	6,219	1,395
Total			**77,125**	**1,571,677**	**767,324**

(i) The residual interest of 35.16% is indirectly controlled by Movida through Movida GTF.

(ii) On October 11, 2017, Movida completed the acquisition of BVHD, as described in note 1.1.

(iii) Goodwill arising on business acquisition is classified as investment in the parent company, in accordance with CPC 18 (R2) – Investment in Associates and Joint Ventures.

10.1. Changes in investments

	Movida GTF	**Movida Locação**	**Movida Premium**	**Goodwill and asset appreciation**	**Total**
Balance at December 31, 2015	**384,310**	**426,867**	**-**	**1,395**	**812,572**
Equity in the results of investees	11,764	27,997	-	-	**39,761**
Dividends and interest on capital	(51,911)	(3,173)	-	-	**(55,084)**
Partial spin-off	(29,925)	-	-	-	**(29,925)**
Balance at December 31, 2016	**314,238**	**451,691**	**-**	**1,395**	**767,324**
Acquisition of investments	-	-	886	4,824	**5,710**
Equity in the results of investees	47,767	28,873	485	-	**77,125**
Capital increase	7,800	723,431	13,920	-	**745,151**
Dividends and interest on capital	(17,000)	(7,938)	-	-	**(24,938)**
Other comprehensive income	(311)	311	-	-	**-**
Others	-	1,305	-	-	**1,305**
Balance in December 2017	**352,494**	**1,197,673**	**15,291**	**6,219**	**1,571,677**

Details on dividends and interest on capital are provided in the table below:

	Movida GTF	**Movida Locação**	**Total**
Interest on capital receivable	17,000	-	17,000
Dividends receivable	-	7,938	7,938
Total dividends receivable	**17,000**	**7,938**	**24,938**
Withholding income tax on interest on capital	(2,550)	-	(2,550)
Total dividends and interest on capital receivable	**14,450**	**7,938**	**22,388**

10.2. Balances of assets and liabilities and results of investees and subsidiaries

The interests in assets, liabilities, income and expenses of subsidiaries for the year ended December 31, 2017 and 2016, are as follows:

	12/31/2017			12/31/2016	
	Movida Locação de Veículos S.A.	**Movida Gestão e Terceirização de Frotas S.A.**	**Movida Locação de Veículos Premium Ltda.**	**Movida Locação de Veículos S.A.**	**Movida Gestão e Terceirização de Frotas S.A.**
Current assets	864,454	105,369	1,344	546,037	154,558
Non-current assets	2,595,363	833,853	16,674	1,965,504	683,936
Current liabilities	1,204,604	391,263	2,661	1,471,153	156,349
Non-current liabilities	408,259	195,466	65	202,841	367,907
Equity	**1,846,954**	**352,493**	**15,292**	**837,547**	**314,238**
Revenues	2,229,450	343,059	2,180	1,570,480	405,282
Expenses	(2,177,909)	(295,292)	(1,694)	(1,541,154)	(393,518)
Profit for the year / period	**51,541**	**47,767**	**486**	**29,326**	**11,764**

11. PROPERTY AND EQUIPMENT

The changes for the years ended December 31, 2017 and 2016 are shown below:

	Consolidated								
	Vehicles	Vehicles in progress	Machinery and equipment	Construction in progress	Leasehold improvements	Computers and peripherals	Furniture and fixtures	Others	Total
Acquisition cost									
At December 31, 2015	**1,718,253**	**-**	**959**	**26,853**	**12,046**	**4,622**	**4,660**	**3,335**	**1,770,728**
Additions	1,709,802	-	1,268	22,350	163	2,075	1,945	227	1,737,830
Discontinued operations	(144,225)	-	-	-	-	-	-	-	(144,225)
Transfers	-	-	-	(30,751)	30,751	-	-	-	-
Transfers to available-for-sale assets	(1,180,734)	-	-	-	-	-	-	-	(1,180,734)
Write-off of assets and others (i)	92,759	-	(31)	(165)	-	-	-	-	92,563
At December 31, 2016	**2,195,855**	**-**	**2,196**	**18,287**	**42,960**	**6,697**	**6,605**	**3,562**	**2,276,162**
Additions due to business combinations	22,780	-	-	-	-	-	-	-	22,780
Additions	2,074,598	67,912	1,040	3,632	-	1,385	997	2,466	2,152,030
Transfers to available-for-sale assets	(1,412,120)	-	46	-	-	-	-	-	(1,412,074)
Discontinued operations	5,345	-	-	-	-	-	-	-	5,345
Transfers	-	-	-	(20,329)	20,329	-	-	-	-
Write-off of assets and others (i)	(139,157)	-	-	-	(229)	-	-	-	(139,386)
At December 31, 2017	**2,747,301**	**67,912**	**3,282**	**1,590**	**63,060**	**8,082**	**7,602**	**6,028**	**2,904,857**
Accumulated depreciation:									
At December 31, 2015	**(113,809)**	**-**	**(100)**	**-**	**(2,231)**	**(1,208)**	**(487)**	**(697)**	**(118,532)**
Depreciation expense	(68,705)	-	(162)	-	(6,015)	(1,206)	(564)	(749)	(77,401)
Discontinued operations	20,317	-	-	-	-	-	-	-	20,317
Transfers to available-for-sale assets	102,616	-	-	-	-	-	-	-	102,616
Write-off of assets and others (i)	(366)	-	94	-	-	-	-	-	(272)
At December 31, 2016	**(59,947)**	**-**	**(168)**	**-**	**(8,246)**	**(2,414)**	**(1,051)**	**(1,446)**	**(73,272)**
Additions due to business combinations	(5,544)	-	-	-	-	-	-	-	(5,544)
Depreciation expense	(57,062)	-	(288)	-	(14,762)	(1,472)	(710)	-	(74,294)
Transfers to available-for-sale assets	45,028	-	(46)	-	-	-	-	-	44,982
Discontinued operations	(759)	-	-	-	-	-	-	-	(759)
Write-off of assets and others (i)	3,426	-	-	-	228	-	-	-	3,656
At December 31, 2017	**(74,857)**	**-**	**(502)**	**-**	**(22,780)**	**(3,886)**	**(1,761)**	**(1,446)**	**(105,232)**
Balance at December 31, 2016	2,135,908	-	2,028	18,287	34,714	4,283	5,554	2,116	2,202,890
Balance at December 31, 2017	2,672,444	67,912	2,780	1,590	40,280	4,196	5,841	4,582	2,799,625
Average annual depreciation rates in 2017 (%)	-	-	10	-	27.4	20	10	10	
Light - GTF	8.0	-	-	-	-	-	-	-	
Light - Rent a Car	1.5	-	-	-	-	-	-	-	

(i) From the write-offs of assets and others, R$ 134,949 refers to damaged and casualty vehicles.

Movida reviews annually the estimated market values at the end of the economic useful lives of its property and equipment items and reviews annually the estimated economic useful lives used to calculate the respective depreciation and amortization rates. In 2017, there was no change in the depreciation rate, maintaining the same rate of 2016.

Part of the vehicles in the Company's property and equipment were pledged as collateral to borrowings and financing (note 15.2).

11.1. Finance leases of property and equipment items

Part of the vehicles are acquired by Movida under finance leases agreements, included in property and equipment as follows:

	Consolidated	
	12/31/2017	**12/31/2016**
Cost - capitalized finance leases	100,579	146,876
Accumulated depreciation	(10,689)	(12,113)
Net balance	**89,890**	**134,763**

12. INTANGIBLE ASSETS

12.1. The changes for the years ended December 31, 2017 and 2016 are shown below:

	Parent company		Consolidated					
	Trademarks	**Total**	**Goodwill (i)**	**Software**	**Trademarks**	**Point-of-sales (ii)**	**Customer contracts**	**Total**
Acquisition cost								
At December 31, 2015	**1,117**	**1,117**	**8,745**	**1,888**	**1,137**	**1,820**	**-**	**13,590**
Additions	-	**-**	-	2,639	16	1,298	-	**3,953**
At December 31, 2016	**1,117**	**1,117**	**8,745**	**4,527**	**1,153**	**3,118**	**-**	**17,543**
Additions	-	**-**	-	3,939	-	1,280	-	**5,219**
Additions due to business combinations	-	**-**	2,654	-	7	-	505	**3,166**
Write-offs	-	**-**	-	(519)	(7)	-	-	**(526)**
At December 31, 2017	**1,117**	**1,117**	**11,399**	**7,947**	**1,153**	**4,398**	**505**	**25,402**
Accumulated amortization:								
At December 31, 2015	**-**	**-**	**-**	**(777)**	**-**	**-**	**-**	**(777)**
Amortization expenses for the year	-	-	-	(438)	(6)	-	-	**(444)**
At December 31, 2016	**-**	**-**	**-**	**(1,215)**	**(6)**	**-**	**-**	**(1,221)**
Amortization expenses for the year	-	-	-	(418)	(7)	(20)	-	**(445)**
At December 31, 2017	**-**	**-**	**-**	**(1,633)**	**(13)**	**(20)**	**-**	**(1,666)**
Net value:								
Balance at December 31, 2016	**1,117**	**1,117**	**8,745**	**3,312**	**1,147**	**3,118**	**-**	**16,322**
Balance at December 31, 2017	**1,117**	**1,117**	**11,399**	**6,314**	**1,140**	**4,378**	**505**	**23,736**
Average annual amortization rates in 2017 (%)	-		-	20	20	20	-	

(i) Goodwill arising from the acquisition of Rent a Car business held by companies Movida RAC and Apta Veículos e Representações Comerciais Ltda. acquired on November 30, 2013 and Movida Locação de Veículos Premium Ltda. acquired on October 10, 2017.

(ii) Refer to the acquisition of points-of-sales used as car rental stores, of which some agreements with indefinite useful lives.

12.2. Impairment of intangible assets with indefinite useful lives

Assets with indefinite useful lives are tested for impairment annually or whenever there are indications that some of the cash-generating units ("CGUs") might be impaired. For the year ended December 31, 2017, Management concluded that there are no indications of impairment of its CGUs.

The growth rate does not exceed the average long-term growth rate of the sectors where each CGU operates.

The main assumptions used to calculate the value-in-use (cash flows for the five-year period) at December 31, 2017 are presented below:

Cash generating units	Movida RAC	Movida GTF
Discount rate (WACC)	11.23%	11.23%
Growth rate	4.01%	4.01%

- Cash flows projections prepared by Management, which comprise a 5 year period, from January 2018 to December 2022;
- All projections were made on a nominal basis, that is, considering the effect of inflation;
- The residual value after December 2022 was calculated based on the cash flows perpetuity, considering the assumption of continuity of rental operations for an indefinite period (perpetuity) assuming an actual growth of 4.0% p.a.;
- The cash flows were discounted considering the mid period convention, assuming that the cash flows are generated throughout the year.

The last impairment test of the intangible assets was conducted for the year ended December 31, 2017.

13. TRADE PAYABLES

	Parent company		Consolidated	
Description	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Car makers	-	-	684,748	799,241
Other suppliers	55	-	31,314	49,678
Total	**55**	**-**	**716,062**	**848,919**

14. SUPPLIERS FINANCING - CAR MAKERS

				Consolidated					
					Changes				
In local currency (CVM Instruction 01/2016)	Annual average rate (%)	Basis	Maturity	12/31/2017 Current	New borrowings	Amortization	Interest paid	Interest accrued	12/31/2016 Current
Suppliers financing - Car makers	13.91%	3 months	2018	228,769	1,086,987	(1,323,922)	(41,093)	73,697	433,100
Total				**228,769**	**1,086,987**	**(1,323,922)**	**(41,093)**	**73,697**	**433,100**

The Company entered into "suppliers financing" agreements with financial institutions to manage its payables to car makers related to purchase of vehicles. Through this operation, suppliers transfer the right to receive payment of bills for vehicles sales to the financial institutions.

The agreements entered into with the financial institutions are not guaranteed by the assets (vehicles) linked to the secured obligations.

15. BORROWINGS AND FINANCING

										Parent company		
				12/31/2017			Changes			12/31/2016		
Type	Annual average rate (%)	Average rate structure	Maturity	Current	Non-current	Total	New borrowings	Interest paid	Interest accrued	Current	Non-current	Total
In local currency												
Promissory notes (iv)	8.0	116% of CDI	December 2019	893	130,737	131,630	131,000	(557)	1,187	-	-	-
				893	**130,737**	**131,630**	**131,000**	**(557)**	**1,187**	**-**	**-**	**-**

												Consolidated		
				12/31/2017								12/31/2016		
Type	Annual average rate (%)	Average rate structure	Maturity	Current	Non-current	Total	New borrowings	New borrowings due to business combinations	Amortization	Interest paid	Interest accrued	Current	Non-current	Total
In local currency														
Finame (i)	8.82	Fixed rate - TJLP	December 2024	893	2,764	3,657	-	-	(6,676)	(427)	482	2,409	7,869	10,278
CCB / Working capital (ii)	8.93	125.3% CDI / CDI + 2.17%	November 2020	8,833	257,448	266,281	186,243	10,161	(103,295)	(35,019)	35,309	8,460	164,422	172,882
Consortium (iii)	7.67	Fixed rate	November 2018	957	-	957	431,000	41	(564)	(9)	245	690	554	1,244
Promissory notes (iv)	7.90	114.6% of CDI	December 2019	159,852	280,599	440,451	-	-	(1,903)	-	11,354	-	-	-
FNE (v)	8.62	Fixed rate	June 2021	45,241	91,647	136,888	136,762	-	-	-	126	-	-	-
				215,776	**632,458**	**848,234**	**754,005**	**10,202**	**(112,438)**	**(35,455)**	**47,516**	**11,559**	**172,845**	**184,404**

(i) ***Finame*** are financing for investments in vehicles used in operations. Part of the agreements are subject to floating rates corresponding to the Long-term Interest Rate ("TJLP"), and part are subject to fixed interest rates. These agreements are collateralized by the financed assets and do not have any covenants.

(ii) **Bank credit bills ("CCB")** are divided into four agreements:

a) three agreements have an outstanding balance of R$ 157,200 at December 31, 2017, maturity in November 2020 and are subject to average 125.3% p.a. of the Interbank Deposit Certificate (CDI). One of the aforementioned agreement includes the funding of R$100,000 acquired in March 2017 for the extension of the third-party capital structure.

b) The fourth agreement, with an outstanding balance of R$107,921 at December 31, 2017 and maturity in November 2020, is subject to interest based on the CDI variation plus spread of 2.17% p.a. This CCB agreement has covenants for the maintenance of certain financial ratios linked to the percentage of debt and finance costs in relation to earnings before interest, taxes, depreciation and amortization. These commitments are based on the performance of the parent company JSL S.A., which is also the guarantor of the operations. These commitments described in the agreement had been met at December 31, 2017.

(iii) **Consortium** are commitments assumed through consortium quotas associated with purchase of vehicles. Movida assumes the obligation to pay the total asset value at the moment the quota is contemplated. The consortium is subject to an average rate of 7.67% p.a. This transaction is not subject to covenants.

(iv) **Promissory notes ("NPs")** refer to commercial notes of promise to pay signed by Movida GTF, Movida RAC and Movida Participações to the subscriber, as follows:

a) Movida GTF and RAC
In June and September 2017, two issuance of promissory notes of 30 units each, at the unit value of R$ 5,000 each, were carried out, totaling R$ 300,000 traded on the open market. The promissory notes are subject to 114% of the CDI rate.

b) Movida Participações
In October 2017, the parent company issued 131 promissory notes of single series at the unit value of R$1,000 each, totaling R$ 131,000, with maturity in November 2019. The promissory notes are subject to 116% of the CDI rate.

The issuance of promissory notes of Movida GTF and Movida Participações have covenants for the maintenance of certain financial ratios linked to the percentage of debt and finance costs in relation to Earnings before interest, taxes, depreciation and amortization (EBITDA). All commitments described in the promissory notes had been met at December 31, 2017.

(v) **FNE** are financing to extend the third-party capital structure. This transaction does not have clauses of compliance with financial ratios and other restrictions.

All the commitments described in the agreements were being met at December 31, 2017, including the maintenance of the financial ration, as shown below:

Performance ratios of the parent company JSL S.A.

Covenant	Limits	12 months ended 12/31/2017	12 months ended 12/31/2016
Net debt / Adjusted EBITDA	Less than 3.5	1.90	2.26
Adjusted EBITDA / Net finance costs	Greater than 2	4.70	3.71

Net debt: means the total balance of short and long-term borrowings and financing in the name of JSL S.A., including debentures and any other debt securities, after deducting: (a) cash and short-term financial investments, namely investments with daily liquidity maturing within 360 days; and (b) borrowings arranged under the program for financing inventories of new and used vehicles, locally made or imported, and automotive parts, under revolving credit facilities from financial institutions linked to the manufacturers.
Adjusted EBITDA: means income before financial income, tax, depreciation, amortization, impairment of assets and equity accounting, plus selling costs of assets used in the provision of services, calculated over the last 12 months, including the adjusted EBITDA for the last 12 months of companies taken over or purchased by JSL S.A.

Net finance costs: means borrowing costs plus monetary adjustments, less income from financial investments, all relating to the items described in the above definition of "Net debt", calculated on an accrual basis over the last 12 months.

Performance ratios of Movida

Covenant	Limits	12 months ended 12/31/2017
Net debt / EBITDA	Less than 3.5	3.26
EBITDA / Net finance costs	Greater than 1.5	2.53

Net debt: means the total balance of short and long-term borrowings and financing in the name of the Issuer, including the borrowings arranged under the program for financing inventories of new and used vehicles, locally made or imported, and automotive parts, under revolving credit facilities from financial institutions linked to the manufacturers, and the debentures and any other debt securities, the gains or losses on hedge transactions, after deducting the cash and short-term financial investments.
EBITDA: means earnings before financial results, taxes, depreciation, amortization, impairment of assets and equity in investees, calculated over the last 12 months, including the EBITDA for the last 12 months of companies merged and/or acquired by the Issuer; and
Net finance costs: means borrowing costs plus monetary adjustments, less income from financial investments, all relating to the items described in the above definition of "Net debt", calculated on an accrual basis over the last 12 months.

15.1. Amortization schedule is presented below, by year of maturity:

	Maturity of installments	Parent company		Consolidated	
		Total	%	Total	%
Current liabilities	Up to December 2018	893	0.7	215,776	25.5
	2019	130,737	99.3	368,031	43.4
	2020	-	0.0	244,799	28.9
	2021	-	0.0	18,868	2.2
	2022	-	0.0	269	0.0
	2023	-	0.0	266	0.0
	After 2024	-	0.0	225	0.0
Non-current liabilities		130,737	99.3	632,458	74.5
Total		**131,630**	**100.0**	**848,234**	**100.0**

15.2. Guarantees

Borrowings and financing in local currency have the following guarantees:

- *Finame* and consortium: guaranteed by the financed vehicles and equipment;
- CCB: Part is guaranteed by the parent company JSL S.A.
- NPs: Part is guaranteed by Banco BNP Paribas Brasil S.A.

16. DEBENTURES

Parent company

			12/31/2017			Changes			12/31/2016		
Type - In local currency	**Average annual charges (%)**	**Maturity**	**Current**	**Non-current**	**Total**	**New borrowings**	**Interest paid**	**Interest accrued**	**Current**	**Non-current**	**Total**
1st issuance - parent company	CDI + 2.70 / 1.55	07/2022	15,901	398,016	413,917	400,000	(3,248)	17,165	-	-	-
			15,901	**398,016**	**413,917**	**400,000**	**(3,248)**	**17,165**	**-**	**-**	**-**

Consolidated

			12/31/2017			Changes			12/31/2016		
Type - In local currency	**Average annual charges (%)**	**Maturity**	**Current**	**Non-current**	**Total**	**New borrowings**	**Interest paid**	**Interest accrued**	**Current**	**Non-current**	**Total**
1st issuance - Movida GTF	CDI +1.93	09/2018	306,042	-	306,042	-	(38,513)	35,274	10,418	298,863	309,281
1st issuance - parent company	CDI + 2.70 / 1.55	07/2022	15,901	398,016	413,917	400,000	(3,248)	17,165	-	-	-
			321,943	**398,016**	**719,959**	**400,000**	**(41,761)**	**52,439**	**10,418**	**298,863**	**309,281**

The characteristics of the debentures are presented in the table below:

	12/31/2017	
Description	**1st issuance Movida GTF**	**1st issuance Movida Participações**
a. Identification of process by nature		
1st series amount	300,000	150,000
2nd series amount	-	250,000
Total amount of the debt	**300,000**	**400,000**
Issuance	9/29/2015	7/15/2017
Maturity	9/24/2018	7/15/2022
Type	Unsecured	Unsecured
Identification of the asset with B3	JSLO11	MOVI11 / 21
b. Transaction costs incurred	**(114)**	**(111)**
c. Effective interest rate p.a. %		
1st series	CDI + 1.93%	CDI + 1.55 %
1st series		CDI + 2.70%
d. Total amount of the debt	**306,042**	**413,917**

The debentures issued by Movida are subject to clauses of compliance with certain financial indicators. In the event of non-compliance, the debt balance may have its maturity accelerated, the indexes are shown below:

Covenant	Limits	12 months ended 12/31/2017
Net debt / EBITDA	Less than 3.5	3.26
EBITDA / Net finance costs	Greater than 1.5	2.53

Net debt: means the total balance of short and long-term borrowings and financing in the name of the Issuer, including the borrowings arranged under the program for financing inventories of new and used vehicles, locally made or imported, and automotive parts, under revolving credit facilities from financial institutions linked to the manufacturers, and the debentures and any other debt securities, the gains or losses on hedge transactions, after deducting the cash and short-term financial investments.
EBITDA: means earnings before financial results, taxes, depreciation, amortization, impairment of assets and equity in investees, calculated over the last 12 months, including the EBITDA for the last 12 months of companies merged and/or acquired by the Issuer; and
Net finance costs: means borrowing costs plus monetary adjustments, less income from financial investments, all relating to the items described in the above definition of "Net debt", calculated on an accrual basis over the last 12 months.

Specifically for the debentures issued by Movida GTF, the covenants are based on the consolidated performance of the parent company JSL S.A., which is the guarantor of the transactions, as shown below:

Covenant	Limits	12 months ended 12/31/2017	12 months ended 12/31/2016
Net debt / Adjusted EBITDA	Less than 3.5	1.90	2.26
Adjusted EBITDA / Net finance costs	Greater than 2	4.70	3.71

Net debt: means the total balance of short and long-term borrowings and financing in the name of JSL S.A., including debentures and any other debt securities, after deducting: (a) cash and short-term financial investments, namely investments with daily liquidity maturing within 360 days; and (b) borrowings arranged under the program for financing inventories of new and used vehicles, locally made or imported, and automotive parts, under revolving credit facilities from financial institutions linked to the manufacturers.
Adjusted EBITDA: means income before financial income, tax, depreciation, amortization, impairment of assets and equity accounting, plus selling costs of assets used in the provision of services, calculated over the last 12 months, including the adjusted EBITDA for the last 12 months of companies taken over or purchased by JSL S.A.
Net finance costs: means borrowing costs plus monetary adjustments, less income from financial investments, all relating to the items described in the above definition of "Net debt", calculated on an accrual basis over the last 12 months.

16.1. Amortization schedule is presented below, by year of maturity:

	Maturity of installments	Parent company		Consolidated	
		Total	%	Total	%
Current liabilities	Up to December 2018	15,901	3.9	321,943	44.7
	2019	73,736	17.8	73,736	10.2
	2020	74,280	17.9	74,280	10.3
	2021	125,000	30.2	125,000	17.4
	2022	125,000	30.2	125,000	17.4
Non-current liabilities		398,016	96.1	398,016	55.3
Total		**413,917**	**100.0**	**719,959**	**100.0**

17. FINANCE LEASES PAYABLE AND COMMITMENTS

17.1. Finance leases payable

Finance lease agreements classified as *Finame* leasing and finance leases for the maintenance of Movida's operating activities have annual charges at floating and fixed rates as follows:

Type	Maturity	Annual charges (%)	Consolidated										
			12/31/2017			Changes					12/31/2016		
			Current	Non-current	Total	New leases	New leases due to business combinations	Amortization	Interest paid	Interest accrued	Current	Non-current	Total
Leasing	Until December 2020	10.67%	57,140	6,938	64,078	2,286	4,764	(55,245)	(13,593)	12,465	56,080	57,321	113,401
Total			**57,140**	**6,938**	**64,078**	**2,286**	**4,764**	**(55,245)**	**(13,593)**	**12,465**	**56,080**	**57,321**	**113,401**

No contingent payments are expected, and there is no finance sublease for the aforementioned transactions.

Lease installments have the following maturities:

		Consolidated	
	Maturity of installments	Total	%
Current liabilities	Up to December 2018	57,140	89.2
	2019	3,010	4.7
	2020	3,928	6.1
Non-current liabilities		6,938	10.8
Total		**64,078**	**100.0**

17.2. Operating leases

These leases refer to rental agreements entered into with third parties, which mainly involve stores for the resale of vehicles and locations for Rent a Car operations.

Minimum future payments under operating leases are as follows:

	Up to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	Over 4 years	Total
Leases payable	54,506	44,894	28,078	13,197	69,848	210,525
Total	**54,506**	**44,894**	**28,078**	**13,197**	**69,848**	**210,525**

As a lessor, Movida has the following amounts:

	Up to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Total
Leases receivable	185,443	139,799	51,115	3,776	2,082	382,215
Total	**185,443**	**139,799**	**51,115**	**3,776**	**2,082**	**382,215**

18. LABOR LIABILITIES

	Parent company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Salaries	3,923	-	10,153	5,179
INSS	37	-	3,751	3,086
FGTS	-	-	818	827
Provision for vacation and bonus	-	-	14,169	11,980
Others	-	-	251	149
Total	**3,960**	**-**	**29,142**	**21,221**

19. TAX LIABILITIES

	Parent company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
PIS and COFINS	1,762	2	7,111	4,298
IRRF	2,383	-	5,146	-
IPTU	-	-	675	-
Services Tax ("ISS") to offset	-	-	815	-
Others	172	1	1,102	884
Total	**4,317**	**3**	**14,849**	**5,182**

20. PROVISION FOR JUDICIAL AND ADMINISTRATIVE LITIGATION AND JUDICIAL DEPOSITS

Movida, in the ordinary course of its business, is a party to civil, tax and labor suits, and have judicial and court-blocked deposits as guarantee of these claims. Based on the opinion of the Company's legal counsel, Movida recorded provisions to cover probable losses in the following amounts:

	Deposits		Consolidated Provisions	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Civil	167	167	1,727	73
Labor	666	181	1,724	121
Total	**833**	**348**	**3,451**	**194**

20.1. Judicial deposits

The judicial and court-blocked deposits refer to amounts deposited in a court account or blocked bank balances, determined by the court, as guarantee for any payment required by the court, or amounts deposited in a court account to replace tax payments or payables that are being challenged in court.

20.2. Changes in the provision for judicial and administrative litigation

The changes in provisions for judicial and administrative litigation for the year ended December 31, 2017 are as follows:

				Consolidated
	Civil	**Labor**	**Tax**	**Total**
Balance at December 31, 2015	**-**	**11**	**-**	**11**
Additions	73	927	-	1,000
Reversals	-	(817)	-	(817)
Balance at December 31, 2016	**73**	**121**	**-**	**194**
Additions	2,202	2,094	-	4,296
Reversals	(548)	(491)	-	(1,039)
Balance at December 31, 2017	**1,727**	**1,724**	**-**	**3,451**

20.3. Possible losses not provided for in the balance sheet

Movida is a party to civil, labor and tax lawsuits at the judicial or administrative level, for which the likelihood of loss is considered possible by Management and its legal counsel. The amounts involved in the litigations are shown below:

	12/31/2017	**12/31/2016**
Civil	11,772	1,848
Labor	7,244	2,545
Tax	440	263
Total	**19,456**	**4,656**

Movida and its legal counsel understand that civil lawsuits are basically related to claims regarding loss of profits, property damages and pain and suffering for alleged traffic accidents, collisions and claims involving its fleet vehicles, and do not involve individual material amounts.

Movida believes that there is no specific procedure adopted that gives rise to labor claims filed against Movida, and the labor claims filed do not involve individual material amounts and are mainly related to payment of differences in overtime and commissions, hazardous duty premium, health hazard premium and lawsuits filed by employees of outsourced companies.

21. INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME

21.1. Deferred income tax and social contribution

Deferred income tax ("IRPJ") and social contribution ("CSLL") assets and liabilities were calculated based on the balances of tax losses and temporary differences deductible or taxable in the future. Their origins are as follows:

	Parent company		Consolidated	
Description	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Deferred tax assets:				
Income tax and social contribution losses	16,845	-	81,632	52,195
Provision for judicial and administrative litigation	-	-	1,173	436
Present value adjustment	-	-	-	5
Estimated losses on doubtful accounts	-	-	12,095	11,064
Other provisions and reversals	214	230	3,242	81
Total deferred tax assets	**17,059**	**230**	**98,142**	**63,781**
Deferred tax liabilities:				
Differences between accounting and tax depreciation	-	-	(114,047)	(78,033)
Finance leases recognized	-	-	(30,399)	(23,688)
Other provisions and reversals	-	-	(276)	230
Total deferred tax liabilities	**-**	**-**	**(144,722)**	**(101,491)**
Total deferred tax liabilities, net	**17,059**	**230**	**(46,580)**	**(37,710)**
Classified as:				
Deferred income tax and social contribution assets - non-current	17,059	230	18,410	230
Deferred income tax and social contribution liabilities - non-current	-		(64,990)	(37,940)
Total deferred tax liabilities, net	**17,059**	**230**	**(46,580)**	**(37,710)**

21.2. Estimated realization schedule

Deferred tax assets arising from temporary differences will be used as the respective differences are settled or realized.

Tax losses can be carried forward indefinitely and, at December 31, 2017 and 2016 deferred income tax and social contribution were recognized for all tax loss carryforwards.

In estimating the realization of deferred tax assets, Management considers its budget and strategic plan based on the estimated realization schedule of assets and liabilities that gave rise to them, and in earnings projections for the subsequent years.

The realization schedule of deferred income tax and social contribution assets is as follows:

		Consolidated
Deferred income tax and social contribution assets - non-current	**12/31/2017**	**12/31/2016**
Deferred tax to be recovered within 12 months	2,964	14,861
Deferred tax to be recovered over 12 months	95,178	48,920
Total deferred tax assets	**98,142**	**63,781**
Deferred income tax and social contribution liabilities - non-current	**12/31/2017**	**12/31/2016**
Deferred tax to be realized within 12 months	(66,430)	(61,311)
Deferred tax to be realized over 12 months	(78,292)	(40,180)
Total deferred tax liabilities	**(144,722)**	**(101,491)**

21.3. Reconciliation of income tax and social contribution (expense) income

Current income tax and social contribution expenses are calculated based on the current rates levied on profit before income tax and social contribution, plus respective additions and exclusions and offset allowed or required by the prevailing legislation.

	Parent company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Profit before income tax and social contribution from continuing operations	**62,005**	**39,697**	**90,313**	**49,360**
Profit before income tax and social contribution from discontinued operations	**-**	**-**	**1,095**	**12,212**
Statutory rates	34%	34%	34%	34%
IRPJ and CSLL calculated at the standard rates	(21,082)	(13,497)	(31,079)	(20,934)
Permanent (additions) exclusions				
Equity in the results of investees	26,223	13,519	-	-
Interest on capital received	(5,780)	-	-	-
Interest on capital paid	5,100	-	5,100	-
Non-deductible expenses	-	-	900	(21)
Other (additions) exclusions	-	(22)	509	3,755
IRPJ and CSLL calculated	**4,461**	**-**	**(24,570)**	**(17,200)**
Income tax and social contribution from continuing operations				
Current	-	-	(3,332)	(3,139)
Deferred	4,461	-	(20,866)	(18,736)
Income tax and social contribution from discontinued operations				
Current and deferred	-	-	(372)	4,675
IRPJ and CSLL in the statement of income (loss)	**4,461**	**-**	**(24,570)**	**(17,200)**
Effective rate	-7.2%	0.0%	26.9%	34.8%

Movida's income tax returns are open to review by tax authorities for five years from the filing of the return. Due to these reviews, additional taxes and penalties may arise, which would be subject to interest. However, Management believes that all taxes have either been properly paid or provided for.

21.4. Current income tax and social contribution

	Consolidated	
	12/31/2017	12/31/2016
Liabilities		
Provision for IRPJ and CSLL	(3,332)	(3,139)
Provision for IRPJ and CSLL (Discontinued)	(372)	-
IRPJ and CSLL paid	(3,704)	191
Total IRPJ and CSLL payable	**-**	**(2,948)**
IRPJ and CSLL paid based on estimate	7,652	-
Total IRPJ and CSLL prepaid (payable)	**7,652**	**(2,948)**
Results		
Provision of IRPJ and CSLL in the year	(3,704)	(3,139)
Total	**(3,704)**	**(3,139)**
Breakdown of payments for the statements of cash flows		
Prepayments of IRPJ and CSLL for the year	(11,356)	(191)
IRPJ and CSLL from prior year	(2,948)	-
Total	**(14,304)**	**(191)**

22. EQUITY

22.1. Share capital

Movida's fully subscribed and paid-up capital at December 31, 2017 is R$1,201,584 divided into 213,491,586 registered common shares without par value (710,154,564 shares at December 31, 2016), reduced by the transaction costs incurred in its Initial Public Offering (IPO) of R$ 24,003, totaling R$1,177,581 (R$715,629 at December 31, 2016). As approved at the Extraordinary General Meeting (EGM) of Movida Participações S.A., held on January 13, 2017, a five-to-one reverse stock split of 710,154,564 common shares was carried out, resulting in a total of 142,030,912 registered common shares without par value.

Movida is authorized to increase its capital up to the limit of 500,000,000 (five hundred million) common shares, excluding the shares already issued, regardless of amendment to bylaws.

22.2. Initial Public Offering (IPO)

As mentioned in note 1, on February 6, 2017, Movida completed its Initial Public Offering (IPO). As a result of this offering, the primary distribution of 71,460,674 shares and the secondary distribution of 6,741,573 shares were carried out, all of them no-par, registered, book-entry common shares, free and clear from any liens or encumbrances.

Due to the aforementioned event, Movida's capital was increased by R$535,955, of which R$485,955 was used for immediate capital increase and the remaining R$50,000 was allocated to the capital reserve account.

22.3. Distribution of dividends

Pursuant to Movida's Bylaws, shareholders are entitled to annual mandatory dividend not lower than 25% of the Company's annual profit, as adjusted by the following additions or exclusions:

i) 5% allocated to the legal reserve; and

ii) an amount allocated to the contingency reserve and the reversal of said reserves set up in prior years. A portion of the profit can also be retained based on a capital budget or to set up a statutory profit reserve called "investment reserve."

The amount to be distributed must be approved at the Annual General Meeting ("AGM") that also approves Management accounts related to the prior year, based on the proposal submitted by the Executive Board and approved by the Board of Directors. Dividends are distributed in accordance with the resolution of this AGM, held in the first four months of each year. Movida's Bylaws also allow for the distribution of interim dividends, which can be included in the mandatory dividends.

In the year ended December 31, 2017, the amount of R$ 13,536 is recorded as "dividends payable", related to the dividends of 2017, net of income tax (R$ 85,964 at December 31, 2016, settled in February 2017).

On December 28, 2017, the Board of Directors approved the payment of interest on capital, which will be deduced from the minimum mandatory dividends, as shown in the table below:

			Consolidated
	Interest on capital	**Dividends payable**	**Total**
Distribution of dividends	15,000	786	15,786
IRRF	(2,250)	-	(2,250)
Total	**12,750**	**786**	**13,536**

22.4. Share-based compensation plan

At the Annual General Meeting held on January 13, 2017, approval was given for the restricted stock program for Movida's officers, employees and service providers.

The program is intended to allow beneficiaries to receive restricted stock in order to: (a) stimulate the expansion, success and achievement of the Company's corporate purposes; (b) align the interests of the Company's shareholders with those of the beneficiaries; and (c) allow the Company or its subsidiaries to attract and retain the beneficiaries.

The awards granted to beneficiaries, plus the options or other rights to receive shares issued by the Company under stock option programs or share-based payment programs to be approved in the future, may entitle to a number of shares that do not exceed, at any time, 5% of the total voting capital of the Company, on fully diluted bases.

22.5. Profit reserve

At December 31, 2017, the profit reserve was recognized due to the retention of part of the net profit for the year, pursuant to article 196 of Law 6,404/76.

23. NET REVENUE FROM SERVICES RENDERED AND SALE OF ASSETS USED IN SERVICES RENDERED

	Consolidated	
	12/31/2017	12/31/2016 Reclassified note 2.30
Gross revenue	**2,586,815**	**1,930,361**
(-) Revenue deductions		
Taxes on sales	(105,823)	(90,202)
Returns	(1,493)	(3,537)
Discounts granted	(11,516)	(6,009)
Total net revenue	**2,467,983**	**1,830,613**

Taxes levied on sales refer mainly to municipal taxes on services (rate of 2% to 5%) and contributions related to PIS (rate of 1.65%) and COFINS (rate of 7.6%).

24. FINANCIAL RESULTS

	Parent company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Finance income				
Financial investments	12,077	174	47,018	25,273
Foreign exchange gains	-	-	147	103
Interest received	-	-	4,809	5,179
Other finance income	-	-	3,913	4,922
Total finance income	**12,077**	**174**	**55,887**	**35,477**
Finance costs				
Interest on borrowings and financing	(18,975)	-	(99,555)	(60,437)
Interest and bank charges on finance leases	-	-	(12,465)	(21,463)
Interest on suppliers financing – car makers	-	-	(73,697)	(56,044)
Foreign exchange loss on borrowings	-	-	(400)	(7,236)
Loss on currency and interest rate swaps (hedge)	-	-	-	(12,677)
	(18,975)	-	(186,117)	(157,857)
Other finance costs				
Financial taxes and charges expenses	(1,610)	(10)	(9,730)	(7,472)
Discounts granted	-	-	(1,588)	-
Interest on other payables	(7)	-	(20,247)	(12,070)
Total finance costs	**(20,592)**	**(10)**	**(217,682)**	**(177,399)**
Net financial result	**(8,515)**	**164**	**(161,795)**	**(141,922)**

25. EXPENSES BY NATURE

Movida's statement of income is presented by function. Expenses by nature are as follows:

	Consolidated			Consolidated
	12/31/2017	12/31/2016	12/31/2017	12/31/2016 Reclassifiednote2.30
Cost of sale of assets used in services rendered	-	-	(1,376,456)	(973,479)
Personnel (i)	(6,628)	-	(192,316)	(149,748)
Repairs and fleet maintenance	-	-	(127,603)	(90,329)
Depreciation and amortization	-	-	(74,243)	(71,926)
Vehicles expenses	-	-	(67,472)	(61,993)
Taxes, charges, insurance, fines	(104)	(176)	(71,634)	(68,742)
Fuels and lubricants	-	-	(22,391)	(20,932)
Contracted services	(742)	(52)	(84,501)	(64,777)
Property leasing	(3)	-	(85,560)	(79,153)
Water, electricity, telephone (utilities)	-	-	(17,524)	(13,087)
Losses on trade receivables	-	-	(27,321)	(26,816)
Communication and publicity	-	-	(35,019)	(26,817)
Building's maintenance and repair	-	-	(4,801)	(2,871)
PIS and COFINS credits on inputs (ii)	-	-	69,352	62,566
Cost of damaged and affected vehicles (iii)	-	-	(86,476)	(42,258)
Other expenses	872	-	(11,910)	(8,969)
	(6,605)	**(228)**	**(2,215,875)**	**(1,639,331)**
Cost of services rendered	-	-	(446,657)	(412,868)
Cost of sale of assets used in services rendered	-	-	(1,376,456)	(973,480)
Administrative and selling expenses	(8,230)	(228)	(318,881)	(205,541)
Other operating expenses	-	-	(122,354)	(58,930)
Other operating income	1,625	-	48,473	11,488
	(6,605)	**(228)**	**(2,215,875)**	**(1,639,331)**

(i) The extemporaneous credits of INSS credits in the amount of R$2,309 are included in the account of origin shown in this note.

(ii) The extemporaneous credits of PIS and COFINS credits of R$9,206 are included in the line of PIS and COFINS credits on inputs.

(iii) Refers to the cost of damaged and casualty vehicles written off, net of the respective amount recovered through sale, in the amount of R$ 48,473 (R$ 11,488 at December 31, 2016).

26. RELATED PARTY TRANSACTIONS

26.1. Related-party transactions recognized in assets and liabilities

The table below presents in line items trade receivables, trade payables, other accounts payable and advances the receivables and payables between related parties.

	Parent company			
	Dividends receivable		Related parties	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Assets				
Transactions with parent company				
JSL S.A.	-	-	-	1,155
	-	**-**	**-**	**1,155**
Transactions with subsidiaries				
Movida GTF	14,450	33,721	-	-
Movida RAC	7,938	3,176	-	-
	22,388	**36,897**	**-**	**-**
Total assets	**22,388**	**36,897**	**-**	**1,155**

	Dividends payable		Related parties		Other accounts payable	
Liabilities	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Transactions with parent company						
JSL S.A.	9,000	-	-	106	-	-
	9,000	**-**	**-**	**106**	**-**	**-**
Transactions with subsidiaries						
Movida GTF	-	-	-	-	1,311	-
Movida RAC	-	-	-	-	2	-
	-	**-**	**-**	**-**	**1,313**	**-**
Transactions with related parties						
CS Brasil	-	-	-	1	4	-
	-	-	-	1	4	-
Total	**9,000**	**-**	**-**	**107**	**1,317**	**-**

	Consolidated				
	Related parties		Trade receivables		Specification
Assets	12/31/2017	12/31/2016	12/31/2017	12/31/2016	
Transactions with parent company					
JSL S.A.	890	1,154	138	76	Operating lease / Reimbursement of expenses / Interest on capital
	890	**1,154**	**138**	**76**	
Transactions with related parties					
JSL Concessionárias	470	2,347	2,841	10,574	Reimbursement of expenses (i)
JSL Leasing	25	121	793	121	Operating lease
JSL Corretora	-	-	21	91	Operating lease / CSC / Reimbursement of expenses (i)
JSL Locações Pesados	-	-	4	2	Operating lease
CS Brasil	1	2	11	36	Operating lease / CSC / Reimbursement of expenses (i)
Mogi Passes	-	-	2	-	
	496	**2,470**	**3,672**	**10,824**	
Total	**1,386**	**3,624**	**3,810**	**10,900**	

	Related parties		Trade payables and debentures		Specification
Liabilities	12/31/2017	12/31/2016	12/31/2017	12/31/2016	
Transactions with parent company					
JSL S.A.	128	3,848	317,925	2,250	Debentures / Operating lease / Reimbursement of expenses (i)
	128	**3,848**	**317,925**	**2,250**	
Transactions with related parties					
CS Brasil	35	709	929	449	Operating lease / Reimbursement of expenses (i)
JSL Concessionárias	37	1,042	578	850	Operating lease / Reimbursement of expenses (i)
JSL Locações Pesados	1,005	327	-	-	Operating lease / Reimbursement of expenses (i)
JSL Empreendimentos	-	19	19	19	Operating lease / Reimbursement of expenses (i)
	1,077	**2,097**	**1,526**	**1,318**	
Total	**1,205**	**5,945**	**319,451**	**3,568**	

i) Management, by means of an administrative services center (CSA), share the corporate expenses between members of the JSL business group through the apportionment and reimbursement of expenses.

26.2. Related-party transactions with effects in the income statement

The consolidated related-party transactions are as follows:

							Consolidated	
Results	**Revenue from services rendered**		**Cost of services rendered**		**Fleet renewal revenue**		**Fleet renewal costs**	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Transactions with parent company								
JSL	1,959	28,672	(1,651)	(18,865)	4,646	304	(4,646)	(2,396)
	1,959	**28,672**	**(1,651)**	**(18,865)**	**4,646**	**304**	**(4,646)**	**(2,396)**
Transactions with subsidiaries								
Movida GTF	-	1,599	-	(32,951)	-	-	-	-
Movida RAC	-	32,951	6	(1,599)	-	-	-	-
	-	**34,550**	**6**	**(34,550)**	**-**	**-**	**-**	**-**
Transactions with related parties								
CS Brasil	155	548	(13)	(274)	223	51	(223)	(11)
JSL Concessionárias	-	-	(1,352)	(587)	141,211	102,559	(135,869)	-
JSL Empreendimentos	-	-	(228)	(393)	-	-	-	-
JSL Locações Pesados	2,659	10,575	(11,267)	(2,761)	7,638	63	(7,638)	(295)
	2,814	**11,123**	**(12,860)**	**(4,015)**	**149,072**	**102,673**	**(143,730)**	**(306)**
Transactions with management members	-	-	(317)	(290)	-	-	-	-
	-	**-**	**(317)**	**(290)**	**-**	**-**	**-**	**-**
Total	**4,773**	**74,345**	**(14,822)**	**(57,720)**	**153,718**	**102,977**	**(148,376)**	**(2,702)**

However, the minimum sale price must correspond to the average sale price of used vehicles to large groups (according to each vehicle brand, model and mileage) charged by Movida in the last 60 days prior to the receipt of notice of sale.

26.3. Management compensation

Compensation, including payroll charges, paid to key management personnel was R$5,136 for the year ended December 31, 2017 (R$1,901 at December 31, 2016), in parent company and consolidated. Management does not have post-retirement benefits or any other long-term benefits, except for the share-based payment plan, as disclosed in note 22.4, for which the grants have not been approved until the moment.

Although there has been no grant in the plan established directly in Movida due to the recent creation of its program, some officers of Movida were granted stock options under the existing plan of its parent company JSL S.A., such cost was transferred to the Company and is included in the amount of compensation mentioned above.

27. INSURANCE COVERAGE

Movida and its subsidiaries contract insurance for their fleet as required by contract and for third-party damages, however for the most part self-insure their fleet.

The amount insured is considered sufficient by Management to cover potential risks, as shown in the table below:

			Vehicles / Equipment		**Amount**	
Beneficiary	**Guarantee**	**Location**	**Quantity**	**Type**	**insured**	**Effectiveness**
Movida RAC	Vehicle rental, including management and maintenance	Brazil	Total fleet (i)	Vehicles	604	10/19/2017 to 4/11/2018

(i) Movida, specifically for service to third parties, contracts insurance for the rented fleet, covering only damages to third parties. Movida's own fleet is not insured.

28. DISCONTINUED OPERATIONS

On August 31, 2016, Movida, as part of its parent company JSL S.A.'s project to restructure the businesses of its group, completed the transfer of assets and liabilities of the business units relating to rental of heavy vehicles and light machinery and vehicles with aggregate services (driver) previously managed by the subsidiary Movida GT to the other companies of the same group, through partial spin-off.

The purpose of such operation was to realign its business lines with the allocation of assets and liabilities to companies that develop related activities.

The table below shows the amounts of assets and liabilities, the statements of income and cash flows of the operations held for distribution to shareholders at December 31, 2016 and the residual value at December 31, 2017, after such restructuring.

i) Balance sheets:

Assets	**12/31/2017**	**12/31/2016**	**Liabilities**	**12/31/2017**	**12/31/2016**
Property and equipment	-	4,585	Borrowings and financing	-	3,585
Total assets	**-**	**4,585**	**Total liabilities**	**-**	**3,585**

ii) Statements of income:

	12/31/2017	**12/31/2016**
Net revenue from services rendered and sale of assets	30,561	48,026
(-) Cost of services rendered	(18,612)	(22,588)
(-) Cost of sales of assets used in services rendered	(10,855)	(3,078)
(=) Total cost	**(29,467)**	**(25,666)**
(=) Gross profit	**1,094**	**22,360**
Administrative and selling expenses	(7)	(3,239)
Other operating (expenses) revenue, net	(11)	17
Profit before finance income and costs	**1,076**	**19,138**
Finance income	20	734
Finance costs	-	(7,660)
(=) Profit before income tax and social contribution	**1,096**	**12,212**
Income tax and social contribution	(373)	(4,675)
(=) Profit for the year	**723**	**7,537**

iii) Statements of cash flows:

Cash flows from operating activities	**12/31/2017**	**12/31/2016**
Profit before income tax and social contribution	1,096	12,212
Adjustments for:	**11,350**	**8,996**
Depreciation / amortization	495	5,918
Cost of sale of assets used in services rendered	10,855	3,078
Changes in current and non-current assets and liabilities	**-**	**8,029**
Decrease (increase) in assets		
Trade receivables	-	12,005
Prepaid expenses	-	18
(Decrease) increase in liabilities		
Trade payables	-	(3,865)
Other accounts payable and advances	-	(129)
Net cash generated by operating activities	**12,446**	**29,237**
Cash flows from investing activities		
Acquisition of property and equipment	-	130,289
Decrease in borrowings and financing, net	(3,585)	(93,531)
Net cash (used in) investing activities	**(3,585)**	**36,758**
Net increase in cash and cash equivalents	**8,861**	**65,995**

28.1. Changes in assets and liabilities held for distribution to shareholders

The table below shows the movements in assets and liabilities held for distribution to shareholders and which were subject to corporate restructuring on August 31, 2016:

	Balance at 12/31/2016	Depreciation (i)	Changes in assets and liabilities (ii)	Balance at 12/31/2017
Assets				
Property and equipment, net	4,585	(495)	(4,090)	-
Total assets	**4,585**	**(495)**	**(4,090)**	**-**
Liabilities				
Borrowings and financing	3,585	-	(3,585)	-
Total liabilities	**3,585**	**-**	**(3,585)**	**-**

(i) Movida continued to depreciate the assets, since these were allocated to other operations of JSL S.A.;

(ii) Refer to changes occurred during the period of sales provided to the parent company JSL S.A. The remaining assets and liabilities are committed to be transferred to other companies controlled by JSL S.A., and the distribution is highly probable, as determined by CPC 31 / IFRS 5 – Noncurrent Assets Held-for-sale and Discontinued Operations. The assets are being transferred mainly through sale.

29. EARNINGS PER SHARE

i) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of Movida by the weighted average number of common shares issued during the year, less the common shares repurchased by Movida and held in treasury.

The calculation of basic and diluted earnings per share is presented below:

Operating profit	**12/31/2017**	**12/31/2016**
Numerator:		
Profit for the year	66,466	39,697
Denominator:		
Weighted average number of outstanding shares	206,247,627	145,807,397
Basic and diluted earnings per share - R$ (i)	**0.3223**	**0.2723**
Profit from continuing operations		
Numerator:		
Profit for the year	65,743	32,195
Denominator:		
Weighted average number of outstanding shares	206,247,627	145,807,397
Basic and diluted earnings per share - R$ (i)	**0.3188**	**0.2208**

(i) On February 6, 2017, the Company approved a five-to-one reverse stock split through the "EGM", reducing the fraction of shares of five-to-one common shares representing the Company's share capital, as described in note 22.1. The reverse stock split was reflected in the calculation factor of earnings per share of 2016, in accordance with the accounting pronouncement CPC 41 - Earnings per share.

Movida had no transactions or agreements involving common shares or potential shares with impact on diluted earnings per share.

30. SUPPLEMENTAL INFORMATION TO THE STATAMENT OF CASH FLOWS

The statements of cash flows, under the indirect method, are prepared and presented in accordance with the accounting pronouncement CPC 03 /IAS 07 – Statement of cash flows.

	Consolidated	
	12/31/2017	**12/31/2016**
Additions to property and equipment though financing:		
Total additions to property and equipment (Note 11)	2,156,030	1,737,832
Non-cash additions through financing / finance leases	(2,286)	(60,041)
Property and equipment capitalized with outstanding trade payables	114,493	-
Changes in suppliers financing - Car makers (new borrowings and amortization of principal - note 14)	236,934	72,394
Total non-cash additions to property and equipment	**2,501,171**	**1,750,185**
Statements of cash flows		
Operating property and equipment	(2,491,677)	(1,722,155)
Property and equipment for investment	(9,494)	(28,030)
Total additions to property and equipment	**(2,501,171)**	**(1,750,185)**

The profit before the income tax and the social contribution in the cash flow demonstration also considers the same information of the discontinued operations as shown below:

Profit before income tax and social contribution of continued operations	90,313	49,360
Profit before income tax and social contribution of discontinued operations (note 29)	1,096	12,211
Profits before income tax, including discontinued operations	91,409	61,571

31. SUBSEQUENT EVENTS

Merger of Movida GTF into the parent company

At meeting of the Board of Directors held on February 07, 2018, approval was given for the terms and conditions of the proposal for merger, into the Company, of its wholly-owned subsidiary Movida GTF.

The merger aims to simplify the corporate structure of the group to which the Company and Movida GTF belong, reducing administrative costs and optimizing their structures for operational rationalization and simplification.

Considering that Movida GTF is a wholly-owned subsidiary of the Company:

a) the merger will not result in a capital increase of the Company, nor in the issuance of new shares of the Company or the replacement, dilution of the current shareholders of the Company or right to withdraw.

b) the merger will not result in the exposure of the Company or its shareholders to additional risks other than those to which the Company is already exposed, since it will represent, essentially, the transfer of assets, rights and obligations already held indirectly by the Company through the interests held in Movida GTF.

* * *

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Independent Auditor's Report on the Individual and Consolidated Financial Statements

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), containing individual and consolidated financial statements prepared in accordance with the accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB)

Opinion

We have audited the individual and consolidated financial statements of Movida Participações S.A. ("the Company"), respectively referred to as Parent and Consolidated, which comprise the balance sheet as at December 31, 2017, the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Movida Participações S.A. as at December 31, 2017, and of its individual and consolidated financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil and with international financial reporting standards (IFRS), 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 Auditors' 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 included in the Accountant Professional Code of Ethics ("*Código de Ética Profissional do Contador*") and in the professional standards issued by the Brazilian Federal Accounting Council ("*Conselho Federal de Contabilidade*") 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated 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 we do not provide a separate opinion on these matters.

Revenue recognition from services rendered and sale of assets used in services rendered

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

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

See Notes 2.22 and 23 of consolidated financial statements	
Key audit matters	**How our audit addressed this matter**
On December 31, 2017, the Company has the amount of R$ 2,467,983 thousand under net revenue caption, resulting from car rental, fleet management and outsourcing, and sale of rental vehicles resulting from fleet renewal. Revenue recognition requires detailed control to identify the time in which the Company substantially transfers to the client risks and benefits from services, sold vehicles and no longer maintains any involvement in the asset's management. Due to relevance of revenue amount, to the necessity of auxiliary controls to determine the time in which risks and benefits are transferred to the counterparty, and to judgment made to determine the time in which the Company is no longer involved in managing the asset, which may affect the amount recognized in individual and consolidated financial statements, we consider this matter as significant for our audit.	Our audit procedures included, among others: – Evaluation of design of key internal controls related to services rendered and sales process, especially identification of the time in which the Company substantially transfers to the client risks and benefits from services and/or sale of rental vehicles and is no longer involved in managing the asset; – Based on samples, we tested whether criteria for recognition in accounting books for services rendered and sales were complied with and their accounting recognition in proper period, analyzing the critical period of the last days of December 2017, occurrences of unduly recognized revenue in case risks and benefits are not transferred to the clients up to December 31, 2017; – Evaluation of cancellations and returns that occurred in January 2018; and – We also considered the adequacy of disclosures presented in the notes. Deficiencies that came to our attention regarding the design of internal controls related to the services rendered and sale of assets used in services rendered have changed our evaluation as to the nature of our work and as a result, amplified the extent of our substantive audit procedures initially planned to obtain sufficient and proper audit evidences. As a result of the evidence obtained through the procedures summarized above, we consider that the revenue recognition from the services rendered and the sale of rental vehicles used in services rendered, as well as the respective disclosures, are acceptable in the context of the individual and consolidated financial statements taken as a whole for the year ended December 31, 2017.

Economic useful life and estimated residual value of vehicles intended for rental	
See Notes 2.12 and 11 of consolidated financial statements	
Key audit matters	**How our audit addressed this matter**
On December 31, 2017, the Company has R$ 2,740,356 thousand under property and equipment caption, related to rental vehicles used for services rendered. The Company periodically reviews the assumptions used to determine the estimate of the economic useful lives and residual values, used to measure these assets, in particular to determine the economic useful life of the vehicles, the basis for calculating depreciation charges, and to determine the estimated residual value of sale of these assets in the future. Any change in assumptions and judgments may relevantly impact depreciation charges recorded in current year and to be recorded in future years and income (loss) from sale of these assets. The judgment level of these assumptions and impact of possible changes in these assumptions could bring to individual and consolidated financial statements, we consider this matter as significant for our audit.	Our audit procedures included, among others: – Evaluation of design and operating effectiveness of internal controls that are crucial for determination of estimates related to economic useful life and residual value of rental vehicles; – Evaluation of assumptions based on internal data of the Company and its subsidiaries (business strategies and plans) used to determine adequacy of estimated economic useful life of vehicles intended for rental and expected residual value, such as sales expected period and value; – Recalculation of depreciation charges recognized during the year, also considering residual value attributed to the asset; and – Evaluation of the adequacy of disclosures in notes to the financial statements. As a result of evidence from the procedures summarized above, we consider that the balance of property and equipment related to vehicles intended for rental, and related disclosures as acceptable in the context of individual and consolidated financial statements taken as a whole for the year ended December 31, 2017.

Realization of deferred income and social contribution tax assets	
See Notes 2.15 and 21 of individual and consolidated financial statements	
Key audit matters	**How our audit addressed this matter**
The Company and its subsidiaries have R$ 17,059 thousand and R$ 98,142 thousand under deferred income and social contribution tax assets caption, individual and consolidated, respectively, arising from temporary differences, tax losses and negative bases of social contribution, which were considered by the Company as recoverable according to studies conducted on the projection of generation of future taxable income. The estimation of future taxable income requires a high degree of judgment in determining the assumptions and proper interpretation of tax laws. The recoverable value of deferred tax assets recognized may vary significantly if inadequate assumptions are made of the projection of future taxable income, which may impact the amount of deferred tax assets recognized in the individual and consolidated financial statements. For this reason, we consider this matter significant for our audit.	Our audit procedures included, among others: – Evaluation of the design and operational effectiveness of key internal controls related to the projection studies on generation of taxable earnings, in particular the extraction, preparation and availability of bases for those responsible for recoverability studies; – Evaluation, with the assistance of our corporate finance specialists, of the reasonableness of the main assumptions used to support the projection of sufficient future taxable earnings, against which unused tax losses and deductible temporary differences can be used, including expectation of growth and inflation, and we compared them with historical data, industry data and/or market data and also performed a sensitivity analysis; – Evaluation, with the aid of our tax specialists, of whether tax basis used to calculate deferred taxes was adequate, using prevailing tax Law as reference; – Analysis of the adequacy of the disclosures presented in notes to the financial statements. During our audit, we identified adjustments that would affect the measurement and disclosure of deferred income and social contribution tax assets in consolidated financial statements, which were not recorded by Management since they were considered as immaterial. As a result of evidence from the procedures summarized above, we consider its recoverability, balances of deferred income and social contribution tax assets, and related disclosures as acceptable in the context of the individual and consolidated financial statements taken as a whole for the year ended December 31, 2017.

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 presented herein as supplementary information for IFRS purposes, have been subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements (CPC). In our opinion, the statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

Individual and consolidated financial statements for prior year examined by other independent auditors

The examination of the individual and consolidated financial statements, for the year ended December 31, 2016, originally prepared prior to the reclassifications described in Note 2.30, was conducted under the responsibility of other independent auditors, who issued an audit report without modifications dated March 22, 2017. As part of our audit of the financial statements for the year ended December 31, 2017, we examined the adjustments in the corresponding amounts of financial statements for the year ended December 31, 2016, which, in our opinion, are appropriate and have been properly reported in all material respects. We were not hired to audit, review or apply any other procedures in regard to financial statements of the Company for the year ended December 31, 2016 and, accordingly, we did not express an opinion or any type of assurance taken as a whole.

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

Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated 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 of this other information, 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 with international financial reporting standards (IFRS), 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.

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 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 subsidiaries financial reporting process.

Auditors' 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 auditors' 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 Company's and its subsidiaries internal control.
- 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 Company's and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.

- 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.

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

São Paulo, March 20, 2018

KPMG Auditores Independentes

CRC 2SP014428/O-6

(original signed in Portuguese)
Ulysses M. Duarte Magalhães
Accountant CRC RJ-092095/O-8

Statement of Fiscal Council

MOVIDA PARTICIPAÇÕES S.A.
CNPJ/MF 21.314.559/0001-66
NIRE 35300472101

The Fiscal Council of Movida Participações SA ("Company"), in the exercise provided for in article163 of Law 6,404/76, at a meeting held on this date, after examining of Financial Statements for the year ended December 31, concludes on the based on the examinations made and considering also the Independent Auditors' Report, which does not contain, qualification, unanimously that these documents adequately reflect the Company's financial condition.

São Paulo, March 20, 2018.

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Luiz Augusto Marques Paes

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Márcio Álvaro Caruso

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Octávio Ferreira de Magalhães

STATEMENT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS OF MOVIDA PARTICIPAÇÕES S.A.

In accordance with item VI of article 25 of CVM Instruction 480 of December 7, 2009, the Executive Board declares that it has reviewed, discussed and agreed to the financial statements of Movida Participações S.A. for the year ended 2017, authorizing the conclusion on this date.

São Paulo, March 20, 2018.

Renato Horta Franklin

Chief Executive Officer

Edmar Prado Lopes Neto

Chief Financial and Investors' Relations Officer

João Paulo de Oliveira Lima

Accountant

STATEMENT OF THE EXECUTIVE BOARD ON THE INDEPENDENT AUDITOR'S REPORT

In accordance with item V of article 25 of CVM Instruction 480 of December 7, 2009, the Executive Board declares that it reviewed, discussed and agreed with the conclusions expressed on the Independent Auditors' Report on the individual and consolidated financial statement of Movida Participações SA for the year ended 2017, issued on this date.

São Paulo, March 20, 2018.

Renato Horta Franklin

Chief Executive Officer

Edmar Prado Lopes Neto

Chief Financial and Investors' Relations Officer

João Paulo de Oliveira Lima

Accountant