PRICOL DO BRASIL COMPONENTES AUTOMOTIVOS LTDA.

Independent auditors' report

Financial statements
As of March 31st, 2018

PRICOL DO BRASIL COMPONENTES
AUTOMOTIVOS LTDA.

Financial statements
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Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of
Pricol do Brasil Componentes Automotivos Ltda.
Jarinu - SP

Qualified opinion

We have audited the financial statements of Pricol do Brasil Componentes Automotivos Ltda. ("the Company's"), which comprise the statement of financial position as at March 31st, 2018, and the statements of operations, comprehensive income, changes in equity (unsecured liability) and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the issues mentioned in the paragraph 'Basis for qualified audit opinion', the accompanying financial statements present fairly, in all material respects, the financial position of Pricol do Brasil Componentes Automotivos Ltda. as at March 31st, 2018, its financial performance and its cash flows for the year then ended in accordance with Brazilian accounting practices.

Basis for qualified audit opinion

As mentioned in note 8, the Company's has recorded deferred tax assets from tax losses carry forward and temporary differences from previous years in the amount of R$ 4,872 that does not meet the criteria defined by Brazilian generally accepted accounting principles as determined by Accounting Pronouncements Committee (CPC) 32 - Income Taxes, approved by the Resolution of the Brazilian Federal Accounting Council nº 1.189/09. Deferred tax assets should be recognized only to the extent that there is a reasonable certainty that future taxable income will be available and against which temporary differences can be offset. The company does not have a history of profits. Besides, the budgets projected and presented in previous years demonstrating a possible realization of those assets did not come true. According to the prevailing accounting regulations, such facts do not allow those taxes being recorded in noncurrent assets of the Company. Consequently, noncurrent assets and shareholders' equity are overstated by R$ 4,872.

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Pricol do Brasil Componentes Automotivos Ltda. in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty related to Going Concern

The Company's has suffered recurring losses from operations, has presented negative gross margin and the Company's liabilities exceeded its assets by R$ 33,159 as of March 31st, 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Management's plans on these matters are described in Note 1 to the financial statements. The continuity of the Company's as a going concern will depend on the financial support of its parent Company and on the success of the plans presented in Note 1. The financial statements referred to above were prepared on the assumption of going concern of the Company and does not include any adjustments relating to the realization and classification of asset and liabilities values, that would be required in the inability of the Company to continue its operations. Our opinion is not qualified in respect of this matter.

Emphasis

Special Tax Regularization Program (PERT)

As mentioned in note 15, the Company joined to the Special Tax Regularization Program (PERT), established by Executive Act nº 783/17 later converted into Law nº 13.496/17 of October 24th, 2017, covering debts of a tax and non-tax nature, past-due until April 30th, 2017. As established in PERT, the Company recorded the anticipated benefits, considering the compensation of Income Tax and Social Contribution on Tax Losses and Negative Social Contribution Tax Calculation ("Deferred tax credits"), with the balance of the tax debt within the legal limits established in the Law, currently under analysis by the Brazilian Revenue Service (RFB) and, therefore, not yet approved by the competent tax authority. Although the Company's management understands that the measurement and recognition of the debt consolidation have been made on consistent and conservative bases and, accordingly, expects no relevant adjustments resulting from this consolidation, the approval confirming the consolidated debt will depend on the conclusion of the analysis by the mentioned competent authority. Our opinion is not modified in respect of this matter.

Others matters

Audit of the previous year's amounts

The financial statements for the year ended March 31st, 2017 were audited by us and on them we issued a qualified opinion on those financial statements on April 27th, 2017 on the realization of deferred tax assets amounting to R$ 6,161 and an emphasis of matter paragraph about the company's ability to continue as a going concern.

Responsibilities of and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue 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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform 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;

- Identify and assess the risks of material misstatement of the 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

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

São Paulo, May 15th, 2018.

BDO RCS Auditores Independentes
CRC 2 SP 013846/O-1

Eduardo Affonso de Vasconcelos
Accountant CRC 1 SP 166001/O-3

Roberto Camargo
Accountant CRC 1SP 191164/O-7

PRICOL DO BRASIL COMPONENTES AUTOMOTIVOS LTDA.

Balance sheets
As of March 31st, 2018 and 2017
(In thousands of Brazilian reals)

Assets

Current assets	Note	2018	2017
Cash and cash equivalents	4	1,960	374
Accounts receivable	5	7,621	7,866
Inventories	6	7,486	6,997
Taxes recoverable	-	1,378	549
Prepaid expenses	-	-	380
Other receivables	7	7,079	2,228
		25,524	18,394
Non current assets			
Deferred taxes	8	4,872	6,161
Taxes recoverable	-	136	252
Property, plant and equipment	9 - 10	37,123	20,748
Intangible	9	313	654
		42,444	27,815
Total assets		67,968	46,209

Liabilities and shareholders' equity (unsecured liability)

Current liabilities	Note	2018	2017
Trade accounts payable	11	12,047	9,185
Loans and financing	12	5,130	12,158
Intercompany loans	13	11,899	599
Salaries and social charges payable	14	5,475	5,365
Tax payable	15	3,534	4,283
Other accounts paybale	16	7,640	3,165
Provision for contingencies	17	3,663	2,182
		49,388	36,937
Non current liabilities			
Tax payable	15	3,630	4,751
Loans and financing	12	30,961	4,541
Intercompany loans	13	10,160	-
Other accounts payable	16	3,856	4,049
Deferred income tax	24	3,132	2,989
		51,739	16,330
Shareholders' equity (unsecured liability)			
Capital	18	118,653	99,591
Accumulated Losses		(151,812)	(106,649)
		(33,159)	(7,058)
Total liabilities and shareholders' equity (unsecured liability)		67,968	46,209

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

PRICOL DO BRASIL COMPONENTES AUTOMOTIVOS LTDA.

Statements of income
For the years ended March 31st, 2018 and 2017
(In thousands of Brazilian reals)

	Note	2018	2017
Net operating revenues	19	63,150	62,940
(-) Cost of products sold	20	(76,457)	(73,412)
Gross income		(13,307)	(10,472)
Operating expenses			
Administrative expenses	21	(6,594)	(9,056)
Depreciation and amortization	21	(468)	(76)
Financial income (expense), net	22	(10,174)	(2,387)
Other operating revenues (expenses)	23	(14,477)	(50)
		(31,713)	(11,569)
Income (losses) before taxes		(45,020)	(22,041)
Income tax	24	(105)	(134)
Social contribution	24	(38)	(49)
Loss for the year		(45,163)	(22,224)

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

PRICOL DO BRASIL COMPONENTES AUTOMOTIVOS LTDA.

Statements of comprehensive income
for the years ended March 31st, 2018 and 2017
(In thousands of Brazilian reals)

	2018	2017
Loss for the year	(45,163)	(22,224)
Other comprehensive income	-	-
Total comprehensive income for the year	(45,163)	(22,224)

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

PRICOL DO BRASIL COMPONENTES AUTOMOTIVOS LTDA.

Statements of changes in shareholders' equity (unsecured liability)
(In thousands of Brazilian reals)

	Capital	Accumulated losses	Total
Balance as of March 31, 2016	80,754	(84,425)	(3,671)
Loss for the year	-	(22,224)	(22,224)
Capital increase (Note 18)	18,837	-	18,837
Balance as of March 31, 2017	99,591	(106,649)	(7,058)
Loss for the year	-	(45,163)	(45,163)
Capital increase (Note 18)	19,062	-	19,062
Balance as of March 31, 2018	118,653	(151,812)	(33,159)

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

PRICOL DO BRASIL COMPONENTES AUTOMOTIVOS LTDA.

Statement of cash flows
For the years ended March 31st, 2018 and 2017
(In thousands of Brazilian reals)

From operating activities	2018	2017
Loss for the year	(45,163)	(22,224)
Adjustments to reconcile income (loss) to net cash provided by operating activities		
Depreciation and amortization	2,829	2,499
Write-off of permanent assets - residual value	159	49
Provision for obsolete fixed assets	1,000	-
Provision for obsolete inventories	171	792
Reversal (provision) for Impairment of assets	(5,722)	(943)
Provision for estimated credit losses	889	-
Deferred income tax	143	183
PERT	1,289	-
Provision for contingencies	1,481	240
Adjusted loss for the year	(42,924)	(19,404)
Increase/(decrease) in assets		
Accounts receivable	(644)	2,336
Inventories	(660)	(370)
Taxes recoverable	(713)	432
Prepaid expenses	380	(52)
Other receivables	(4,851)	(290)
Increase (decrease) in liabilities		
Trade accounts payable	2,862	72
Salaries and social charges payable	110	2,110
Tax payable	(1,870)	2,596
Other accounts payable	4,282	1,515
Net cash used in operating activities	(44,028)	(11,055)
Investiment activities		
Additions to property, plant and equipments	(14,300)	(2,241)
Cash generated by (used in) investiment activities	(14,300)	(2,241)
Financing activities		
Capital increase	19,062	18,837
Loans and financing	19,392	(3,495)
Intercompany loans	21,460	(2,850)
Cash generated by (used in) financing activities	59,914	12,492
Increase/(decrease) in cash and cash equivalents	1,586	(804)
Cash and cash equivalents at beginning of year	374	1,178
Cash and cash equivalents at end of year	1,960	374
Increase/(decrease) in cash and cash equivalents	1,586	(804)

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

1. Operations

Pricol do Brasil Componentes Automotivos Ltda. (the "Company") is a limited liability Company established on November 28th, 2005. It is located in the city of Jarinu, in the State of São Paulo.

The Company is engaged in the production, sales and export of automotive parts, and also in rendering services related to automotive parts.

Acting through its subsidiary Pricol España, Indian vehicle components and engineering products maker Pricol Ltd acquired all shares of Melling do Brasil Componentes Automotivos Ltda. on January 23rd, 2015 and the Company changed the name to Pricol do Brasil Componentes Automotivos Ltda.

The economy of Brazil has been declining over the past 36 to 48 months. Pricol do Brasil to support the drastic decline in the automotive sector has worked to reduce and contain expenses, production & labor costs, and the Company also made an organizational restructuring. The stabilization of Brazilian economy and the solution of Political matters will also help Pricol do Brasil reversing the current financial results. Besides, the Company had a reduction of sales volume and gross margin due to the project of Harley Davidson water pump that ended the production.

During the year 2017-18, Pricol do Brasil relocated its manufacturing facility from Diadema to Jarinu to reduce employee and operational costs. In November 2017, Pricol do Brasil started its production and supplies to the customers as from Jarinu. During the restructuring, the Company dismissed 181 employees from August 2017 to March 2018 and had to contract 125 employees in the plant of Jarinu.

Debt

Pricol do Brasil got a new loan from Citibank, USA of Euro 8 million, which is guaranteed by CitiBank India with assets given as collateral guarantee of Pricol Limited, India. This loan was got to settle the loan with Bank of Safra and to invest in new machines. The cost of loan was reduced on the average from 6.6% to 4.5% per year.

Pricol do Brasil has also got an export credit of Banco Itau of USD 1 million for working capital with the cost of Interbank Deposit Certificate (CDI) + 5.5% per year for a period of 10 months expiring in September 2018.

Pricol do Brasil also got an overdraft account from Banco Safra with the cost of 100% of CDI, just to be used for short periods. The credit line available for this overdraft account is of R$ 1 million.

Market

The O&M Market went down in 2017-2018 and now the market is recovering. However, a full market recovery can be expected only by 2020.

Also, Pricol do Brasil was awarded with a contract to supply water pumps to GM´s new engine – The CSS Prime Project- which will be put in place at the end of 2019, and will represent a growing of BRL 45 million per year at Pricol do Brasil revenues.

Share capital

During 2017/18, the Pricol España increased the capital of Pricol do Brasil in R$19.063, equivalent to USD 6.060.

2. Financial statements presentation

The financial statements have been prepared according to Brazilian accounting practices, which includes the corporate law nº 6.404/76, which incorporated the changes introduced by laws nºs 11.638/07 and 11.941/09 and Pronouncements, Guidelines and Interpretations issued by the Brazilian Committee of Accounting Pronouncements (CPC), duly approved by the Brazilian Federal Accounting Council (CFC).

The financial statements were approved by the Company's management and authorized for issue on May 15, 2018.

The financial statements are a free translation from Portuguese into English of the financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil.

3. Main accounting practices

(a) Translation of foreign currency

The functional currency of the Company is the Brazilian Real, the same currency used in the preparation and presentation of the financial statements all approximate values to thousands of reals, unless otherwise stated.

The assets and liabilities in foreign currencies were translated into reals at the exchange rate at the balance sheet date and differences arising from translation were recognized in the income.

(b) Financial assets and liabilities

The Company has non-derivative financial instruments, such as accounts receivable and other receivables, cash and cash equivalents, as well as accounts payable and other payables.

The company made an assessment of its financial instruments:

- Cash and cash equivalents: are classified as held to maturity. They are valued at cost plus income earned to the balance sheet date, if applicable;
- Accounts receivable: directly resulting from the company's operations are classified as held to maturity and recorded at the original values, subject to provision for losses and present value adjustment, if applicable;
- Financing and taxes payable: they are initially recognized when the funds are received, net of transaction costs. Subsequently, they are carried at amortized cost, that is, added of financial charges and interest proportional to the period elapsed ("pro rata temporis"), net of payments made. The amount recorded and the loan raising rates are close to market value.

The Company as of March 31, 2018 and March 31, 2017 did not have balances of financial assets held for trading or designated at fair value through profit and loss.

Financial assets are measured by indicators of impairment at the balance sheet date. They are considered impaired when there is evidence that as a result of one or more events occurring after their initial recognition, the estimated future cash flows of investment have been impacted.

(c) Accounting estimates

The preparation of the financial statements requires the management to use estimates for certain assets, liabilities and transactions. Significant items subject to these estimates and assumptions include the selection of the useful life of the fixed assets and their recoverability in operations, the evaluation of financial assets both at fair value and adjustment to present value, analysis of the credit risk to determine the allowance for doubtful accounts, as well as the analysis of other risks to determine other provisions, including the provision for contingencies, tax provisions and other similar ones. The settlement of the transactions involving those estimates can result in amounts different from the estimated ones, due to inherent imprecision of the determination process.

(d) Inventories

Inventories are stated at the average acquisition or production cost, which is lower than net realizable value.

(e) Property, plant and equipment

Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, net of accumulated depreciation.

The cost includes expenditures that are directly attributable to the acquisition of assets. The cost of assets built by the company includes materials and direct labor, as well as any other costs attributable to bring the assets to the location and condition requires for them to operate in the manner intended by management, costs for dismantling and restoration of the site where they are located.

Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the carrying amount of Property, plant and equipment and are recognized net within "Other income" in the income statement.

Long-lived assets are tested for impairment when events or changes in circumstances indicate the carrying value of such assets may not be recoverable. The Company records an impairment loss equal to the excess of the asset’s carrying amount over its fair value. The fair value is determined based on valuation techniques such as a discounted cash flow analysis or a comparison to fair values of similar assets.

Depreciation

Depreciation is calculated under the straight-line method, taking into account the useful lives of assets at rates mentioned in note 9 and the provision for impairment.

(f) Intangible assets

Intangible assets are amounts associated with the implementation of software and are amortized according to the useful life at rates mentioned in note 9.

(In thousands of Brazilian reals)

(g) Income tax and social contribution

Income tax and social contribution are calculated on taxable profits in accordance with Brazilian income tax legislation at the rate of 25% (income tax) and 9% (social contribution), plus an additional rate of 10% over the profit exceeding to R$ 240 per year.

(h) Deferred income tax and social contribution

Deferred income taxes are provided based on the estimated future tax effects of temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(i) Provision for contingencies

It is estimated based on the opinion of legal advisors in order to record probable losses on judicial proceedings. Management considers the amount sufficient to cover losses from any type of lawsuit.

(j) Revenue recognition

Revenues comprise the present value of services rendered. Revenue from sales rendered is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer and collection of the related receivables is reasonably assured.

(k) Determination of net income

Net income is determined on the accrual basis.

4. Cash and cash equivalents

	31/03/2018	31/03/2017
Cash	10	5
Bank current accounts	1,950	369
	1,960	374

(In thousands of Brazilian reals)

5. Accounts receivable

	31/03/2018	31/03/2017
Trade accounts receivable – domestic	4,427	7,224
Bad debt Provision - domestic	(868)	-
Trade accounts receivable – foreign	4,083	642
Bad debt Provision – foreign	(21)	-
	7,621	7,866

5.1. Accounts receivable aging

Domestic	31/03/2018	31/03/2017
Falling due	2,945	6,179
Overdue 01-30 days	73	225
Overdue 31-60 days	-	30
Overdue 61-90 days	281	40
Overdue for more than 90 days	1,128	750
	4,427	7,224

Foreign	31/03/2018	31/03/2017
Falling due	1,947	449
Overdue 01-30 days	1,045	61
Overdue 31-60 days	799	126
Overdue 61-90 days	49	-
Overdue for more than 90 days	243	6
	4,083	642

5.2. Changes in allowance for doubtful accounts

	Domestic	Foreign
Balance at beginning of year	-	-
(+) Provision	(868)	(21)
Balance at end of year	(868)	(21)

The allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

6. Inventories

	31/03/2018	31/03/2017
Raw material	4,489	4,407
Working in process	1,427	1,223
Finished products	1,390	1,043
Consumption material	1,555	1,528
(-) Provision for obsolete inventories	(1,375)	(1,204)
	7,486	6,997

(In thousands of Brazilian reals)

6.1. Changes in the provision for obsolete inventories

Balance as of March 31, 2017	(412)
Additions	(792)
Balance as of March 31, 2018	(1,204)
Additions	(1,375)
Write-offs	1,204
	(1,375)

7. Other receivables

	31/03/2018	31/03/2017
Goods for future sale	3,134	772
Advances to suppliers	3,716	869
Other receivables	150	131
Advances to employees	79	456
	7,079	2,228

The goods for future sale are related to orders of project developments to be sold to clients. These projects are going to be completed and sold to clients. In 2017, the main value is of the Mc Lauren project. Advances to suppliers are amounts advanced mainly to the project CSS prime.

8. Deferred taxes

The Company has accumulated loss carry forward of Income Tax and Social Contribution amounting to R$ 128,575 and R$ 114,341, respectively.

In accordance with Brazilian tax legislation, tax losses carry forward can be offset indefinitely against taxable income, limited to 30% of annual taxable. The company has recognized the tax benefits of tax losses carry forward and temporary differences in the amount of R$ 4,872. Impairment for Deferred tax assets was recognized based on projections that estimate that the tax loss carry forward will be offset during the explicit period. The projections made by management are based on the best quantitative and financial data available, as shown below:

	Realization prospect
2020	527
2021	1,876
From 2021	2,469
	4.872

(In thousands of Brazilian reals)

However, it is important to note that there will usually be differences between the projected and actual results since events and circumstances frequently do not occur as expected, and those differences may be material.

9. Property, plant, equipment

Fixed Assets		Gross Block				Accumulated Depreciation					Net Block	
	depreciation time	Balance as at 1 April 2017	Additions	Disposals	Other	Balance as at 1 April 2017	Depreciation charge for the year	On disposals	Other Adjustments(write off)	Balance as at 31 March 2018	Balance as at 31 March 2017	Balance as at 31 March 2018
	years	BRL	BRL	BRL	BRL	BRL	BRL	BRL	BRL	BRL	BRL	BRL
Tangible Assets												
Land		560	-	-		-	-	-	-	-	560	560
Plant and Equipment	10	64.495	3	(8.143)		(42.645)	(2.264)	7.982	(3)	(36.930)	21.850	19.489
Furniture and Fixtures	10	538	-	(0)		(480)	(19)	0	-	(499)	58	39
Vehicles	20	51	-	-		(22)	(17)	-	-	(39)	29	12
Office equipment	10	890	-	-		(850)	-	-	3	(846)	40	43
Others (Improv Third Prop	10	315	-	-		(310)	(2)	-	-	(312)	5	3
Capital Work In Progress		4.136	13.340	-		-	-	-	-	-	4.136	13.720
Total		70.985	13.344	(8.144)		(44.307)	(2.302)	7.982	-	(38.626)	26.678	33.866
Intangible Assets												
Goodwill		-	-	-		-	-	-	-	-	-	-
Brands / trademarks	25	960	-	-		(402)	(48)	-	-	(449)	558	510
Computer software	5	598	-	-		(502)	(479)	-	-	(981)	97	3.313
Mastheads and publishing		-	-	-		-	-	-	-	-	-	-
Total		1.558	-	-		(903)	(527)	-	-	(1.430)	655	3.823
Total		72.542	13.344	(8.144)		(45.210)	(2.829)	7.982	-	(40.057)	27.333	37.689

Composition

	31/03/2018	31/03/2017
Total Assets	37,689	27,333
Obsolete Asset Provision	(1,000)	-
Asset supplier advanced	956	-
Impairment adjustment	(209)	(5,931)
	37,436	21,402

Depreciation and amortization in the amount of R$ 2,829 (R$ 2,499 in 2017) was substantially allocated to costs of goods sold.

The Capital Work in progress had an increase during 2017 due to the plant change to Jarinu. The main amount refers to facilities and plant adaptations.

(In thousands of Brazilian reals)

10. Impairment test – fixed assets

The Company assessed its assets for purposes of compliance with the NBCTG 01 – Impairment of assets, and were noted and recorded the following effects of this assessment:

	31/03/2018	31/03/2017
i. Provision for loss on realization of assets	209	5,931
	209	5,931

Pricol do Brasil made a new impairment assessment and verified that the amount booked previously was extremely high due to write-off of items from fixed assets and also due to the valuation of fixed assets at market values.

In the physical verification of fixed assets, few assets were not identified. We are in the process of double checking the availability of these assets and their identification. In the meanwhile, the Company booked a provision for the fixed assets to be identified of R$ 1 million as of March 31st, 2018.

11. Trade accounts payable

	31/03/2018	31/03/2017
Trade accounts payable – domestic	10,248	8,693
Trade accounts payable – foreign	1,799	492
	12,047	9,185

11.1. Trade accounts payable aging

Domestic	31/03/2018	31/03/2017
Falling due	4,063	6,689
Overdue 01-30 days	4,060	1,319
Overdue 31-60 days	359	464
Overdue 61-90 days	813	71
Overdue for more than 90 days	953	150
	10,248	8,693

Foreign	31/03/2018	31/03/2017
Falling due	10	49
Overdue 01-30 days	231	18
Overdue 31-60 days	314	106
Overdue 61-90 days	83	10
Overdue for more than 90 days	1,161	309
	1,799	492

(In thousands of Brazilian reals)

12. Loans and financing

Bank	Type	Interest rate	31/03/2018	31/03/2017
Safra	4131 Operation	6,60% p.y	-	16,699
Citibank (a)	4131 Operation	6,51% p.y	32,767	-
NCE Itaú (b)		8,00% p.y	3,324	-
			36,091	16,699
	Current		5,130	12,158
	Non current		30,961	4,541
			36,091	16,699

a) Citibank - Operation 4131 – maturing date in August 2023 – guaranteed by Letter of Credit from Citibank of India

PAYMENTS

Year	R$
2019	5,157
2020	6,876
2021	6,876
2022	6,876
2023	5,176
	30,961

b) NCE Itau – export credit - maturing date in September 2018.

13. Intercompany loans

	31/03/2018	31/03/2017
PMP Auto Mexico	10,160	-
Pricol España	11,899	599
	22,059	599
Current	11,899	599
Non current	10,160	-
	22,059	599

The outstanding amount as of March 31st, 2018 refers to: 03 loans with Pricol Spain in USD being one of them refers only the interest that has not been settled since August 2016. The other ones were got in 2018, with due date in July 2019. The loan with Pricol Mexico was got in 2017 with due date in October 2020, both are updated based on exchange variation plus interest of 4,5% per year.

14. Salary and social charges payable

	31/03/2018	31/03/2017
Vacations and 13º salary	2,059	2,752
Provision for bonuses (a)	-	842
INSS	1,712	1,359
INSS Installment	-	8
FGTS	826	397
Other	878	7
	5,475	5,365

(In thousands of Brazilian reals)

(a) The company accrued the amounts to be paid to its employees by way of profit sharing as defined in the union collective agreement.

15. Tax payable

	31/03/2018	31/03/2017
ICMS – VAT tax	774	957
ICMS Installments (b)	1,905	3,200
Withholding taxes	1,176	429
Withholding tax installments	2	19
COFINS	-	484
COFINS Installments	118	252
PIS	-	47
PIS Installments	18	108
Municipal Tax	128	7
Special Installment Program (a)	3,043	3,442
IPI	-	89
	7,164	9,034
Current	3,534	4,283
Noncurrent	3,630	4,751
	7,164	9,034

(a) On March 27th, 2013, the company received the tax assessments n° 4.017.895-0, 4.017.894-8, 4.017.893-6 issued by the Finance Department of the State of São Paulo regarding the undue credits of ICMS (VAT) amounting to R$ 8 million, related to the inaccuracy classification for the NCM (Mercosur Common Name) used in the purchase of raw materials, which led to a new rate of ICMS of 0%, This new rate, consequently, altered the basis for calculation of ICMS. The tax assessment was calculated on the operation occurred in the period from January 2011 to November 2012, respecting the legal term of 5 years to collection. In the end of May 2013, the company joined the Special Installment Program – (PEP) of the State Government of São Paulo, braking down the debit in 120 months. On March 31st, 2018, there were 62 installments to be paid, which are up to date in a 1% p.m. rate.

The PEP consolidated balance is showed by due date aging, as shown in the schedule below:

	R$
2018	371
2019	500
From 2020	2,172
	3,043

(b) The Company joined the SEFAZ (Finance Department of the State of São Paulo) installment program of payments and it decided does not pay the ICMS taxes of some months. Below are demonstrated the position installment program as of March 31st, 2018.

Period	Interest rate	period	Original amount	Balance	Payed installments	Remaining installments	Due date
Aug and Sep 2016	1,2% p.m	24 months	875	442	11	13	Nov/18
Oct 2016	1,2% p.m	36 months	558	361	11	25	Oct/18
May, June and July 2015	1,71% p.m	60 months	1,038	378	25	35	Oct/20
Feb, Mar and April 2017	1% p.m	12 months	1,316	529	7	5	May/18
Nov and Dec 2016 and Jan 2017	1% p.m	12 months	1,176	195	10	2	Feb/18
			3,647	1,905			

(In thousands of Brazilian reals)

Special Tax Regularization Program - PERT

In August 2017, the Company adhered to the Special Tax Regularization Program (PERT), established by Provisional Measure No. 783/2017, aiming to equalize and regularize tax liabilities through a special payment system and installment of its tax obligations. The Company chose the modality of 20% (twenty percent) payment of the consolidated debt in 5 monthly and successive installments, and the remaining balance was offset by the use of the negative calculation basis of CSLL.

The total amount taxes (including penalty and interest) computed in the PERT Program is R$ 1,612 and the reduction offset with the negative basis of CSLL was R$ 1,289. The remain value of R$ 322 was paid in 5 instalments from August to December 2017.

16. Other accounts payable

	31/03/2018	31/03/2017
Provision for bonus	-	59
Provision for energy	483	233
Provision for guarantee	475	475
Severance pay	4,406	4,662
Advances from customers	4,332	1,792
Provision for IT services	100	-
Temporary labor	405	-
Meals	138	-
Freight	653	-
Tax Consultant	187	-
Warranty	223	-
Other	94	(7)
	11,496	7,214
Current	7,640	3,165
Noncurrent	3,856	4,049
	11,496	7,214

Severance pay refers to indemnities to be paid to some employees which had labor stability and were dismissed by the Company. The amounts were defined by Labor Court of Appeals and will be paid to claimants in installments (ranging from 36 to 204 monthly payments). Advance from Clients are related to CSS prime project.

(In thousands of Brazilian reals)

17. Provision for contingencies

The Company along the normal course of activities is party to lawsuits of tax, labor and civil nature. The management, supported by the opinion of legal counselors and by specific reports of experts, where applicable, rates the expectation of outcome of ongoing proceedings and determines the need or not of recognizing provisions for contingencies.

The Company recognized a tax contingency provision of PIS and COFINS resulting on the debt forgiveness occurred in January 2015 amounting to R$ 708.

Also, the Company accrued a provision for contingencies on labor claims, which the risk of loss was deemed probable by management. As of March 31, 2018 and 2017, the amounts recorded, which the management considers sufficient to face future losses were the following:

	31/03/2018	31/03/2017
PIS and COFINS – debt forgiveness	708	708
Labor-related proceedings	2,955	1,474
	3,663	2,182

The Company has a lawsuit related to undue credits of ICMS (VAT) amounting to R$ 9,655 which the legal counsel of the Company assessed the likelihood of loss as possible.

18. Shareholders' equity

18.1. Capital

	Number of Shares	%
Pricol España	118,652,504	99,99
Jorge Carlos Bahia	1	0,01
	118,652,505	100%

During the year ended March 2018, Pricol España, Sociedad Limitada increased its paid-in capital in the amount of R$ 19,064 (R$ 18,837 in 2017), increasing the capital of Pricol do Brasil to R$ 118,654.

19. Net operating revenues

	31/03/2018	31/03/2017
Domestic Sales	71,602	76,360
Export sales	10,104	6,031
Sales deductions:		
Sales tax	(17.972)	(18,534)
Returns	(584)	(917)
	63,150	62,940

(In thousands of Brazilian reals)

20. Cost of products sold

	31/03/2018	31/03/2017
Material	(33,673)	(34,987)
Salary and Fringe Benefits	(24,377)	(22,837)
Depreciation and amortization	(2,358)	(2,423)
Power Energy	(2,068)	(1,924)
Maintenance	(2,550)	(1,724)
Rent	(1,584)	(2,095)
Tools and Device	(1,775)	(1,755)
Scrap	(1,879)	(2,249)
Clean	(972)	(958)
Severance	(-)	(67)
Gas	(654)	(761)
Freight	(1,132)	(235)
Outsourcing services	(934)	(486)
Rent equipment	(377)	(165)
Oil/ lubricant's	(261)	(274)
Security	(186)	(229)
Municipal Taxes	(207)	(249)
Import expenses	(135)	(25)
Insurance	(177)	(126)
Telephone	(136)	(103)
Water	(75)	(88)
Travel	(203)	(137)
Delivery Services	(22)	(14)
Taxes	(728)	(25)
Other	(5)	155
Cost recuperation	11	369
	(76,457)	(73,412)

21. Administrative expenses

	31/03/2018	31/03/2017
Salary and expenses	(2,197)	(3,458)
Benefits	(582)	(602)
Maintenance and occupation	(499)	(310)
Rendered services	(1,681)	(2,597)
Warranty expenses	(319)	(1,078)
Depreciation and amortization	(468)	(76)
Projects development expenses	(10)	(429)
Bad debit amount	(15)	(2)
Bad debit provision	(890)	-
Other	(401)	(580)
	(7,062)	(9,132)

22. Financial income (expense), net

	31/03/2018	31/03/2017
Exchange loss	(6,246)	(3,396)
Exchange gain	2,493	4,911
Adjustment at present value	(80)	(91)
Financial income	165	-
Financial expenses	(6,506)	(3,811)
	(10,174)	(2,387)

(In thousands of Brazilian reals)

23. Other operating revenues (expenses)

	31/03/2018	31/03/2017
Severance claim	(478)	(1,414)
Impairment Adjustment	5,722	945
Salary and expenses (a)	(18,556)	-
Freight (a)	(1,516)	-
Provision for obsolete Asset	(1,000)	-
Provision for obsolete Inventories	-	(225)
Sell of fixed asset residual	230	124
Tax credit	484	66
Others	637	454
	(14,477)	(50)

(a) These expenses were due to the change to Jarinu, mentioned in note 1.

24. Income tax and social contribution

Income tax and social contribution were calculated at rates ruling at the balance sheets. Deferred taxes regarding temporary differences are recorded in balance sheet accounts. The calculation base and tax balances are as follows:

Statement of calculations – expenses	31/03/2018	31/03/2017
Pretax income (loss) for the period	(46,163)	(22,224)
Total add-backs	8,232	6,151
Total deductions	(6.151)	(5,055)
Calculation base	(44,082)	(21,128)
Calculation base	(44,082)	(21,128)
Temporary difference, tax accounting depreciation adjust		
(=) Basis for deferred income tax and deferred social contribution	9,212	8,791
Deferred income tax and social contribution – 34%	(143)	(183)
Deferred Tax Liability	3,132	2,989

25. Risk management policy

The Company's activities are exposed to some financial risks, mainly markets ones, including exchange rate. Such risks arise chiefly from the sale and acquisitions of products.

(In thousands of Brazilian reals)

As of March 31, 2018 and 2017, the Company had the following assets and liabilities in foreign currency:

	March 31, 2018				March 31, 2017			
	R$	US$	GBP$	EUR$	R$	US$	GBP$	EUR$
ASSETS								
Accounts receivable	4,083	1,253	1	-	642	201	1	-
Advance to suppliers	934	283	-	86	571	162	-	17
Subtotal assets	5,017	1,536	1	86	1,213	363	1	17
LIABILITIES								
Suppliers	1,799	525	1	178	504	130	-	88
Loans	36,091	1,000	-	8,000	-	-	-	-
Intercompany loan	22,059	3,000	-	2,750	586	189	-	-
Subtotal liabilities	59,949	4,525	1	10,928	1,090	319	-	88
Net exposure	(54,932)	(2,989)	-	(10,842)	123	44	1	(71)

In August 2015, the Company got a long-term loan of USD 5,600, the amortizations occurred in November and December 2017. The loan is denominated in US dollars with interest of 6.60% p.y. The interest of this loan is subject to a swap transaction converted it to 82.50% of CDI.

26. Insurance (unaudited)

The Company has insurance policies taken from the main insurance companies in Brazil, which were determined in accordance with the orientation of experts and take into consideration the nature and level of the risk involved. The assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, they were not examined by our independent auditors.

27.Subsequent event

In 3rd May, 2018 occurred a new capitalization from Pricol Espanã in the total amount of USD 975,000.