

Edgar Filing: MERITOR INC - Form 10-K/A

MERITOR INC

Form 10-K/A

June 02, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A (Amendment no. 2)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended September 27, 2015

Commission file number 1-15983

MERITOR, INC.

(Exact name of registrant as specified in its charter)

Indiana

38-3354643

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer
Identification No.)

2135 West Maple Road

48084-7186

Troy, Michigan

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (248) 435-1000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
Common Stock, \$1 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding twelve months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Edgar Filing: MERITOR INC - Form 10-K/A

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant on March 27, 2015 (the last business day of the most recently completed second fiscal quarter) was approximately \$1,163,098,759.

89,214,932 shares of the registrant's Common Stock, par value \$1 per share, were outstanding on May 31, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the Proxy Statement for the Annual Meeting of Shareowners of the registrant held on January 28, 2016 is incorporated by reference into Part III of the Annual Report on Form 10-K for the fiscal year ended September 27, 2015.

EXPLANATORY NOTE - AMENDMENT

Meritor, Inc. (the “company” or “Meritor”) is filing this Form 10-K/A (Amendment No. 2) to include in its Annual Report on Form 10-K for the fiscal year ended September 27, 2015 (the “Annual Report”), pursuant to Rule 3-09 of Regulation S-X under the Securities Exchange Act of 1934, financial statements and related notes of Master Sistemas Automotivos Ltda. (“MSA” or “Master”), an unconsolidated joint venture incorporated in Brazil in which the company owns an interest. Meritor owns a 49% interest in MSA (directly).

Rule 3-09 of Regulation S-X provides that if a 50% or less owned person accounted for by the equity method meets the first or third condition of the significant subsidiary tests set forth in Rule 1-02(w), substituting 20% for 10%, separate financial statements for such 50% or less owned person shall be filed. Such statements are required to be audited only in the years in which such person met such test.

MSA met the significance test for Meritor's 2013 fiscal year. Therefore, Meritor is required to file audited financial statements as of and for the fiscal year ended December 31, 2013 (“2013”) and the company has included in this Amendment No. 2 on Form 10-K/A the required audited financial statements for the 2013 fiscal year. MSA did not meet such significance test for Meritor's fiscal years 2015 and 2014. Therefore, Meritor is only required to file unaudited financial statements as of and for the fiscal years ended December 31, 2015 (“2015”) and December 31, 2014 (“2014”) and the company has included in this Amendment No. 2 on Form 10-K/A the required unaudited financial statements for the 2015 and 2014 fiscal years.

Effective January 1, 2009, Brazil adopted International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements of MSA for 2015, 2014, and 2013 have been prepared in accordance with IFRS as issued by the IASB. Reconciliations between IFRS as issued by the IASB and U.S. GAAP are not required pursuant to SEC Release numbers 33-8879 and 34-57026.

Item 15 is the only portion of the Annual Report being supplemented or amended by this Amendment No. 2 on Form 10-K/A. Additionally, in connection with the filing of this Amendment No. 2 on Form 10-K/A and pursuant to SEC rules, Meritor is including the consents of the independent auditors of MSA and currently dated certifications. This Amendment No. 2 on Form 10-K/A does not otherwise update any exhibits as originally filed, except for Exhibits 3-b-1, 10-a-5, 10-a-6, 10-b-2, 10-b-3, 10-b-4, 10-c-3, and 23-e, and does not otherwise reflect events occurring after the original filing date of the Annual Report. Accordingly, this Amendment No. 2 on Form 10-K/A should be read in conjunction with Meritor’s filings with the SEC subsequent to the filing of the Annual Report.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statements, Financial Statement Schedules and Exhibits.

(1) Financial Statements.

Meritor

The following financial statements and related notes were filed as part of the Annual Report filed with the SEC on November 18, 2015 (all financial statements listed below are those of the company and its consolidated subsidiaries):

Consolidated Statement of Operations, years ended September 30, 2015, 2014 and 2013.

Consolidated Statement of Comprehensive Income (Loss), years ended September 30, 2015, 2014, and 2013.

Consolidated Balance Sheet, September 30, 2015 and 2014.

Consolidated Statement of Cash Flows, years ended September 30, 2015, 2014 and 2013.

Consolidated Statement of Equity (Deficit), years ended September 30, 2015, 2014 and 2013.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

Meritor WABCO Vehicle Control Systems

The following financial statements and related notes of Meritor WABCO Vehicle Control Systems were filed as part of Amendment No. 1 on Form 10-K/A to the Annual Report filed with the SEC on December 14, 2015 (the "2015 10-K/A") pursuant to Rule 3-09 of Regulation S-X:

Balance Sheets, September 30, 2015 (Audited) and 2014 (Audited).

Statements of Net Income and Cash Flows, years ended September 30, 2015 (Audited), 2014 (Audited), and 2013 (Audited).

Independent Auditors' Report.

Master Sistemas Automotivos Ltda.

The following financial statements and related notes of Master Sistemas Automotivos Ltda. are included in this Amendment No. 2 on Form 10-K/A pursuant to Rule 3-09 of Regulation S-X:

Balance Sheets, December 31, 2015 (Unaudited) and 2014 (Unaudited).

Statements of Income, Comprehensive Income, Changes in Shareholders' Equity, and Cash Flows, years ended December 31, 2015 (Unaudited) 2014 (Unaudited), and 2013 (Audited).

Independent Auditors' Report.

Master Sistemas Automotivos Ltda.

Financial Statements

For the Years

Ended December 31, 2015 (Unaudited), 2014 (Unaudited), and 2013 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Master Sistemas Automotivos Ltda.
Caxias do Sul, RS

We have audited the accompanying financial statements of Master Sistemas Automotivos Ltda. (the "Company"), which comprise the related statements of income, comprehensive income, changes in shareholder's equity, and cash flows for the year ended December 31, 2013 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations of Master Sistemas Automotivos Ltda. and its cash flows for the year ended December 31, 2013 in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Other-matter paragraph

The financial statements comprising the balance sheet as at December 31, 2015 and 2014, and the related statements of income, comprehensive income, changes in equity and cash flows for the years then ended were not audited by us and consequently we do not express an opinion on them.

April 30, 2014

/s/ DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU
Auditors Independentes

5

MASTER SISTEMAS AUTOMOTIVOS LTDA.

BALANCE SHEETS AS OF DECEMBER 31, 2015 (UNAUDITED) AND 2014 (UNAUDITED)

(In thousands of Brazilian reais - R\$)

ASSETS	Note	12/31/2015	12/31/2014
CURRENT ASSETS		Unaudited	
Cash and cash equivalents	4	160,091	176,274
Short-term investments not immediately redeemable	5	37,707	18,546
Trade receivables	6	14,142	28,989
Recoverable taxes	7	6,216	7,231
Inventories	8	27,169	41,937
Prepaid expenses		1,660	481
Other receivables		534	684
Total current assets		247,519	274,142
NON-CURRENT ASSETS			
Recoverable taxes	7	1,532	609
Retirement benefit plan	14	363	140
Escrow deposits		707	642
Other investments		16	26
Property, plant and equipment	10	90,638	90,027
Intangible assets	11	6,852	8,235
Total non-current assets		100,108	99,679
TOTAL ASSETS		347,627	373,821
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES		Unaudited	
Trade payables		3,780	11,991
Borrowings and financing	12	15,853	2,767
Taxes and contributions payable		2,814	3,441
Salaries payable		237	892
Accrued vacation and related taxes		790	2,438
Dividends and interest on capital payable	18	4,176	30,992
Employee and management profit sharing		784	2,805
Advances from customers		1,807	598
Amounts due to related parties	13	150	150
Other payables		4,257	3,648
Total current liabilities		34,648	59,722
NON-CURRENT LIABILITIES			
Borrowings and financing	12	177,644	181,154
Amounts due to related parties	13	452	602
Provision for tax, social security and labor risks	15	466	340
Contributions payable		842	1,512
Deferred taxes	21	5,779	5,427
Other payables		40	165
Total non-current liabilities		185,223	189,200
SHAREHOLDERS' EQUITY			
Share capital	17	60,000	60,000
Earnings reserve		63,422	59,492
Retained earnings		4,334	5,407
Total Shareholders' equity		127,756	124,899
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		347,627	373,821

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

6

MASTER SISTEMAS AUTOMOTIVOS LTDA.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 (UNAUDITED), 2014 (UNAUDITED), AND, 2013

(In thousands of Brazilian reais - R\$)

	Note	2015	2014	2013
		Unaudited	Unaudited	
NET OPERATING REVENUE	19	265,613	433,221	518,063
COST OF SALES AND SERVICES	20	(239,081)	(361,577)	(422,131)
GROSS PROFIT		26,532	71,644	95,932
OPERATING INCOME (EXPENSES)				
Selling expenses	20	(14,677)	(18,119)	(19,325)
General and administrative expenses	20	(14,732)	(16,495)	(17,396)
Equity in associate	9	—	—	15,385
Other operating expenses, net	20	(355)	(4,070)	(4,408)
		(29,764)	(38,684)	(25,744)
OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSES)		(3,232)	32,960	70,188
FINANCE INCOME (EXPENSES)				
Finance income	22	26,759	20,222	13,332
Finance expense	22	(16,302)	(11,680)	(9,038)
Foreign exchange gains	22	3,379	—	699
Finance income, net		13,836	8,542	4,993
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		10,604	41,502	75,181
INCOME TAX AND SOCIAL CONTRIBUTION				
Current	21	(2,166)	(10,118)	(15,336)
Deferred	21	(459)	(672)	(824)
NET PROFIT FOR THE YEAR		7,979	30,712	59,021

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

MASTER SISTEMAS AUTOMOTIVOS LTDA.
 STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2015 (UNAUDITED), 2014 (UNAUDITED), AND 2013
 (In thousands of Brazilian reais - R\$)

	2015	2014	2013
	Unaudited	Unaudited	
NET PROFIT FOR THE YEAR	7,979	30,712	59,021
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified subsequently to profit for the year:			
Actuarial losses on retirement benefit plan	(316)	(70)	(1)
Deferred income tax and social contribution on other comprehensive income	107	24	—
	(209)	(46)	(1)
COMPREHENSIVE INCOME FOR THE YEAR	7,770	30,666	59,020

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

MASTER SISTEMAS AUTOMOTIVOS LTDA.
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2015 (UNAUDITED), 2014 (UNAUDITED), AND 2013
 (In thousands of Brazilian reais - R\$)

	Note	Share Capital	Earnings reserve	Retained earnings	Total
BALANCES AT JANUARY 01, 2013		160,000	105,945	15,254	281,199
Net profit for the year	—	—	—	59,021	59,021
Other comprehensive income	—	—	—	(1)	(1)
Comprehensive income for the year	—	—	—	59,020	59,020
Capital reduction	17	(126,003)	(9,649)	(7,048)	(142,700)
Capital increase		26,003	(26,003)	—	—
Payment of dividends		—	(26,522)	—	(26,522)
Interest on capital		—	—	(8,952)	(8,952)
Distribution of dividends		—	—	(35,923)	(35,923)
Earnings reserve		—	15,721	(15,721)	—
BALANCE AT DECEMBER 31, 2013		60,000	59,492	6,630	126,122
Net profit for the year	—	—	—	30,712	30,712
Other comprehensive income	—	—	—	(46)	(46)
Comprehensive income for the year	—	—	—	30,666	30,666
Interest on capital	18	—	—	(5,975)	(5,975)
Payment of dividends	18	—	—	(25,914)	(25,914)
BALANCES AT DECEMBER 31, 2014 (Unaudited)		60,000	59,492	5,407	124,899
Net profit for the year	—	—	—	7,979	7,979
Other comprehensive income	—	—	—	(209)	(209)
Comprehensive income for the year	—	—	—	7,770	7,770
Interest on capital	18	—	—	(4,913)	(4,913)
Earnings reserve		—	3,930	(3,930)	—
BALANCE AT DECEMBER 31, 2015 (Unaudited)		60,000	63,422	4,334	127,756

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

MASTER SISTEMAS AUTOMOTIVOS LTDA.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2015 (UNAUDITED), 2014 (UNAUDITED), AND 2013
 (In thousands of Brazilian reais - R\$)

	Note	2015	2014	2013
		Unaudited	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before income tax and social contribution		10,604	41,502	75,181
Adjustments to reconcile net profit before income tax and social contribution to cash generated by operating activities:				
Gain (loss) from sale of property, plant and equipment		304	(1,029)	(144)
Depreciation of property, plant and equipment	10	9,415	10,304	9,796
Amortization of intangible assets	11	1,605	1,520	1,454
Government incentives		10	—	—
Exchange differences on borrowings		—	—	3
Interest and charges on borrowings and financing		14,481	8,086	7,147
Share of profits of associate	9	—	—	(15,385)
Changes in assets and liabilities				
(Increase) decrease in trade receivables		14,952	16,382	2,346
(Increase) decrease in short-term investments	5	(19,161)	15,539	(34,085)
(Increase) decrease in inventories	8	14,768	15,273	(13,724)
(Increase) decrease in other receivables		(1,434)	144	(2,134)
Increase (decrease) in trade payables		(9,124)	(3,982)	(2,307)
Increase (decrease) in payables and provisions		(5,202)	(3,148)	2,062
Income tax and social contribution paid		(1,609)	(10,287)	(16,912)
Dividends and interest on capital received		—	—	9,194
Interest paid on borrowings		(9,308)	(5,622)	(5,130)
Net cash generated by operating activities		20,301	84,682	17,362
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	10	(9,444)	(9,378)	(11,819)
Purchase of intangible assets	11	98	(391)	(31)
Proceeds of property, plant and equipment		117	2,500	737
Net cash used in investing activities		(9,229)	(7,269)	(11,113)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends and interest on capital paid	18	(30,992)	(42,265)	(41,733)
Borrowings from related parties	13	(151)	(151)	(151)
Third-party borrowings		65,552	70,609	91,002
Repayment of borrowings and financing		(61,664)	(584)	(48,286)
Net cash generated by (used in) financing activities		(27,255)	27,609	832
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at the beginning of the year	4	176,274	71,252	64,171
Cash and cash equivalents at the end of the year	4	160,091	176,274	71,252

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

MASTER SISTEMAS AUTOMOTIVOS LTDA.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 (UNAUDITED), 2014 (UNAUDITED), AND 2013
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

Master Sistemas Automotivos Ltda. (the “Company”) is a limited liability company established in Brazil with its head office and principal place of business at Rua Atílio Andrezza, 3520, in Caxias do Sul, RS, and is a jointly controlled entity of Randon S.A. Implementos e Participações (“Randon”) and Meritor do Brasil Sistemas Automotivos Ltda. (“Meritor”) whereby Randon owns 51% and Meritor owns 49%. The Company was incorporated on April 24, 1986, started its operations in April 1987, and is engaged in the development, manufacture, sale, assembly, distribution, import and export of movement control systems for buses, trailers and trucks and their parts and components. On June 18, 2013, pursuant to the 23rd amendment to the articles of organization, the shareholders decided, by unanimous vote, without reserves or restrictions, to reduce the Company’s capital by transferring the shares held by the Company in the capital of Suspensys Sistemas Automotivos Ltda. to the shareholders of Randon S.A. Implementos e Participações and Meritor do Brasil Sistemas Automotivos Ltda. This amendment is detailed in note 17. Until June 2013, the Company held a 53.177% interest in Suspensys Sistemas Automotivos Ltda. (“Suspensys”), which has its head office and principal place of business in Caxias do Sul, RS and is engaged in the manufacture and sale of air and mechanical suspension systems for trucks, buses and trailers, axles for trailers, third axles, hubs and drums for trucks, buses and trailers, and the provision of technical assistance services for its products. Prior to the sale, Randon and Meritor had joint control of Suspensys Sistemas Automotivos Ltda, through direct and indirect investments.

2. PRESENTATION OF FINANCIAL STATEMENTS

The Company’s Financial Statements for the years ended on December 31, 2015 (unaudited), 2014 (unaudited) and 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

The Company adopted all rules, revision of rules, and interpretations issued by IASB and that are applicable for the year ended on December 31, 2015.

The summary of the principal accounting policies adopted by the Company is detailed in note 3.

The financial statements were approved by the Company's executive committee and authorized for issue on April 15, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3.2. Functional currency and presentation currency

The financial statements are presented in thousands of Brazilian reais, which is the Company's functional currency. All financial information presented in thousands of Brazilian reais was rounded to the closest value.

3.3. Critical accounting judgments and key estimates and assumptions

In the application of accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Significant

assets and liabilities subject to these estimates and assumptions include the residual value and useful lives of property, plant and equipment, the allowance for doubtful debts, impairment of inventories, the realization

of deferred taxes, and the provision for labor and social security risks. The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of revisions to accounting estimates are recognized in the period in which the estimate is reviewed. Actual results may differ from these estimates due to uncertainties inherent in such estimates.

3.4. Revenue recognition

Revenue is recognized on an accrual basis.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

• the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

• the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

• the amount of revenue can be measured reliably;

• it is probable that the economic benefits associated with the transaction will flow to the Company;

• the costs incurred or to be incurred in respect of the transaction can be measured reliably; and

Specifically, revenue from the sale of goods is recognized when goods are delivered and legal title is passed.

3.5. Foreign currency

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

3.6. Current and non-current assets

Cash and Cash Equivalents

Include cash on hand and in banks and short-term investments redeemable in up to 90 days from the investment date. Short-term investments are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These investments are carried at cost plus yield accrued through the end of the reporting period, which approximates their fair values.

Short-term investments not immediately redeemable

The classification of short-term investments depends on the purpose for which the investment was acquired and these investments are adjusted to fair value. When applicable, the costs directly attributable to the acquisition of a financial asset are added to the amount originally recognized.

Trade receivables

Trade receivables are recognized at the billed amount, including the related taxes and reduced to their present value at the end of the reporting period, when applicable.

Allowances for doubtful debts are recognized based on estimated irrecoverable amounts determined by reference to the Company's past default experience and an analysis of the debtor's current financial position.

Iinventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined under the weighted average cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The allowances for slow-moving or obsolete inventories are recognized when considered necessary by Management.

Intestments in associates

An associate is an entity over which the Company has significant influence and that does not qualify as a subsidiary or a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The profit or loss, assets, and liabilities of associates are included in the financial statements by the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and subsequently adjusted for purposes of recognition of the Company's share in profit or loss and other comprehensive income of an associate. When the Company's share of losses of an associate exceeds its interest in the associate (including any long-term investment which, in substance, is included in the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Further losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company's subsidiary conducts a transaction with an associate, the resulting profits or losses are recognized only proportionately to the interests held in the associate not related to the Company.

As mentioned in note 17, on June 18, 2013 the Company reduced its capital by transferring the shares held in the capital of Suspensys Sistemas Automotivos Ltda. to the shareholders Randon S.A. Implementos e Participações and Meritor do Brasil Sistemas Automotivos Ltda.

Property, plant and equipment

Carried at cost of acquisition, formation or construction, less accumulated depreciation and accumulated impairment losses. Properties in the course of construction are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy (note 3.9). Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated. For the other classes of property, plant and equipment, depreciation is calculated using the straight-line method at the rates mentioned in note 10, which take into consideration the estimated useful lives of assets. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of a property and equipment item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

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

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss when the asset is derecognized.

3.7. Impairment of tangible and intangible assets

At the end of each reporting period (or earlier when the need is identified), the Company reviews the carrying amount of its tangible and intangible assets to determine where there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years/periods. A reversal of an impairment loss is recognized immediately in profit or loss.

3.8. Discount to present value

Monetary assets and liabilities are discounted to present value when the effect is considered material in relation to the financial statements taken as a whole. The discount to present value is calculated based on an interest rate that reflects the timing and risk of each transaction.

Trade receivables are discounted to present value with a corresponding entry in sales revenue in the statements of income, and the difference between the present value of a transaction and the face value of the billing is considered as financial income and will be recognized based on the amortized cost and the effective long-term rate of the transaction.

The discount to present value of purchases is recorded in "trade payables" and "inventories", and its realization has a corresponding entry in line item "finance expenses" over maturity date of trade payables.

3.9. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets.

Income on investments earned on the short-term investment of funds of specific borrowings not yet spent on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

3.10. Retirement benefit plan

The Company is the sponsor of a defined contribution plan with minimum guaranteed benefits and the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are immediately recognized in equity (Other comprehensive income) according to the available option in paragraph 93A IAS 19 - Employee Benefits.

3.11. Financial instruments

(a) Classification and measurement

The classification depends on the purpose for which the financial assets and liabilities were acquired or contracted. The Company's management classifies its financial assets and liabilities at the time of initial contracting.

Loans and receivables measured at amortized cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables and cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

Financial liabilities measured at amortized cost

Borrowings are initially recognized, upon receipt of funds, net of transaction costs. They are subsequently measured at amortized cost. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument.

3.12. Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at Management's best estimate of the expenditure required to settle the Company's obligation.

3.13. Tax incentive (FUNDOPEM)

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Subsidized loans, directly or indirectly provided by the Government, obtained at interest rates lower than market, are treated as government grants, measured at the difference between the amounts raised and the fair value of the borrowing calculated using market interest rates.

3.14. Income tax and social contribution

Current taxes

The provision for income tax and social contribution is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statements of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The provision for income tax and social contribution is calculated based on rates prevailing at the end of the reporting period (15% plus a 10% surtax on taxable profit exceeding R\$ 20 per month for Income Tax and 9% on taxable profit for Social Contribution on Profit).

Deferred taxes

Deferred taxes are recognized on temporary differences at the end of each annual reporting period between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax

consequences that would follow from the manner in which the Company expects, at the end of the reporting

15

period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

3.15. Standards, interpretations and amendments to existing standards not yet effective and which were not early adopted by the Company

Several standards, amendments to standards and IFRS interpretations issued by the IASB have not yet come into effect for the year ended December 31, 2015, as follows:

16

Edgar Filing: MERITOR INC - Form 10-K/A

Standard	Main requirements	Effective for annual periods beginning on or after
IFRS 9 - Financial Instruments	Financial instruments. IFRS 9 retains, but simplifies the combined measurement model and establishes two main measurement categories of financial assets: amortized cost and fair value. The classification basis depends on the entity's business model and the characteristics of the financial asset's contractual cash flow. IFRS 9 retains most of IAS 39 requirements for financial liabilities. The main change refers to those cases where the fair value of the financial liabilities must be segregated so that the fair value portion related to the entity's credit risk is recognized in "Other comprehensive income" and not in profit or loss for the period. The guidance on IAS 39 on the impairment of financial assets and hedge accounting is still applicable.	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	Permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements	January 1, 2016
IFRS 15 - Revenue from contractors with customers	Provides a single, principles based five-step model to be applied to all contracts with customers	January 1, 2018
IFRS 16- Leases	Defines the principles for recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS17 - Leases and related interpretations.	January 1, 2019
Amendments to IFRS 11	Require an acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. Disclose the information required by IFRS 3	January 1, 2016
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization	January 1, 2016
Amendments to IAS 16 and IAS 41	Define a bearer plant and require biological assets that meet such definition to be accounted for as property, plant and equipment	January 1, 2016
Amendments to IAS 27	Allow the use of equity method in separate financial statements	January 1, 2016
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	January 1, 2016
Annual improvements (2012-2014 cycle) in several accounting pronouncements	Makes amendments in the standards: IFRS 5, IFRS 7, IAS 9, IAS 34	January 1, 2016
Amendments to IAS 1 Disclosure Initiative		January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: applying the consolidation exception	January 1, 2016

Considering the current operations of the Company, management is still assessing if these changes will have any impact on its financial statements.

4. CASH AND CASH EQUIVALENTS

Short-term investments refer to bank certificates of deposit (CDBs), pegged to the interbank certificates of deposit rate (CDI) fluctuation that have original maturities of less than 90 days. The yield on these short-term investments is as follows:

	12/31/2013		12/31/2014	
	Unaudited			
Cash and banks	237		1,302	
Cash in transit	3,310		2,752	
Short-term investments:				
CDB - 20.00% of CDI	51		—	
CDB - 85.00% of CDI	—		1,019	
CDB - 90.00% to 95.99% of CDI	2,911		5,796	
CDB - 97.50% to 99.99% of CDI	—		16,207	
CDB - 100.00% to 100.99% of CDI	93,660		64,181	
CDB - 101.50% of CDI	24,232		—	
CDB - 102.00% to 102.99% of CDI	35,690		85,017	
			156,544	172,220
Total			160,091	176,274

5. SHORT-TERM INVESTMENTS NOT IMMEDIATELY REDEEMABLE

Investments in bank certificates of deposit (CDBs) and in local currency (R\$) held in top tier banks, as follows:

	12/31/2013		12/31/2014	
	Unaudited			
Short-term investments:				
CDB - 100.25% to 102.99%	37,707		18,546	
Total	37,707		18,546	

6. TRADE RECEIVABLES

Trade receivables are as follows:

	12/31/2013		12/31/2014	
	Unaudited			
Trade receivables from third parties – domestic	4,825		15,093	
Trade receivables from third parties – foreign	1,162		215	
Trade receivables from related parties – domestic	3,668		8,960	
Trade receivables from related parties – foreign	4,927		4,832	
Allowance for doubtful debts	(440)		(111)	
Total	14,142		28,989	

The aging of past-due trade receivables is as follows:

	12/31/2013	12/31/2014
	Unaudited	
1 to 30 days	4,571	5,802
31 to 60 days	399	419
61 to 90 days	—	222
91 to 180 days	100	240
Over 180 days	148	217
Past-due amounts	5,218	6,900
Current amounts	8,924	22,089
Total	14,142	28,989

Change on the allowance for doubtful debts:

	12/31/2013	12/31/2014
	Unaudited	
Balance at the beginning of the year	(111)	—
Allowance recognized	(329)	(111)
Balance at the end of the year	(440)	(111)

To determine whether or not trade receivables are recoverable, the Company takes into consideration any change in the customer's creditworthiness from the date the credit was originally granted to the end of the reporting period. The Company does not hold any collateral or other credit enhancement over these receivables.

7. RECOVERABLE TAXES

Recoverable taxes are as follows:

	12/31/2013	12/31/2014
	Unaudited	
Federal VAT (IPI)	293	111
State VAT (ICMS)	860	1,442
Tax on revenue (PIS and COFINS)	100	206
Corporate Income Tax (IRPJ) and Social Contribution on Profit (CSLL)	2,908	1,105
Taxes recoverable on imports	781	1,438
ICMS on purchases of property, plant and equipment	1,130	1,376
PIS and COFINS on purchases of property, plant and equipment	1,369	1,344
Other recoverable taxes	307	818
Total	7,748	7,840
Current	6,216	7,231
Non-current	1,532	609

Recoverable taxes in non-current assets comprise ICMS, PIS and COFINS on purchases of property, plant and equipment for which the realization, pursuant to current relevant legislation, occurs in 48 monthly installments.

8. INVENTORIES

Inventories comprise:

	12/31/2013/31/2014	
	Unaudited	
Finished products	4,524	7,648
Work in progress	6,317	5,934
Raw materials	13,385	15,458
Goods	935	7,993
Provision for inventory losses	(316)	(391)
Advances to suppliers	86	745
Imports in transit	2,238	4,550
Total	27,169	41,937

The provision for inventory losses refers to probable losses arising from the adjustment of inventories to their realizable values. Change on this provision was as follows:

	12/31/2013/31/2014	
	Unaudited	
Balance at the beginning of the year	(391)	—
Provision recognized	—	(391)
Provision reversed	75	—
Balance at the end of the year	(316)	(391)

The cost of inventories recognized as expense during the year ended December 31, 2015, related to continuing operations, was R\$ 237,276 (R\$ 361,577 at December 31, 2014 and R\$ 422,131 for the year ended December 31, 2013).

Management expectations are that these inventories will be recovered in a period of less than twelve months.

9. INVESTMENTS – INVESTMENT IN ASSOCIATE

The changes in the investment in associate Suspensys Sistemas Automotivos Ltda. are as follows:

	12/31/2013
Opening balance	128,805
Interest on capital receivable	(1,490)
Equity in associate	15,385
Distribution of share units to Randon - (see note 17)	(142,700)
Closing balance	—

Reconciliation of the equity investment at Suspensys' net income:
12/31/2013

Suspensys' net income	28,931 (*)
Master's ownership on Suspensys	53.177 %
Equity in associate	15,385

(*) The equity in associate was calculated through May 31, 2013 due to the amendment to the articles of organization in June 2013, with the transfer of the share units held by the Company in Suspensys to the companies Randon and Meritor, as detailed in note 17.

The summarized financial information on Suspensys Sistemas Automotivos is as follows:
05/31/2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	94,384
Trade receivables	106,048
Inventories	63,817
Other current assets	12,184
Total current assets	276,433

NON-CURRENT ASSETS

Property, plant and equipment and intangible assets	221,976
Other non-current assets	8,593
Total non-current assets	230,569
Total assets	507,002

05/31/2013

LIABILITIES

CURRENT LIABILITIES

Trade payables	61,474
Borrowings and financing	23,041
Dividends and Interest on capital	17,290
Other current liabilities	29,108
Total current liabilities	130,913

NON-CURRENT LIABILITIES

Borrowings and financing	98,560
Deferred taxes	3,735
Other non-current liabilities	5,445
Total non-current liabilities	107,740

SHAREHOLDERS' EQUITY	268,349
----------------------	---------

Total liabilities and shareholders' equity	507,002
--	---------

Company's share in associate's net assets	142,700
---	---------

Company's share in associate's contingent liabilities	538
---	-----

05/31/2013

STATEMENTS OF INCOME

Net operating revenue	396,639
Cost of sales	(324,932)
GROSS PROFIT	71,707
Operating expenses, net	(30,386)
Finance income, net	(1,472)
PROFIT BEFORE TAXES	39,849
Income tax and social contribution	(10,918)
NET PROFIT FOR THE YEAR	28,931

10. PROPERTY, PLANT AND EQUIPMENT

a) Balance breakdown:

	12/31/2015	12/31/2014
	Unaudited	
Cost	206,115	196,144
Accumulated depreciation	(115,477)	(106,117)
	90,638	90,027

Edgar Filing: MERITOR INC - Form 10-K/A

	Annual depreciation rate (%)	12/31/2015		12/31/2014	
		Cost	Accumulated depreciation	Net	Net
		Unaudited			
Land		4,400	—	4,400	4,400
Buildings	2 %	37,161	(7,220)	29,941	21,578
Machinery and equipment	9 %	126,018	(83,785)	42,233	44,478
Molds	16 %	23,846	(17,054)	6,792	6,070
Furniture and fixtures	11 %	7,468	(4,488)	2,980	3,038
Vehicles	11 %	1,988	(1,587)	401	536
Computer equipment	17 %	1,879	(1,343)	536	455
Advances to suppliers		124	—	124	50
Property, plant and equipment in progress (*)		3,231	—	3,231	9,422
Total		206,115	(115,477)	90,638	90,027

b) Movement in the cost:

	Balance at				Balance at
	1/1/2015	Additions	Disposals	Transfers	
	Unaudited				
Land	4,400	—	—	—	4,400
Buildings	28,249	3,450	—	5,462	37,161
Machinery and equipment	121,650	2,042	(54)	2,380	126,018
Molds	21,743	1,092	(1)	1,012	23,846
Furniture and fixtures	6,999	357	—	112	7,468
Vehicles	2,011	119	(142)	—	1,988
Computer equipment	1,620	95	(2)	166	1,879
Advances to suppliers	50	74	—	—	124
Property, plant and equipment in progress (*)	9,422	3,128	(187)	(9,132)	3,231
Total	196,144	10,357	(386)	—	206,115
	Balance at				Balance at
	1/1/2014	Additions	Disposals	Transfers	
	Unaudited				
Land	4,400	—	—	—	4,400
Buildings	28,223	11	—	15	28,249
Machinery and equipment	119,532	675	(1,763)	3,206	121,650
Molds	21,518	342	(1,199)	1,082	21,743
Furniture and fixtures	6,542	390	—	67	6,999
Vehicles	1,845	242	(76)	—	2,011
Computer equipment	1,615	5	—	—	1,620
Advances to suppliers	121	105	(55)	(121)	50
Property, plant and equipment in progress (*)	5,683	7,988	—	(4,249)	9,422
Total	189,479	9,758	(3,093)	—	196,144

Edgar Filing: MERITOR INC - Form 10-K/A

	Balance at 1/1/2013	Additions	Disposals	Transfers	Balance at 12/31/2013
Land	4,400	—	—	—	4,400
Buildings	28,056	—	—	167	28,223
Machinery and equipment	110,135	4,906	(289)	4,780	119,532
Molds	17,633	2,574	(221)	1,532	21,518
Furniture and fixtures	6,259	260	(53)	76	6,542
Vehicles	1,894	76	(125)	—	1,845
Computer equipment	1,496	177	(63)	5	1,615
Advances to suppliers	1,461	219	—	(1,559)	121
Property, plant and equipment in progress (*)	6,969	3,715	—	(5,001)	5,683
Total	178,303	11,927	(751)	—	189,479

(*) The amount of R\$ 3,231 in 2015 (R\$ 9,422 in 2014 and R\$ 5,683 in 2013) recognized in property, plant and equipment in progress refers to machinery and tools acquired for the expansion of the production process that have not been installed at the factory.

c) Movement in accumulated depreciation:

	Balance at 1/1/2015	Additions	Disposals	Transfers	Balance at 12/31/2015
	Unaudited				
Buildings	(6,671)	(549)	—	—	(7,220)
Machinery, equipment and molds	(92,846)	(8,028)	35	—	(100,839)
Furniture and fixtures	(3,960)	(528)	—	—	(4,488)
Vehicles	(1,476)	(130)	19	—	(1,587)
Computer equipment	(1,164)	(180)	1	—	(1,343)
Total	(106,117)	(9,415)	55	—	(115,477)

	Balance at 1/1/2014	Additions	Disposals	Transfers	Balance at 12/31/2014
	Unaudited				
Buildings	(6,208)	(463)	—	—	(6,671)
Machinery, equipment and molds	(85,444)	(9,000)	1,598	—	(92,846)
Furniture and fixtures	(3,425)	(535)	—	—	(3,960)
Vehicles	(1,380)	(120)	24	—	(1,476)
Computer equipment	(978)	(186)	—	—	(1,164)
Total	(97,435)	(10,304)	1,622	—	(106,117)

	Balance at 1/1/2013	Additions	Disposals	Transfers	Balance at 12/31/2013
Buildings	(5,747)	(461)	—	—	(6,208)
Machinery, equipment and molds	(76,931)	(8,548)	35	—	(85,444)
Furniture and fixtures	(2,940)	(504)	19	—	(3,425)
Vehicles	(1,320)	(107)	47	—	(1,380)
Computer equipment	(859)	(176)	57	—	(978)

Total (87,797) (9,796) 158 — (97,435)

11. INTANGIBLE ASSETS

	Annual amortization rate	Balance at 01/01/2015 Unaudited	Additions	Disposals	Transfers	Balance at 12/31/2015
Software:						
Cost	12.7%	13,648	311	(110)	21	13,870
Accumulated amortization		(5,434)	(1,605)	21	—	(7,018)
		8,214	(1,294)	(89)	21	6,852
Intangible assets in progress		21	—	—	(21)	—
Total		8,235	(1,294)	(89)	—	6,852
	Annual amortization rate	Balance at 01/01/2014 Unaudited	Additions	Disposals	Transfers	Balance at 12/31/2014
Software:						
Cost	12.7%	12,646	1,002	—	—	13,648
Accumulated amortization		(3,914)	(1,520)	—	—	(5,434)
		8,732	(518)	—	—	8,214
Intangible assets in progress		19	2	—	—	21
Total		8,751	(516)	—	—	8,235
	Annual amortization rate	Balance at 01/01/2013	Additions	Disposals	Transfers	Balance at 12/31/2013
Software:						
Cost	12.7%	12,614	12	—	20	12,646
Accumulated amortization		(2,460)	(1,454)	—	—	(3,914)
		10,154	(1,442)	—	20	8,732
Intangible assets in progress		20	19	—	(20)	19
Total		10,174	(1,423)	—	—	8,751

The intangible asset refers to the implementation of the SAP software.

12. BORROWINGS AND FINANCING

Financing obtained was used to fund the construction of the Company's manufacturing facilities, develop quality processes, finance imports, and finance machinery imports. Financing was obtained from several financial institutions by means of funds raised by these institutions with the National Bank for Economic and Social Development (BNDES).

Borrowings and financing are as follows:

Type:	Annual financial charges	Payment frequency	Final maturity	12/31/2012	12/31/2014
				Unaudited	
Working capital-NCE-Brasil	5.498% p.a.	(a)	03/2016	—	60,152
Working capital-NCE-Brasil	11% p.a.	(a)	12/2018	60,244	—
Lease agreement - IBM	Cetip CDI-Over	(b)	09/2017	409	613
Vendor financing	SELIC+3% p.a.	(e)	02/2016	105	135
Bank Credit Note - Exin-Safra	5.50% p.a.	(a)	02/2016	10,067	10,072
Bank Credit Note - Exim-Brasil	8.00% p.a.	(a)	07/2017	20,332	20,332
Bank Credit Note - Exim-Bradesco	8.00% p.a.	(a)	07/2017	30,498	30,492
FINEP	3.5% p.a.	(c)	10/2023	40,254	34,178
FUNDOPEM - ICMS	IPCA plus 3%	(d)	03/2026	31,588	27,947
Total				193,497	183,921
Current				15,853	2,767
Non-current				177,644	181,154

(a) Bullet payment upon maturity + quarterly interest.

(b) Semiannual installment upon maturity of principal and interest.

(c) 3-year grace period + monthly installments of interest and amortization.

(d) 51-year grace period + monthly installments of interest and amortization.

(e) Bullet payment.

The maturities of the long-term portions of the financing are as follows:

Maturity	12/31/2012	12/31/2014
Unaudited		
2016	—	74,018
2017	58,811	58,327
2018	70,223	8,820
2019	10,562	9,034
2020	10,521	9,101
2021 and thereafter	27,527	21,854
Total	177,644	181,154

Borrowings from FINEP are collateralized by bonds and a letter of guarantee of shareholder Randon S.A. Implementos e Participações. There are no restrictive clauses (covenants) on these loan agreements.

FUNDOPEM – ICMS

Refers to ICMS tax incentives granted to the Company through financing of 60% of the ICMS due every month. This incentive is calculated on a monthly basis and is contingent to the generation of direct and indirect jobs, investments made, and the fulfillment of contractual obligations with Banco do Estado do Rio Grande do Sul and Caixa Estadual S.A. - Agência de Fomento (State Development Bank).

The incentive amounts are subject to charges at the effective rates of 3.00% per year or 0.246627% per month plus adjustment for inflation calculated based on the monthly fluctuation of the IPCA/IBGE (consumer price index) or another index defined by the Steering Committee of FUNDOPEM/RS.

The benefit period started in December 2006 and ended in May 2014, and disbursements for Company use totaled 1,479,042.54 FUNDOPEM-RS incentive units (equivalent to R\$ 29,329 as at December 31, 2014 and R\$ 28,101 as at December 31, 2013). As of May 2014, the Company utilized R\$ 28,282. The benefit has a grace period of 51 months and will be settled 90 months after the end of the grace period, ending February 2026.

13. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

	Randon Group (*)		Meritor Group (**)			Total		
	12/31/15		12/31/15			12/31/14		
	Unaudited		Unaudited			Unaudited		
Trade receivables	1,764	385	6,831	13,407	8,595	13,792		
Trade payables	428	33	77	1,139	505	1,172		
Dividends and interest on capital payable	2,130	15,806	2,046	15,186	4,176	30,992		
Amounts due to related parties - current	150	150	—	—	150	150		
Amounts due to related parties - noncurrent	452	602	—	—	452	602		

	Randon Group (*)		Meritor Group (**)			Total		
	12/31/15		12/31/15			12/31/14		
	Unaudited		Unaudited			Unaudited		
Profit & Loss								
Sales of goods	78,173	145,320	152,830	52,396	82,565	116,238	130,569	227,885
Rental income	373	345	351	—	—	—	373	345
Purchases of goods and services	24,017	39,404	44,918	13,187	20,843	15,897	37,204	60,247
Commission expenses	23	267	984	—	—	—	23	267
Administrative expenses	5,756	7,028	7,465	—	—	—	5,756	7,028

(*) Includes: Randon S.A. Implementos e Participações (parent), Fras-Le S.A., Fras-Le Argentina S.A., Fras-Le Andina Comercio y Representacion Ltda., Controil., Fras-le Europa., Fras-le Fnai., Fras-le México, Fras-le Pinghu., Fras-le Africa, Fras-le Fasa., Jost Brasil Sistemas Automotivos Ltda., Randon Implementos para Transporte Ltda., Randon Argentina, Suspensys Sistemas Automotivos Ltda., Castertech Fundação e Tecnologia Ltda., Banco Randon, Randon Brantech Implementos para Transporte Ltda and Epysa Implementos Ltda.

(**) Includes: Meritor do Brasil Sistemas Automotivos Ltda., Meritor Automotive Inc., Meritor Heavy Vehicle Systems LLC., Meritor Hvs Ltd, ArvinMeritor Qri., Meritor Inc. Meritor CVS, Meritor Frankfurt, and Sisamex Sistemas Automotrices.

Master is the co-guarantor of vendor financing contracts, limited to R\$ 10,000 for transactions conducted between Company customers and Banco Randon. As at December 31, 2015, the outstanding balance related to these transactions is R\$ 2,089 (R\$ 2,647 at December 31, 2014).

Trading transactions

Trading transactions carried out with related parties follow specific prices and terms policies established in the joint venture agreement between the parties, which could be different if carried out with unrelated parties.

Administrative expenses

Refer to administrative advisory services (corporate activities) provided by Randon to the Company.

Management compensation

Management compensation and profit sharing was R\$ 1,402 in 2015 (R\$ 1,577 in 2014 and R\$ 1,046 in 2013).

Borrowings from officers and managers are recorded in 'Other payables', in current liabilities, in the amount of R\$ 271 at December 31, 2015 (R\$ 1,078 at December 31, 2014). These balances are adjusted for inflation using financial market rates ("DI-extra" as released by the Brazilian Association of Financial and Capital Markets Entities, or Anbima). The interest expense on these transactions was R\$ 106 in 2015 (R\$ 162 in 2014, R\$ 79 in 2013).

14. RETIREMENT BENEFIT PLAN

The Company is co-sponsor of RANDONPREV pension fund, together with other Randon companies, which is a defined contribution plan under the financial capitalization regime, with some additions of employee benefits, not covered by the defined contribution. This minimum benefit is defined by a percentage of the nominal salary per year worked for the Company, credited in a lump sum at the beneficiary's account with RANDONPREV. The most recent valuation of the plan assets and the present value of the minimum benefit was conducted at December 31, 2015 using the projected unit credit method and calculated the balance of R\$ 0 (R\$ 9 as at December 31, 2014), corresponding to the net assets of defined benefit at year-end. This amount is part of the credit of the special reserves that can be redeemed for future contributions at any time, from January 2014, without the need for previous analysis and authorization from Previc. The board of directors from RANDONPREV decided to refund to the sponsor the amount of R\$ 363, regarding the fund of reversion calculated in 2015.

15. PROVISION FOR TAX, SOCIAL SECURITY AND LABOR RISKS

The position of the provisions and contingent liabilities as at December 31, 2015 is as follows:

Nature of provision	Likelihood of loss	
	Probable	Possible
	Unaudited	
Tax	—	18,786
Civil	—	6,809
Social security	—	2,225
Labor	466	2,573
Total	466	30,393

Changes in provision:

Nature of provision	Opening balance 1/1/2015	Addition of Provision		Closing balance 12/31/2015
		Unaudited	of Provision	
Labor	340	126	466	466
Total	340	126	466	466

Nature of provision	Opening balance 1/1/2014	Addition / (Reversal) of Provision		Closing balance 12/31/2014
		Unaudited	of Provision	
Labor	146	194	340	340
Social security	36	(36)	—	—
Total	182	158	340	340

The Company is a party to administrative proceedings for which, based on the opinion of its legal counsel, no provision was recognized since they were classified as possible or remote likelihood of loss. The main lawsuits are as follows:

Tax

IPI presumed credit - Refers to notices issued by the Federal Revenue in the total amount of R\$ 1,593, through a) which the tax authorities denied the Company's request for refund of presumed credit and required the payment of the corresponding tax. The amount includes principal, fine and interest.

Income tax, social contribution and withholding income tax - assessment notices issued by the Brazilian Federal b) Revenue Service totaling R\$ 5,710 (as adjusted), related to payments made regularly to Company agents abroad as agency commission of sales and services. The related proceedings are being handled at the administrative level.

Administrative proceeding challenging an assessment notice collecting PIS-imports, COFINS-imports, Federal c) VAT (IPI), import duties (II), and fine for alleged noncompliance of Drawback Award Acts, totaling R\$ 1,523.

Disallowance of ICMS presumed credit on purchase of steel - refers to assessment notices issued by the Rio Grande d) do Sul State Department of Finance totaling R\$ 9,960, through which this tax authority confirmed the award of the tax benefit in an amount higher than permitted by the law. The amount includes principal, fine and interest.

Social security

Refers to INSS assessment notices totaling R\$ 2,225 for the nonpayment of payroll taxes on the profit sharing bonuses paid to employee.

Civil

It refers to action for compensation for moral and material damages in the amount of R\$ 15 per vehicle theft in the parking lot of the defendant and action filed by supplier at the Chamber of Arbitration and Mediation of the Chamber and Commerce Brazil-Canada, seeking condemnation of indemnity payments for damages and lost profits resulting from the failure to acquire certain volume of iron parts, amounting of R\$ 6,794.

16. FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial assets and liabilities were determined based on available market information and appropriate valuation techniques. However, considerable judgment was required in interpreting market data to produce the fair value estimate. As a consequence, the following estimates do not necessarily indicate the amounts that could be realized in a current exchange market. The use of different market methodologies may have a material effect on the estimated fair values.

These instruments are managed by means of operating strategies aimed at liquidity, profitability and security. The control policy consists in ongoing monitoring of the contracted rates against the market rates. The Company does not make speculative investments in derivatives or any other risk assets.

Balance breakdown

The following is a comparison by class of the carrying amount and the fair value of financial instruments of the Company in the financial statements:

	Note	Category	Carrying Amount		Fair Value	
			12/31/2015 Unaudited	12/31/2014	12/31/2015	12/31/2014
Assets						
Cash and cash equivalents	4	(a)	160,091	176,274	160,091	176,274
Short-term investments	5	(b)	37,707	18,546	37,707	18,546
Trade receivables	6	(a)	14,142	28,989	14,142	28,989
Liabilities						
Trade payables		(c)	(3,780)	(11,991)	(3,780)	(11,991)
Borrowings and financing		(c)	(193,497)	(183,921)	(193,557)	(183,987)
Categories:						
(a) Receivables						
(b) Fair value through profit and loss						
(c) Other liabilities						

Limitations

The fair values were estimated at the end of the reporting period, based on “relevant market information”. Any changes in assumptions may significantly affect the estimates.

Financial risk management

The Company is exposed to the following risks associated to the utilization of its financial instruments:

- i. credit risk
- ii. foreign exchange rate risk
- iii. interest rate risk
- iv. price risk
- v. liquidity risk

The Company, through the shareholder Randon, has a Currency Hedge Policy prepared by the Planning and Finance Committee and approved by the Executive Officers. The purpose of the policy is standardize the procedures of the group companies, define responsibilities and limits on transactions involving currency hedge, and reducing foreign exchange effects on inflows in foreign currency projected by the cash flow, without speculative purposes.

The basis used is the cash flow in foreign currency projected monthly for the following twelve months based on the Strategic Plan projections or the current expectation of each group company. If considered necessary, the instruments used are conservative and previously approved by the same committee. For the years ended December 31, 2015, 2014, and 2013, the Company did not enter into any transactions involving derivative financial instruments.

a. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk in its operating activities, mainly in relation to trade receivables.

The Company's sales policies are contingent upon the credit policies defined by management and are intended to minimize problems arising from default of its customers. This objective is achieved by management through a strict

selection of the customer portfolio considering the customer's ability to pay (credit analysis). The customer's credit quality is assessed based on an internal credit scoring system. Outstanding trade receivables are frequently monitored. The need to recognize a provision for impairment is analyzed at the end of each reporting period on an individual basis for the major customers. Additionally, for receivables with lower balances the provision is assessed on a collective basis.

Sales concentration:

In the year ended December 31, 2015, three customers individually accounted for more than 10% of sales, with shares of 29.43% (33.55% in 2014 and 11.77% in 2013), 19.73% (19.06% in 2014 and 22.19% 2013), 13.42% (16.41% in 2014 and 15.99% 2013), net revenues each equivalent to R\$ 78 million (R\$ 145 million in 2014 and R\$ 61 million in 2013), R\$ 52 million (R\$ 82 million in 2014 and R\$ 115 million in 2013) and R\$ 36 million (R\$ 71 million in 2014 and R\$ 83 million in 2013). The first and the second amounts refer to related parties. Other Company sales in the domestic and foreign markets are widely spread and there is no sales concentration in a percentage above 10% for any other customer.

b. Foreign exchange risk

The Company's results are exposed to risks of fluctuations due to the effects of the exchange rate volatility on assets and liabilities denominated in foreign currencies, mainly the US dollar, which closed 2015 with a positive fluctuation of 47.01% (positive fluctuation of 13.39% in 2014).

The Company is exposed to currency risk (foreign exchange risk) on sales, purchases and borrowings that are denominated in a currency other than the Company's functional currency, the Brazilian real.

The Company's net exposure to foreign exchange risk is as follows:

	12/31/2015	12/31/2014
	Unaudited	
A. Trade payables	(580)	(2,999)
B. Trade receivables	6,089	5,047
C. Net exposure (A+B)	5,509	2,048

c. Interest rate risk

The Company's results are exposed to the risk of significant fluctuations due to borrowings contracted at floating interest rates.

The Company does not have derivative financial instruments to manage its exposure to fluctuations in interest rates.

Pursuant to its financial policies, the Company has not entered into any transactions involving financial instruments for speculative purposes.

The description of the interest rates to which the Company's borrowings are subject is disclosed in note 12 - Borrowings and Financing.

d. Price risk

Arises from the possibility of fluctuations in the market prices of the goods sold or produced by the Company and of other inputs used in the production process. These price fluctuations may cause substantial changes in the Company's revenues and costs. In order to mitigate these risks, the Company conducts an ongoing monitoring of local and foreign

markets seeking to anticipate price movements. The Company has not contracted any financial instruments to hedge against fluctuations in the prices of its raw materials.

e. Liquidity risk

The table below details the remaining contractual maturity of the Company's liabilities and the contractual

28

amortization periods. The table was prepared using the undiscounted cash flows of the liabilities based on the closest date on which the Company should settle the related obligations. The table includes interest and principal cash flows. As interest flows involve floating rates, the undiscounted amount was obtained based on the interest curves at the end of the reporting period. The contractual maturity is based on the most recent date in which the Company should settle the related obligations.

Description	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Trade payables	3,378	402	—	—	—	3,780
Borrowings and financing	551	11,437	3,864	150,117	29,752	195,721
Interest to be incurred on borrowings and financing	1,155	2,026	9,319	22,131	1,551	36,182
Intragroup loans	271	—	—	—	—	271
Interest on capital	—	—	4,176	—	—	4,176
Total	5,355	13,865	17,359	172,248	31,303	240,130

17. CAPITAL

On June 18, 2013, the Company's shareholders approved the 23rd amendment to the articles of organization, reducing the capital as shown below.

Capital reduction (a)	126,003
Decrease in carrying value adjustments account (b)	7,048
Distribution of dividends (c)	9,649
Total investment in Suspensys at 05/31/2013	142,700

Capital reduction from R\$ 160,000 to R\$ 33,997, through payment of R\$ 126,003 to the shareholders, in the form (a) of shares held by the Company in Suspensys Sistemas Automotivos Ltda., in a number equivalent to the amount of the capital reduction.

(b) Decrease of the amount of R\$ 7,048 related to the carrying value adjustments account of the associate Suspensys at May 31, 2013;

Distribution of dividends in the amount of R\$ 9,649, from the Earnings Reserve account, proportionally to the (c) related equity interests, in payment for the assignment and transfer of the remaining share units held by Master in the capital of Suspensys.

As a result of these resolutions, Master withdrew as shareholder from Suspensys, by transferring the 53,177 shares held, (i) to the shareholder Randon, 27,120 shares in the amount of R\$ 72,777 and (ii) to the shareholder Meritor, 26,057 shares in the amount of R\$ 69,923.

As a result of the changes detailed above, the capital subscribed and paid up by the Company went to R\$ 33,997, divided into 33,997 share units with par value of R\$ 1.00 each.

On November 8, 2013, the Company's shareholders approved the 24th amendment to the articles of organization, increasing the capital by R\$ 26,003 through the capitalization of part of the Earnings Reserve balance, with the equivalent issue of new share units in the amount of 60,000 share units, with par value of R\$ 1.00.

At December 31, 2015 and 2014, the subscribed capital comprises 60,000 shares with par value of R\$ 1.00 each and its breakdown by shareholder is as follows:

Shareholder	Share Units	%
Randon S.A. Implementos e Participações	30,600	51
Meritor do Brasil Sistemas Automotivos Ltda.	29,400	49
Total	60,000	100

18. DIVIDENDS AND INTEREST ON CAPITAL

During the year ended December 31, 2015 the Company recorded payment of dividends and interest on capital of R\$ 0 and R\$ 4,913 (R\$ 25,914 and R\$ 5,975 at December 31, 2014) using as a basis the TJLP (Long-term interest rate) for the period January-December of each year, applied to equity, considering the higher of 50% of the profit before income tax and 50% of the retained earnings balance.

On April 10, 2015, the Company's shareholders approved in Minute 64 the shareholders approved the payment of dividends for 2014 in the amount of R\$ 25,914 and interest on capital for 2014 of R\$ 5,078 net of income tax.

At the Annual Shareholders Meeting held on April 2, 2014, the shareholders approved the payment of dividends for 2013 in the amount of R\$ 35,923 and interest on capital for 2013 of R\$ 6,342 net of income tax.

Additionally, the Company recognized finance income related to the interest on capital receivable from associate Suspensys Sistemas Automotivos Ltda., totaling R\$ 1,490 as at December 31, 2013, which for purposes of disclosure and compliance with accounting principles, was reclassified from line item "Finance income" to "Investments", in assets.

On April 29, 2013 and June 6, 2013, the Annual Shareholders' Meeting approved the proposal for payment of supplementary dividends of R\$ 26,522.

On June 6, 2013, the Annual Shareholders' Meeting approved the advance payment of interest on capital in the amount of R\$ 1,490, related to the same portion received from the associate Suspensys Sistemas Automotivos Ltda.

On July 11, 2013, the Company's shareholders approved in Minute 59 the Company's obligation in the payment of all the profits to be calculated for 2013 and 2014, except for the profits received due to share in profit of associate.

As provided for by the tax law, the amount recognized as interest on capital was fully deducted in the calculation of income tax and social contribution, and the tax benefit from this deduction was R\$ 1,670 at December 31, 2015 (R\$ 2,032 at December 31, 2014 and R\$ 3,044 at December 31, 2013). For purposes of appropriate presentation of the financial statements, such interest was treated as dividends and disclosed as a reduction of retained earnings in equity.

19. NET OPERATING REVENUE

The reconciliation between the revenue recognized for tax purposes and the revenue presented in the income statement for the year is as follows:

	2015 Unaudited	2014 Unaudited	2013
Gross revenue	348,941	574,768	682,882
Less:			
Taxes on sales	(75,222)	(130,913)	(156,524)
Sales returns	(4,025)	(5,610)	(3,798)
Discount to present value on installment sales	(4,081)	(5,024)	(4,497)
Net revenue recognized in the statement of income	265,613	433,221	518,063

20. EXPENSES BY NATURE

As required by corporate law, the Company is required to present the income statement by function. Therefore, the analysis of operating expenses by nature is as follows:

Edgar Filing: MERITOR INC - Form 10-K/A

	2015	2014	2013
	Unaudited	Unaudited	
Raw materials and auxiliary materials	174,634	285,161	334,057
Depreciation and amortization	11,020	11,824	11,250
Personnel and benefits	46,341	57,706	65,019
Freight	6,293	10,793	12,593
Rentals	3,843	3,740	4,469
Electric Power	2,944	2,990	3,923
Costs of outside services	15,250	15,591	16,901
Asset upkeep costs	4,841	7,925	9,283
Other operating expenses, net	3,679	4,531	5,765
Total	268,845	400,261	463,260

These expenses were classified as follows in the statement of income (presented by function):

	2015	2014	2013
	Unaudited	Unaudited	
Cost of sales and services	239,081	361,577	422,131
Selling expenses	14,677	18,119	19,325
General and administrative expenses	14,732	16,495	17,396
Other operating expenses, net	355	4,070	4,408
Total	268,845	400,261	463,260

21. INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and social contribution expense

The income tax and social contribution expense for the years ended December 31 is reconciled to statutory rates, as follows:

	2015	2014	2013
	IRPJ/CSLL	IRPJ/CSLL	IRPJ/CSLL
	Unaudited	Unaudited	
Profit before income tax and social contribution	10,604	41,502	75,181
Applicable rate	34 %	34 %	34 %
Income tax and social contribution at nominal rates	(3,605)	(14,111)	(25,562)
Effect of taxes on:			
Interest on capital expense (*)	1,670	2,032	3,044
Interest on capital income (*)	—	—	(507)
Equity in subsidiaries	—	—	5,231
Other	(164)	120	349
Income tax and social contribution before deductions	(2,099)	(11,959)	(17,445)
Income tax deductions and other adjustments	(526)	1,169	1,285
Income tax and social contribution expense	(2,625)	(10,790)	(16,160)
Current income tax and social contribution	(2,166)	(10,118)	(15,336)
Deferred income tax and social contribution	(459)	(672)	(824)

* See note 18, Dividends and Interest on Capital.

Edgar Filing: MERITOR INC - Form 10-K/A

Analysis of deferred income tax and social contribution

	12/31/2015		12/31/2014		12/31/2013	
	Temporary differences	Deferred taxes	Temporary differences	Deferred taxes	Temporary differences	Deferred taxes
	Unaudited		Unaudited			
Provision for profit sharing	694	235	2,263	769	2,546	866
Provision for officer's profit sharing	90	8	541	49	451	41
Provision for labor risks	465	158	340	116	182	62
Provision for warranty claims	1,743	593	515	175	81	28
Provision for collective bargaining	240	82	338	115	178	61
Provision for employee termination	40	14	653	222	619	210
Allowance for doubtful debts	440	150	111	38	—	—
Provision for inventory losses	316	107	391	133	—	—
Other temporary additions	506	147	1,479	504	438	149
Total assets		1,494		2,121		1,417
Incentive depreciation, Law 11,774	(125)	(31)	(606)	(152)	(1,163)	(291)
Tax depreciation	(12,147)	(4,130)	(10,580)	(3,597)	(5,225)	(1,777)
Deemed cost of property, plant and equipment	(6,569)	(2,233)	(7,879)	(2,679)	(9,661)	(3,285)
Retirement benefit plan	(363)	(123)	(140)	(47)	(451)	(153)
Discount to present value - Fundopem	(2,224)	(756)	(3,155)	(1,073)	(2,028)	(690)
Total liabilities		(7,273)		(7,548)		(6,196)
Deferred income tax and contribution - net		(5,779)		(5,427)		(4,779)

The Company offsets deferred tax assets and deferred tax liabilities because it relates to income taxes levied by the same tax authority on the Company.

Movement in the deferred income tax and social contribution

Temporary differences	Balances at 1/1/2015	Recognized		Balances at 12/31/2015
		in profit for the year	other comprehensive income	
		Unaudited		
Provision for profit sharing	769	(534)	—	235
Provision for officer's profit sharing	49	(41)	—	8
Provision for labor and social security risks	116	42	—	158
Provision for warranty claims	175	418	—	593
Provision for collective bargaining	115	(33)	—	82
Provision for employee termination	222	(208)	—	14
Allowance for doubtful debts	38	112	—	150
Provision for inventory losses	133	(26)	—	107
Other temporary additions	504	(357)	—	147
Total assets	2,121	(627)	—	1,494
Incentive depreciation, Law 11,774	(152)	121	—	(31)
Deemed cost of property, plant and equipment	(2,679)	446	—	(2,233)
Tax depreciation	(3,597)	(533)	—	(4,130)
Retirement benefit plan	(47)	(183)	107	(123)
Discount to present value - Fundopem	(1,073)	317	—	(756)
Total liabilities	(7,548)	168	107	(7,273)
Total recognized in the year	(5,427)	(459)	107	(5,779)
		Unaudited		
Temporary differences	Balance at 1/1/2014	Recognized in profit for the year	other comprehensive income	Balance at 12/31/2014
		Unaudited		
Provision for profit sharing	866	(97)	—	769
Provision for officer's profit sharing	41	8	—	49
Provision for labor and social security risks	62	54	—	116
Provision for warranty claims	28	147	—	175
Provision for collective bargaining	61	54	—	115
Provision for employee termination	210	12	—	222
Allowance for doubtful debts	—	38	—	38
Provision for inventory losses	—	133	—	133
Other temporary additions	149	355	—	504
Total assets	1,417	704	—	2,121
Incentive depreciation, Law 11,774	(291)	139	—	(152)
Deemed cost of property, plant and equipment	(3,285)	606	—	(2,679)
Tax depreciation	(1,777)	(1,820)	—	(3,597)
Retirement benefit plan	(153)	82	24	(47)
Discount to present value - Fundopem	(690)	(383)	—	(1,073)
Total liabilities	(6,196)	(1,376)	24	(7,548)
Total recognized in the year	(4,779)	(672)	24	(5,427)

Temporary differences	Balance at 1/1/2013	Recognized in profit for the year	Recognized in other comprehensive income	Balance at 12/31/2013
Provision for profit sharing	742	124	—	866
Provision for officer's profit sharing	—	41	—	41
Provision for labor and social security risks	40	22	—	62
Provision for warranty claims	75	(47)	—	28
Provision for collective bargaining	96	(35)	—	61
Provision for employee termination	76	134	—	210
Other temporary additions	342	(193)	—	149
Total assets	1,371	46	—	1,417
Incentive depreciation, Law 11,774	(431)	140	—	(291)
Deemed cost of property, plant and equipment	(3,923)	638	—	(3,285)
Tax depreciation	—	(1,777)	—	(1,777)
Retirement benefit plan	(218)	65	—	(153)
Discount to present value - Fundopem	(754)	64	—	(690)
Total liabilities	(5,326)	(870)	—	(6,196)
Total recognized in the year	(3,955)	(824)	—	(4,779)

22. FINANCE INCOME (EXPENSES)

Finance income (expenses) for the years ended December 31 are as follows:

	2015	2014	2013
	Unaudited	Unaudited	
Finance income			
Interest on short-term investments	22,490	14,257	8,652
Interest received and discounts obtained	120	886	259
Discount to present value of trade receivables	4,149	5,079	4,421
	26,759	20,222	13,332
Finance expenses			
Interest on borrowings and financing	(15,291)	(9,075)	(6,995)
Bank expenses	(43)	(1,150)	(620)
Discount to present value - FUNDOPEM	—	(47)	(190)
Discount to present value of trade payables	(968)	(1,408)	(1,233)
	(16,302)	(11,680)	(9,038)
Foreign exchange gains			
Exchange gains on items classified in liabilities	8,024	2,889	3,852
Exchange losses on items classified in assets	(4,645)	(2,889)	(3,153)
	3,379	—	699
Finance income, net	13,836	8,542	4,993

23. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in the balance sheet accounts that did not affect the Company's cash flows are purchase of property, plant and equipment in the amount of R\$ 913 in 2015 (R\$ 380 in 2014 and R\$ 108 in 2013), installment purchase from suppliers, purchase of intangible assets in leasing transactions in the amount of R\$ 311 at December 2015 (R\$ 613 at December 2014, and vendor transactions with the Company's customers and Banco Randon in the amount of R\$ 105 at December 2015 (R\$ 135 at December 2014).

(2) Financial Statement Schedule for the years ended September 30, 2015, 2014 and 2013. The following schedule was filed as part of the Annual Report filed with the SEC on November 18, 2015:

Schedule II - Valuation and Qualifying Accounts

Schedules not filed with this Amendment No.2 on Form 10-K/A are omitted because of the absence of conditions under which they are required or because the information called for is shown in the financial statements or related notes.

(3) Exhibits

3-a Amended and Restated Articles of Incorporation of Meritor, filed as Exhibit 3-a to Meritor's Annual Report on Form 10-K for the fiscal year ended September 27, 2015 (the "2015 Form 10-K"), is incorporated herein by reference.

3-b Amended and Restated By-laws of Meritor effective April 28, 2015, filed as Exhibit 3-b-2 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2015, is incorporated herein by reference.

3-b-1 Amended and Restated By-laws of Meritor, filed as Exhibit 3-b to Meritor's Current Report on Form 8-K filed on April 22, 2016, is incorporated herein by reference.

4-a Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee, filed as Exhibit 4 to Meritor's Registration Statement on Form S-3 (Registration No. 333-49777), is incorporated herein by reference.

4a-1 First Supplemental Indenture, dated as of July 7, 2000, to the Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee, filed as Exhibit 4-b-1 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2000, is incorporated herein by reference.

4-a-2 Third Supplemental Indenture, dated as of June 23, 2006, to the Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee (including Subsidiary Guaranty dated as of June 23, 2006), filed as Exhibit 4.2 to Meritor's Current Report on Form 8-K, filed on June 27, 2006, is incorporated herein by reference.

4-a-3 Sixth Supplemental Indenture, dated as of May 31, 2013, to the Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee, filed as Exhibit 4 to Meritor's current report on Form 8-K filed on May 31, 2013, is incorporated herein by reference.

4-a-4 Seventh Supplemental Indenture, dated as of February 13, 2014, to the Indenture, dated as of April 1, 1998, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company as successor to The Chase Manhattan Bank), as trustee, filed as Exhibit 4.1 to Meritor's current report on Form 8-K filed on February 13, 2014, is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

4-b Indenture, dated as of March 7, 2006 between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company), as trustee, filed as Exhibit 4.1 to Meritor's current report on Form 8-K filed on March 9, 2006, is incorporated herein by reference.

4-b-1 First Supplemental Indenture, dated as of June 23, 2006, to the Indenture, dated as of March 7, 2006, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to BNY Midwest Trust Company), as trustee (including Subsidiary Guaranty dated as of June 23, 2006), filed as Exhibit 4.1 to Meritor's current report on Form 8-K, filed on June 27, 2006, is incorporated herein by reference.

- 4-c Indenture, dated as of February 8, 2007, between Meritor and The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York Trust Company, N.A.), as trustee (including the note and form of subsidiary guaranty), filed as Exhibit 4-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2007, is incorporated herein by reference.
- 4-d Indenture, dated as of December 4, 2012, between Meritor and The Bank of New York Mellon Trust Company, N.A., as trustee (including form of the note and form of subsidiary guaranty), filed as Exhibit 4.1 to Meritor's Current Report on Form 8-K filed on December 4, 2012, is incorporated herein by reference.
- 10-a-1 Second Amendment and Restatement Agreement relating to Second Amended and Restated Credit Agreement, dated as of February 13, 2014, among Meritor, ArvinMeritor Finance Ireland ("AFI"), the financial institutions party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on February 18, 2014, is incorporated herein by reference.
- 10-a-2 Second Amended and Restated Pledge and Security Agreement, dated as of February 13, 2014, by and among Meritor, the subsidiaries named therein and JPMorgan Chase Bank, N.A., as Administrative Agent, filed as Exhibit 10.2 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2014, is incorporated herein by reference.
- 10-a-3 Amendment No. 1 to Second Amended and Restated Credit Agreement and Second Amended and Restated Pledge and Security Agreement, dated as of September 12, 2014, among Meritor, AFI, the financial institutions party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, filed as Exhibit 10.1 to Meritor's Current Report on Form 8-K filed on September 15, 2014, is incorporated herein by reference.
- 10-a-4 Amendment No. 2 to Second Amended and Restated Credit Agreement, dated as of May 22, 2015, among Meritor, AFI, the financial institutions party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, filed as Exhibit 10-a-2 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2015, is incorporated herein by reference.
- 10-a-5 Fifth Amendment to Receivables Purchase Agreement dated as of December 4, 2015 among ArvinMeritor Receivables Corporation, as Seller, Meritor, Inc., as Servicer, and PNC Bank National Association, as a Related Committed Purchaser, as an LC Participant, as a Purchaser Agent, as LC Bank and as Administrator, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2016, is incorporated herein by reference.
- 10-a-6 Receivables Purchase Agreement dated as of February 19, 2016, by and among Meritor Heavy Vehicle Braking Systems (U.S.A.), LLC and Meritor Heavy Vehicle Systems, LLC, as sellers, and Nordea Bank AB, as purchaser, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2016, is incorporated herein by reference.
- *10-b 1997 Long-Term Incentives Plan, as amended and restated, filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on April 20, 2005, is incorporated herein by reference.
- *10-b-1 Form of Option Agreement under the 1997 Long-Term Incentives Plan, filed as Exhibit 10(a) to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1998, is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

*10-b-2 Form of Employment Agreement, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2016, is incorporated herein by reference.

Schedule identifying agreements substantially identical to the Form of Employment Agreement constituting
*10-b-3 Exhibit 10-b-3 hereto, filed as Exhibit 10-b-1 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2016, is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

- 10-b-4 Amendment No. 2 dated as of March 29, 2016 to Receivables Purchase Agreement dated as of June 28, 2011 among Meritor HVS AB, as seller, Viking Asset Purchaser No. 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2016, is incorporated herein by reference.
- *10-c 2007 Long-Term Incentive Plan, as amended, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2007, is incorporated herein by reference.
- *10-c-1 Form of Restricted Stock Agreement under the 2007 Long-Term Incentive Plan, filed as Exhibit 10-c-1 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2007, is incorporated herein by reference.
- *10-c-2 Option Agreement under the 2007 Long-Term Incentive Plan between Meritor and Charles G. McClure filed as Exhibit 10-c to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008, is incorporated herein by reference.
- *10-c-3 Letter Agreement dated as of April 21, 2016 between Meritor, Inc. and Ivor J. Evans filed as Exhibit 10-c to Meritor's Current Report on Form 8-K filed on April 22, 2016, is incorporated herein by reference.
- *10-d Description of Compensation of Non-Employee Directors filed as Exhibit 10-d to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2012 is incorporated herein by reference.
- *10-e 2004 Directors Stock Plan, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2004, is incorporated herein by reference.
- *10-e-1 Form of Restricted Share Unit Agreement under the 2004 Directors Stock Plan, filed as Exhibit 10-c-3 to Meritor's Annual Report on Form 10-K for the fiscal year ended October 3, 2004, is incorporated herein by reference.
- *10-e-2 Form of Restricted Stock Agreement under the 2004 Directors Stock Plan, filed as Exhibit 10-c-4 to Meritor's Annual Report on Form 10-K for the fiscal year ended October 2, 2005, is incorporated herein by reference.
- *10-f 2010 Long-Term Incentive Plan, as amended and restated as of January 23, 2014, filed as Exhibit 10-f to Meritor's Annual Report on Form 10-K for the fiscal year ended September 28, 2014, is incorporated herein by reference.
- *10-f-1 Form of Restricted Stock Unit Agreement for Employees under 2010 Long-Term Incentive Plan filed as Exhibit 10.2 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2010 is incorporated herein by reference.
- *10-f-2 Form of Restricted Stock Unit Agreement for Directors under 2010 Long-Term Incentive Plan filed as Exhibit 10.3 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2009 is incorporated herein by reference.
- *10-f-3 Form of Restricted Stock Agreement for Directors under 2010 Long-term Incentive Plan filed as Exhibit 10.4 to Meritor's Report on Form 10-Q for the fiscal quarter ended January 3, 2010 is incorporated herein by reference.
- *10-f-4

Edgar Filing: MERITOR INC - Form 10-K/A

Description of Performance Goals for fiscal years 2014-2016 established in connection with Performance Plans under the 2010 Long Term Incentive Plan, filed as Exhibit 10-b-3 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 29, 2013 (the "2013 Form 10-K"), is incorporated herein by reference.

*10-f-5 Form of Performance Share Agreement under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-e-8 to the 2013 Form 10-K, is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

*10-f-6 Form of Restricted Stock Unit Agreement for Employees for grants on or after December 1, 2013 under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-e-9 to the 2013 Form 10-K, is incorporated herein by reference.

*10-f-7 Form of Restricted Stock Unit Agreement for Directors for grants on or after January 23, 2014 under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-e-10 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2014, is incorporated herein by reference.

*10-f-8 Form of Restricted Stock Agreement for Directors for grants on or after on or after January 23, 2014 under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-e-11 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2014, is incorporated herein by reference.

*10-f-9 Form of Performance Share Unit Agreement for Employees for grants on or after December 1, 2015 under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-f-9 to the 2015 Form 10-K, is incorporated herein by reference.

*10-f-10 Form of Restricted Share Unit Agreement for Employees for grants on or after December 1, 2015 under 2010 Long-Term Incentive Plan, as amended, filed as Exhibit 10-f-10 to the 2015 Form 10-K, is incorporated herein by reference.

*10-g Incentive Compensation Plan, as amended and restated, effective January 22, 2015, filed as Appendix A to Meritor's Definitive Proxy Statement for the 2015 Annual Meeting of Shareowners of Meritor, is incorporated herein by reference.

*10-h Deferred Compensation Plan, filed as Exhibit 10-e-1 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 1998, is incorporated herein by reference.

*10-i Form of Deferred Share Agreement, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2005, is incorporated herein by reference.

*10-j Copy of resolution of the Board of Directors of Meritor, adopted on July 6, 2000, providing for its Deferred Compensation Policy for Non-Employee Directors, filed as Exhibit 10-f to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2000, is incorporated herein by reference.

10-k Receivables Purchase Agreement dated as of October 29, 2010, by and among ArvinMeritor Mascot, LLC, Meritor Heavy Vehicle Braking Systems (USA), Inc., Meritor Heavy Vehicle Systems, LLC, as sellers, an affiliate of Nordea Bank AB known as Viking Asset Purchaser No 7 IC, an incorporated cell of Viking Global Finance ICC, an incorporated cell company incorporated under the laws of Jersey ("Viking Asset Purchaser No 7 IC"), as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-c to Meritor's Current Report on Form 8-K filed on November 2, 2010, is incorporated herein by reference.

10-k-1 Amendment No. 1 dated as of June 28, 2011 to Receivables Purchase Agreement dated as of October 29, 2010, by and among Meritor Heavy Vehicle Braking Systems (USA), Inc., Meritor Heavy Vehicle Systems, LLC and Meritor Aftermarket USA, LLC (formerly known as ArvinMeritor Mascot, LLC), as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 2011, is incorporated herein by reference.

10-k-2

Edgar Filing: MERITOR INC - Form 10-K/A

Amendment No. 2 dated as of September 28, 2011 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (USA), Inc., Meritor Heavy Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2014, is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

Amendment No. 3 dated as of September 28, 2012 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (U.S.A.), LLC (formerly known as

10-k-3 Meritor Heavy Vehicle Braking Systems (USA), Inc.), Meritor Heavy Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-m-9 to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2012, is incorporated herein by reference.

Amendment No. 4 dated as of October 29, 2013 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (U.S.A.), LLC, Meritor Heavy

10-k-4 Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-m-18 to the 2013 Form 10-K, is incorporated herein by reference.

Amendment No. 5 dated as of June 27, 2014 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (U.S.A.), LLC, Meritor Heavy

10-k-5 Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b-1 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2014, is incorporated herein by reference.

Amendment No. 6 dated as of December 16, 2014 to Receivables Purchase Agreement dated as of October 29, 2010, as amended, by and among Meritor Heavy Vehicle Braking Systems (U.S.A.), LLC, Meritor Heavy

10-k-6 Vehicle Systems, LLC and Meritor Aftermarket USA, LLC, as sellers, Viking Asset Purchaser No. 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2014, is incorporated herein by reference.

Receivables Purchase Agreement dated as of June 28, 2011, by and among Meritor HVS AB, as seller, Viking

10-1 Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 2011, is incorporated herein by reference.

Extension Letter dated June 10, 2013 from Meritor HVS AB to Viking Asset Purchaser No. 7 IC and Citicorp

10-1-1 Trustee Company Limited, filed as Exhibit 10-d to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013, is incorporated herein by reference.

Amendment No. 1 to Receivables Purchase Agreement dated as of June 28, 2011 among Meritor HVS AB, as

10-1-2 seller, Viking Asset Purchaser No 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-c to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 29, 2013, is incorporated herein by reference.

Extension Letter dated June 27, 2014 from Meritor HVS AB to Viking Asset Purchaser No. 7 IC and Citicorp

10-1-3 Trustee Company Limited, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2014, is incorporated herein by reference.

Extension Letter dated June 23, 2015 from Meritor HVS AB to Viking Asset Purchaser No. 7 IC and Citicorp

10-1-4 Trustee Company Limited, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2015, is incorporated herein by reference.

10-m Receivable Purchase Agreement dated February 2, 2012 between Meritor Heavy Vehicle Braking Systems (UK) Limited, as seller, and Viking Asset Purchaser No. 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2012, is incorporated herein by reference.

10-m-1 Extension dated January 24, 2013 of Receivable Purchase Agreement dated February 2, 2012 between Meritor Heavy Vehicle Braking Systems (UK) Limited, as seller, and Viking Asset Purchaser No. 7 IC, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-d to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2012, is incorporated herein by reference.

10-n Receivables Purchase Agreement dated June 18, 2012 between Meritor Heavy Vehicle Systems Cameri S.P.A., as seller, and Nordea Bank AB (pbl), as purchaser, filed as Exhibit 10-d to the Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2012, is incorporated herein by reference.

10-o Receivables Purchase Agreement dated June 18, 2012 among ArvinMeritor Receivables Corporation, as seller, Meritor, Inc., as initial servicer, the various Conduit Purchasers, Related Committed Purchasers, LC Participants and Purchaser Agents from time to time party thereto, and PNC Bank, National Association, as issuers of Letters of Credit and as Administrator filed as Exhibit 10-b to the Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2012, is incorporated herein by reference.

10-o-1 First Amendment to Receivables Purchase Agreement dated as of December 14, 2012 among ArvinMeritor Receivables Corporation, as seller, Meritor, Inc., as initial servicer, PNC Bank, National Association, as a Related Committed Purchaser, as an LC Participant, as a Purchaser Agent, as LC Bank and as Administrator, and Market Street Funding, LLC, as a Conduit Purchaser, filed as Exhibit 10-a to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2012, is incorporated herein by reference.

10-o-2 Second Amendment to Receivables Purchase Agreement dated June 21, 2013 among ArvinMeritor Receivables Corporation, as seller, Meritor, Inc., as initial servicer, PNC Bank, National Association, as a Related Committed Purchaser, as an LC Participant, as a Purchaser Agent, as LC Bank and as Administrator, and Market Street Funding LLC, as a Conduit Purchaser, filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on June 21, 2013, is incorporated herein by reference.

10-o-3 Third Amendment to Receivables Purchase Agreement dated as of October 11, 2013 among ArvinMeritor Receivables Corporation, as seller, Meritor, Inc., as servicer, PNC Bank, National Association, as a Related Committed Purchaser, as an LC Participant, as a Purchaser Agent, as LC Bank, as Administrator and as Assignee, and Market Street Funding LLC, as Conduit Purchaser and as Assignor, filed as Exhibit 10-m-16 to the 2013 Form 10-K, is incorporated herein by reference.

10-o-4 Fourth Amendment to the Receivables Purchase Agreement dated as of October 15, 2014, by and among ArvinMeritor Receivables Corporation, as Seller, Meritor, Inc., as Initial Servicer, and PNC Bank, National Association, as a Related Committed Purchaser, as an LC Participant, as a Purchaser Agent, as LC Bank and as Administrator, filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on October 20, 2014, is incorporated herein by reference.

10-p Fourth Amended and Restated Purchase and Sale Agreement dated June 18, 2012 among Meritor Heavy Vehicle Braking Systems (U.S.A.), LLC, and Meritor Heavy Vehicle Systems, LLC, as originators, Meritor, Inc., as initial servicer, and ArvinMeritor Receivables Corporation, as buyer, filed as Exhibit 10-a to the Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2012, is incorporated herein by reference.

Edgar Filing: MERITOR INC - Form 10-K/A

10-p-1 Letter Agreement relating to Fourth Amended and Restated Receivables Purchase Agreement dated as of December 14, 2012 among Meritor Heavy Vehicle Braking Systems (U.S.A.), LLC, Meritor Heavy Vehicle Systems, LLC, ArvinMeritor Receivables Corporation, Meritor, Inc. and PNC Bank, National Association, filed as Exhibit 10-b to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2012, is incorporated herein by reference.

10-q Amendment, dated July 25, 2007, to Receivables Purchase Agreement dated March 13, 2006 between Meritor HVS AB, as seller, and Nordic Finance Limited, as purchaser, and Citicorp Trustee Company Limited, as programme trustee, filed as Exhibit 10-v to Meritor's Annual Report on Form 10-K for the fiscal year ended September 30, 2008, is incorporated herein by reference.

41

Edgar Filing: MERITOR INC - Form 10-K/A

- 10-r Purchase and Sale Agreement dated as of August 3, 2010 among Meritor France (as Seller), Meritor, Inc. (as Seller Guarantor) and 81 Acquisition LLC (as Buyer), filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on August 5, 2010, is incorporated herein by reference.
- 10-r-1 First Amendment dated as of December 6, 2010 to Purchase and Sale Agreement dated as of August 3, 2010 among Meritor France (as Seller), Meritor, Inc. (as Seller Guarantor) and 81 Acquisition LLC (as Buyer), filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed December 8, 2010, is incorporated herein by reference.
- 10-r-2 Second Amendment dated as of January 3, 2011 to Purchase and Sale Agreement dated as of August 3, 2010 among Meritor France (as Seller), Meritor, Inc. (as Seller Guarantor) and Inteva Products Holding Coöperatieve U.A., as assignee of 81 Acquisition LLC (as Buyer), as amended, filed as Exhibit 10 to Meritor's Current Report on Form 8-K filed on January 3, 2011, is incorporated herein by reference.
- 10-s Purchase and Sale Agreement dated August 4, 2009 among Meritor, Iochpe-Maxion, S.A. and the other parties listed therein, filed as Exhibit 10 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2009, is incorporated herein by reference.
- *10-t Employment Agreement between Meritor, Inc. and Kevin Nowlan dated May 1, 2013, filed as Exhibit 10-f to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2013, is incorporated herein by reference.
- *10-u Amended and Restated Employment Letter between Meritor, Inc. and Jeffrey A. Craig dated April 29, 2015, filed as Exhibit 10-a-2 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2015, is incorporated herein by reference.
- *10-v Letter Agreement dated as of June 5, 2013 between Meritor, Inc. and Ivor J. Evans filed as Exhibit 10-a to Meritor's Current Report on Form 8-K filed on June 5, 2013, is incorporated herein by reference.
- *10-w Letter Agreement dated as of September 11, 2013 between Meritor, Inc. and Ivor J. Evans filed as Exhibit 10-a to Meritor's Current Report on Form 8-K filed on September 11, 2013, is incorporated herein by reference.
- *10-x Option Grant agreement dated as of September 11, 2013 between Meritor, Inc. and Ivor J. Evans, filed as Exhibit 10-z to the 2013 Form 10-K, is incorporated herein by reference.
- *10-y Form of Performance Share Agreement for grant from Meritor, Inc. to Jeffrey Craig on December 1, 2013, filed as Exhibit 10-zz to the 2013 Form 10-K, is incorporated herein by reference.
- *10-z Letter Agreement dated as of February 1, 2014 between Meritor, Inc. and Sandra J. Quick, filed as Exhibit 10-aa to Meritor's Annual Report on Form 10-K for the fiscal year ended September 28, 2014, is incorporated herein by reference.
- *10-aa Compensation Letter dated as of April 29, 2015 between Meritor, Inc. and Jeffrey A. Craig, filed as Exhibit 10-a-1 to Meritor's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2015, is incorporated herein by reference.
- 12 Computation of ratio of earnings to fixed charges, filed as Exhibit 12 to the 2015 Form 10-K, is incorporated herein by reference.

- 21 List of Subsidiaries of Meritor, Inc., filed as Exhibit 21 to the 2015 Form 10-K, is incorporated herein by reference.
- 23-a Consent of Sandra J. Quick, Esq., Senior Vice President, General Counsel and Secretary, filed as Exhibit 23-a to the 2015 Form 10-K, is incorporated herein by reference.

42

Edgar Filing: MERITOR INC - Form 10-K/A

- 23-b Consent of Deloitte & Touche LLP, independent registered public accounting firm, filed as Exhibit 23-b to the 2015 Form 10-K, is incorporated herein by reference.
- 23-c Consent of Bates White LLC., filed as Exhibit 23-c to the 2015 Form 10-K, is incorporated herein by reference.
- 23-d Consent of Deloitte & Touche LLP, independent auditors, relating to the financial statements of Meritor WABCO Vehicle Control Systems, filed as Exhibit 23-d to the 2015 10-K/A, is incorporated herein by reference.
- 23-e** Consent of Deloitte & Touche, independent auditors, relating to the financial statements of Master Sistemas Automotivos Ltda.
- 24 Power of Attorney authorizing certain persons to sign this Annual Report on Form 10-K on behalf of certain directors and officers of Meritor, filed as Exhibit 24 to the 2015 Form 10-K, is incorporated herein by reference.
- 31-a** Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Exchange Act.
- 31-b** Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Exchange Act.
- 32-a** Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. Section 1350.
- 32-b** Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. Section 1350.

* Management contract or compensatory plan or arrangement.

** Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MERITOR, INC.

Date: June 2, 2016 By: /s/Richard D. Rose
Richard D. Rose
Interim Senior Vice President, General Counsel, and Secretary
(For the registrant)

Date: June 2, 2016 By: /s/Paul D. Bialy
Paul D. Bialy
Vice President, Controller and Principal Accounting Officer

Date: June 2, 2016 By: /s/Kevin A. Nowlan
Kevin A. Nowlan
Senior Vice President and Chief Financial Officer