# Marcopolo S.A.

**Quarterly Information (ITR) at March 31, 2012**
**and Report on Review of Quarterly Information**

(A free translation of the original in Portuguese)



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## Company Information / Capital Composition

| Number of shares (units) | Current quarter 3/31/2012 |
|---|---|
| **Paid-up capital** | |
| **Common shares** | 170,812,872 |
| **Preferred shares** | 277,637,170 |
| **Total** | 448,450,042 |
| **Treasury shares** | |
| **Common shares** | 0 |
| **Preferred shares** | 1,298,240 |
| **Total** | 1,298,240 |

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## Company Information / Dividends Approved and/or Paid During and After the Quarter

| Event | Date approved | Amount | Date of payment | Type of share | Class of share | Amount per share (Reais / Share) |
|---|---|---|---|---|---|---|
| Board of Directors' Meeting | 12/09/2011 | Interest on capital | 3/30/2012 | Common | | 0.03500 |
| Board of Directors' Meeting | 12/09/2011 | Interest on capital | 3/30/2012 | Preferred | | 0.03500 |
| Board of Directors' Meeting | 12/09/2011 | Dividend | 3/30/2012 | Common | | 0.25000 |
| Board of Directors' Meeting | 12/09/2011 | Dividend | 3/30/2012 | Preferred | | 0.25000 |
| Board of Directors' Meeting | 02/24/2012 | Interest on capital | 6/29/2012 | Common | | 0.03500 |
| Board of Directors' Meeting | 02/24/2012 | Interest on capital | 6/29/2012 | Preferred | | 0.03500 |

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## Parent Company Financial Statements / Balance Sheet - Assets

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Current quarter 3/31/2012 | Previous year 12/31/2011 |
|---|---|---|---|
| 1 | Total assets | 2,379,935 | 2,494,392 |
| 1.01 | Current assets | 1,353,243 | 1,545,550 |
| 1.01.01 | Cash and cash equivalents | 557,239 | 739,949 |
| 1.01.02 | Short-term investments | 3,570 | 1,803 |
| 1.01.02.01 | Short-term investments valued at Fair Value | 3,570 | 1,803 |
| 1.01.02.01.01 | Marketable Securities | 3,570 | 1,803 |
| 1.01.03 | Accounts Receivable | 477,336 | 489,699 |
| 1.01.03.01 | Trade accounts receivable | 477,336 | 489,699 |
| 1.01.04 | Inventory | 246,314 | 252,123 |
| 1.01.06 | Recoverable Taxes | 34,089 | 30,187 |
| 1.01.06.01 | Current taxes recoverable | 34,089 | 30,187 |
| 1.01.08 | Other current assets | 34,695 | 31,789 |
| 1.01.08.03 | Other | 34,695 | 31,789 |
| 1.02 | Noncurrent Assets | 1,026,692 | 948,842 |
| 1.02.01 | Long-term Assets | 182,958 | 179,340 |
| 1.02.01.01 | Short-term investments valued at Fair Value | 119,537 | 116,152 |
| 1.02.01.01.02 | Available-for-sale securities | 119,537 | 116,152 |
| 1.02.01.03 | Accounts Receivable | 6,010 | 6,380 |
| 1.02.01.03.02 | Other Accounts Receivable | 6,010 | 6,380 |
| 1.02.01.06 | Deferred taxes | 37,806 | 36,376 |
| 1.02.01.06.01 | Deferred income tax and social contribution | 37,806 | 36,376 |
| 1.02.01.08 | Related -parties | 19,605 | 20,432 |
| 1.02.01.08.02 | Credit with subsidiaries | 19,605 | 20,432 |
| 1.02.02 | Investments | 667,938 | 602,025 |
| 1.02.02.01 | Equity interests | 667,938 | 602,025 |
| 1.02.02.01.01 | Interests in Associated Companies | 22,525 | 21,577 |
| 1.02.02.01.02 | Interests in subsidiaries | 506,108 | 434,163 |
| 1.02.02.01.03 | Interests in Joint Ventures | 139,305 | 146,285 |
| 1.02.03 | Property, plant and equipment | 167,186 | 157,903 |
| 1.02.03.01 | Property, plant and equipment in operation | 167,186 | 157,903 |
| 1.02.04 | Intangible assets | 8,610 | 9,574 |
| 1.02.04.01 | Intangible assets | 8,610 | 9,574 |

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Quarterly Information (ITR) - 3/31/2012 - MARCOPOLO SA

## Parent Company Financial Statements / Balance Sheet - Liabilities and Equity

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Current quarter 3/31/2012 | Previous year 12/31/2011 |
|---|---|---|---|
| 2 | Total liabilities | 2,379,935 | 2,494,392 |
| 2.01 | Current liabilities | 767,304 | 863,668 |
| 2.01.01 | Social and labor obligations | 63,665 | 94,953 |
| 2.01.01.02 | Labor obligations | 63,665 | 94,953 |
| 2.01.02 | Trade payables | 193,385 | 221,384 |
| 2.01.02.01 | Domestic Trade payables | 191,758 | 218,662 |
| 2.01.02.02 | Foreign Trade payables | 1,627 | 2,722 |
| 2.01.03 | Tax obligations | 37,078 | 26,838 |
| 2.01.03.01 | Federal tax liabilities | 30,967 | 21,333 |
| 2.01.03.01.01 | Income taxes and contribuitions payable | 30,967 | 21,333 |
| 2.01.03.02 | State tax liabilities | 5,348 | 5,229 |
| 2.01.03.03 | Municipal tax liabilities | 763 | 276 |
| 2.01.04 | Loans and Financing | 369,427 | 380,448 |
| 2.01.04.01 | Loans and Financing | 369,427 | 380,448 |
| 2.01.04.01.01 | In local currency | 321,795 | 323,165 |
| 2.01.04.01.02 | Foreign currency | 47,632 | 57,283 |
| 2.01.05 | Other obligations | 103,749 | 140,045 |
| 2.01.05.01 | Related-Parties | 40 | 30 |
| 2.01.05.01.02 | Debits with Associated Companies | 40 | 30 |
| 2.01.05.02 | Other | 103,709 | 140,015 |
| 2.01.05.02.01 | Dividends and interest on Shareholder’s Equity Payable | 14,430 | 0 |
| 2.01.05.02.02 | Minimum mandatory dividend payable | 0 | 41,016 |
| 2.01.05.02.04 | Advances from customers | 25,493 | 31,646 |
| 2.01.05.02.05 | Representatives on commission | 15,841 | 20,551 |
| 2.01.05.02.06 | D&O profit shares | 2,471 | 7,699 |
| 2.01.05.02.07 | Other current accounts payable | 45,474 | 39,103 |
| 2.02 | Noncurrent liabilities | 456,730 | 464,536 |
| 2.02.01 | Loans and financing | 443,645 | 458,495 |
| 2.02.01.01 | Loans and financing | 443,645 | 458,495 |
| 2.02.01.01.01 | In local currency | 437,723 | 443,202 |
| 2.02.01.01.02 | Foreign currency | 5,922 | 15,293 |
| 2.02.03 | Deferred taxes | 6,848 | 0 |
| 2.02.03.01 | Deferred income and social contribuition taxes | 6,848 | 0 |
| 2.02.04 | Provisions | 6,237 | 6,041 |
| 2.02.04.01 | Tax, welfare and civil contingencies | 6,237 | 6,041 |
| 2.02.04.01.01 | Tax provisions | 4,108 | 4,308 |
| 2.02.04.01.02 | Social security and labor provisions | 2,129 | 1,733 |
| 2.03 | Shareholders’ equity | 1,155,901 | 1,166,188 |
| 2.03.01 | Realized capital | 700,000 | 700,000 |
| 2.03.02 | Capital reserves | -999 | -1,578 |
| 2.03.02.04 | Goodwil on share issuance | -999 | -1,578 |
| 2.03.04 | Profit reserves | 413,953 | 494,071 |
| 2.03.04.01 | Legal reserve | 33,672 | 33,672 |
| 2.03.04.02 | Statutory reserve | 388,079 | 388,079 |
| 2.03.04.08 | Additional dividend proposed | 0 | 84,805 |
| 2.03.04.09 | Treasury shares | -7,798 | -12,485 |
| 2.03.05 | Retained earnings/accumulated losses | 67,868 | 0 |
| 2.03.06 | Equity valuation adjustments | -24,921 | -26,305 |

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## Parent Company Financial Statements / Statement of Income

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Accrued value of the current year 1/1/2012 to 3/31/2012 | Accrued value of the prior year 1/1/2011 to 3/31/2011 |
|---|---|---|---|
| 3.01 | Revenue from goods sold and services provided | 551,566 | 495,822 |
| 3.02 | Cost of goods and/or services sold | -441,998 | -396,214 |
| 3.03 | Gross profit | 109,568 | 99,608 |
| 3.04 | Operating (expenses) income | -23,906 | -22,888 |
| 3.04.01 | Sales expenses | -33,971 | -29,327 |
| 3.04.02 | General and administrative expenses | -22,077 | -18,042 |
| 3.04.04 | Other operating income | 0 | 0 |
| 3.04.05 | Other operating expenses | -1,510 | -301 |
| 3.04.06 | Equity in net income of subsidiaries | 33,652 | 24,782 |
| 3.05 | Net income (loss) from operations | 85,662 | 76,720 |
| 3.06 | Financial Income/loss | 13,439 | 19,833 |
| 3.06.01 | Financial revenue | 61,311 | 39,278 |
| 3.06.02 | Financial expenses | -47,872 | -19,445 |
| 3.07 | Profit before income tax and social contribution | 99,101 | 96,553 |
| 3.08 | Income taxes and social contribution | -20,905 | -21,448 |
| 3.08.01 | Current | -15,487 | -33,455 |
| 3.08.02 | Deferred charges | -5,418 | 12,007 |
| 3.09 | Net income from continued operations | 78,196 | 75,105 |
| 3.11 | Net income/loss for the period | 78,196 | 75,105 |
| 3.99 | Earnings per share - (reais/share) | | |
| 3.99.01 | Basic earnings per share | | |
| 3.99.01.01 | Common | 0.17490 | 0.16791 |
| 3.99.01.02 | Preferred | 0.17490 | 0.16791 |
| 3.99.02 | Diluted earnings per share | | |
| 3.99.02.01 | Common | 0.17440 | 0.16748 |
| 3.99.02.02 | Preferred | 0.17440 | 0.16748 |

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## Parent Company Financial Statements / Statement of Comprehensive Income

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Accrued value of the current year 1/1/2012 to 3/31/2012 | Accrued value of the prior year 1/1/2011 to 3/31/2011 |
|---|---|---|---|
| 4.01 | Net income for the period | 78,196 | 75,105 |
| 4.02 | Other comprehensive income/loss | 1,384 | -3,127 |
| 4.02.01 | Exchange variance on foreign investments | 1,384 | -3,127 |
| 4.03 | Comprehensive income for the period | 79,580 | 71,978 |

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## Parent Company Financial Statements / Statement of Cash Flows - Indirect Method

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Accrued value of the current year 1/1/2012 to 3/31/2012 | Accrued value of the prior year 1/1/2011 to 3/31/2011 |
|---|---|---|---|
| 6.01 | Cash flows from operating activities | 16,617 | 16,762 |
| 6.01.01 | Cash flows from operating activities | 82,617 | 45,891 |
| 6.01.01.01 | Net income for the year | 78,196 | 75,105 |
| 6.01.01.02 | Depreciation and amortization | 5,359 | 5,048 |
| 6.01.01.03 | Earnings on disposal of investments, property, plant and equipment and intangible assets | 153 | 3,037 |
| 6.01.01.04 | Equity in net income of subsidiaries | -33,652 | -24,782 |
| 6.01.01.05 | Allowance for doubtful accounts | 3,844 | 1,326 |
| 6.01.01.06 | Current and deferred income tax and social contribution | 20,905 | -12,007 |
| 6.01.01.07 | Interest and exchange variance appropriated | 7,812 | -1,836 |
| 6.01.02 | Changes in assets and liabilities | -66,000 | -29,129 |
| 6.01.02.01 | (Increase) decrease in trade accounts receivable | 8,519 | -8,362 |
| 6.01.02.02 | (Increase) decrease in inventories | 5,809 | 27,688 |
| 6.01.02.03 | (Increase) decrease in other accounts receivable | -24,070 | 6,143 |
| 6.01.02.04 | (Increase) decrease in assets stated at fai value | -5,152 | 25,085 |
| 6.01.02.05 | Increase (decrease) in trade payables | -27,999 | -44,061 |
| 6.01.02.06 | Increase (decrease) in other accounts and provisions | -23,107 | -35,622 |
| 6.02 | Cash flow from investment activities | -44,707 | -15,787 |
| 6.02.01 | Investments | -43,109 | -11,787 |
| 6.02.02 | Dividends from subsidiaries, jointly-controlled entities and associates | 12,233 | 5,805 |
| 6.02.03 | Purchases of property, plant and equipment | -13,167 | -8,927 |
| 6.02.04 | Purchases of intangible assets | -851 | -442 |
| 6.02.05 | Receipt on sale of property, plant and equipment | 187 | -436 |
| 6.03 | Cash flow from financing activities | -154,620 | -95,226 |
| 6.03.01 | Loans from related parties | 837 | 13,244 |
| 6.03.02 | Loans secured from unrelated parties | 5,646 | 11,099 |
| 6.03.03 | Payment of loans – principal | -28,624 | -9,039 |
| 6.03.04 | Payment of loans – interest | -10,705 | -1,738 |
| 6.03.05 | Payment of interest in shareholders' equity and dividends | -127,039 | -114,960 |
| 6.03.06 | Treasury shares | 5,265 | 6,168 |
| 6.05 | Increase (decrease) in cash and cash equivalents | -182,710 | -94,251 |
| 6.05.01 | Opening balance of cash and cash equivalents | 739,949 | 540,385 |
| 6.05.02 | Closing balance of cash and cash equivalents | 557,239 | 446,134 |

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## Parent Company Financial Statements /Statement of Changes in Equity / 1/1/2012 to 3/31/2012

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Paid-up share capital | Capital reserves, options awarded and treasury shares | Profit reserves | Retained earnings / accumulated losses | Other comprehensive income / loss | Shareholders' equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 700,000 | -14,063 | 506,556 | 0 | -26,305 | 1,166,188 |
| 5.03 | Adjusted opening balances | 700,000 | -14,063 | 506,556 | 0 | -26,305 | 1,166,188 |
| 5.04 | Capital transactions with partners | 0 | 5,266 | -84,805 | -10,328 | 0 | -89,867 |
| 5.04.04 | Treasury stock acquired | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.04.05 | Treasury stock sold | 0 | 5,266 | 0 | 0 | 0 | 5,266 |
| 5.04.07 | Interest in shareholders' equity | 0 | 0 | -84,805 | -10,328 | 0 | -95,133 |
| 5.05 | Total comprehensive income/loss | 0 | 0 | 0 | 78,196 | 1,384 | 79,580 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 78,196 | 0 | 78,196 |
| 5.05.02 | Other comprehensive income/loss | 0 | 0 | 0 | 0 | 1,384 | 1,384 |
| 5.05.02.04 | Translation adjustments in the period | 0 | 0 | 0 | 0 | 1,384 | 1,384 |
| 5.07 | Closing balances | 700,000 | -8,797 | 421,751 | 67,868 | -24,921 | 1,155,901 |

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## Parent Company Financial Statements /Statement of Changes in Equity / 1/1/2011 to 3/31/2011

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Paid-up share capital | Capital reserves, options awarded and treasury shares | Profit reserves | Retained earnings / accumulated losses | Other comprehensive income / loss | Shareholders' equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 700,000 | -14,844 | 306,748 | 0 | -31,125 | 960,779 |
| 5.03 | Adjusted opening balances | 700,000 | -14,844 | 306,748 | 0 | -31,125 | 960,779 |
| 5.04 | Capital transactions with partners | 0 | 6,168 | -79,731 | -12,970 | 0 | -86,533 |
| 5.04.04 | Treasury stock acquired | 0 | -5,513 | 0 | 0 | 0 | -5,513 |
| 5.04.05 | Treasury stock sold | 0 | 11,681 | 0 | 0 | 0 | 11,681 |
| 5.04.07 | Interest in shareholders' equity | 0 | 0 | -79,731 | -12,970 | 0 | -92,701 |
| 5.05 | Total comprehensive income/loss | 0 | 0 | 0 | 75,105 | -3,127 | 71,978 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 75,105 | 0 | 75,105 |
| 5.05.02 | Other comprehensive income/loss | 0 | 0 | 0 | 0 | -3,127 | -3,127 |
| 5.05.02.04 | Translation adjustments in the period | 0 | 0 | 0 | 0 | -3,127 | -3,127 |
| 5.07 | Adjusted opening balances | 700,000 | -8,676 | 227,017 | 62,135 | -34,252 | 946,224 |

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## Parent Company Financial Statements / Statement of Value Added

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Accrued value of the current year 1/1/2012 to 3/31/2012 | Accrued value of the prior year 1/1/2011 to 3/31/2011 |
|---|---|---|---|
| 7.01 | Revenue | 648,347 | 575,728 |
| 7.01.01 | Sales of goods, products and services | 648,379 | 572,168 |
| 7.01.02 | Other revenue | 3,812 | 4,886 |
| 7.01.03 | Revenue relating to construction of company assets | 0 | 0 |
| 7.01.04 | Allowance/(reversal of allowance) for doubtful accounts | -3,844 | -1,326 |
| 7.02 | Consumables acquired from third parties | -457,815 | -437,204 |
| 7.02.01 | Cost of goods and services sold | -402,363 | -383,866 |
| 7.02.02 | Materials, energy, outsourced services and other | -50,130 | -48,151 |
| 7.02.03 | Loss/recovery of assets | -5,322 | -5,187 |
| 7.03 | Gross value added | 190,532 | 138,524 |
| 7.04 | Retentions | -5,359 | -5,048 |
| 7.04.01 | Depreciation, amortization and depletion | -5,359 | -5,048 |
| 7.05 | Net added value produced | 185,173 | 133,476 |
| 7.06 | Transferred added value | 94,963 | 64,060 |
| 7.06.01 | Equity in net income of subsidiaries | 33,652 | 24,782 |
| 7.06.02 | Financial revenue | 61,311 | 39,278 |
| 7.07 | Total added value to be distributed | 280,136 | 197,536 |
| 7.08 | Distribution of added value | 280,136 | 197,536 |
| 7.08.01 | Personnel | 111,875 | 77,326 |
| 7.08.01.01 | Direct remuneration | 86,475 | 54,540 |
| 7.08.01.02 | Benefits | 19,528 | 17,869 |
| 7.08.01.03 | Government Severance Indemnity Fund for Employees (FGTS) | 5,872 | 4,917 |
| 7.08.02 | Taxes, duties and contributions | 40,621 | 24,386 |
| 7.08.02.01 | Federal | 39,445 | 33,513 |
| 7.08.02.02 | State | 1,148 | -9,477 |
| 7.08.02.03 | Municipal | 28 | 350 |
| 7.08.03 | Interest expenses | 49,444 | 20,719 |
| 7.08.03.01 | Interest | 47,872 | 19,455 |
| 7.08.03.02 | Rent | 1,572 | 1,274 |
| 7.08.04 | Interest earnings | 78,196 | 75,105 |
| 7.08.04.01 | Interest on shareholders' equity | | 12,970 |
| 7.08.04.02 | Dividends | 10,328 | 0 |
| 7.08.04.03 | Retained earnings / loss for the period | 67,868 | 62,135 |

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Quarterly Information (ITR) - 3/31/2012 - MARCOPOLO SA

## Consolidated Financial Statements / Balance Sheet - Assets

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Current quarter 3/31/2012 | Previous year 12/31/2011 |
|---|---|---|---|
| 1 | Total assets | 3,404,119 | 3,381,131 |
| 1.01 | Current assets | 2,178,317 | 2,294,843 |
| 1.01.01 | Cash and cash equivalents | 702,455 | 904,318 |
| 1.01.02 | Short-term investments | 4,118 | 2,394 |
| 1.01.02.01 | Short-term investments valued at Fair Value | 4,118 | 2,394 |
| 1.01.02.01.01 | Marketable Securities | 4,118 | 2,394 |
| 1.01.03 | Accounts Receivable | 956,897 | 920,217 |
| 1.01.03.01 | Trade accounts receivable | 956,897 | 920,217 |
| 1.01.04 | Inventory | 408,557 | 368,330 |
| 1.01.06 | Recoverable Taxes | 66,693 | 53,466 |
| 1.01.06.01 | Current taxes recoverable | 66,693 | 53,466 |
| 1.01.08 | Other current assets | 39,597 | 46,118 |
| 1.01.08.03 | Other | 39,597 | 46,118 |
| 1.02 | Noncurrent Assets | 1,225,802 | 1,086,288 |
| 1.02.01 | Long-term Assets | 629,973 | 633,624 |
| 1.02.01.01 | Short-term investments valued at Fair Value | 119,539 | 116,371 |
| 1.02.01.01.02 | Available-for-sale securities | 119,539 | 116,371 |
| 1.02.01.03 | Accounts Receivable | 438,177 | 448,660 |
| 1.02.01.03.01 | Trade accounts Receivable | 421,626 | 433,825 |
| 1.02.01.03.02 | Other Accounts Receivable | 16,551 | 14,835 |
| 1.02.01.06 | Deferred taxes | 72,257 | 68,593 |
| 1.02.01.06.01 | Deferred income tax and social contribution | 72,257 | 68,593 |
| 1.02.02 | Investments | 22,756 | 21,802 |
| 1.02.02.01 | Equity interests | 22,756 | 21,802 |
| 1.02.02.01.01 | Interests in Associated Companies | 22,525 | 21,577 |
| 1.02.02.01.04 | Interests in subsidiaries | 231 | 225 |
| 1.02.03 | Property, plant and equipment | 379,076 | 353,567 |
| 1.02.03.01 | Property, plant and equipment in operation | 379,076 | 353,567 |
| 1.02.04 | Intangible assets | 193,997 | 77,295 |
| 1.02.04.01 | Intangible assets | 193,997 | 77,295 |

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## Consolidated Financial Statements / Balance Sheet - Liabilities and Equity

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Current quarter 3/31/2012 | Previous year 12/31/2011 |
|---|---|---|---|
| 2 | Total liabilities and equity | 3,404,119 | 3,381,131 |
| 2.01 | Current liabilities | 1,262,813 | 1,321,265 |
| 2.01.01 | Social and labor obligations | 96,163 | 124,597 |
| 2.01.01.01 | Payroll obrigations | 96,163 | 124,597 |
| 2.01.02 | Trade payables | 312,646 | 324,261 |
| 2.01.02.01 | Domestic trade payables | 247,350 | 265,923 |
| 2.01.02.02 | Foreign trade payables | 65,296 | 58,338 |
| 2.01.03 | Tax obligations | 77,017 | 69,774 |
| 2.01.03.01 | Federal tax liabilities | 67,198 | 59,491 |
| 2.01.03.01.01 | Income taxes and contributions payable | 67,198 | 59,491 |
| 2.01.03.02 | State tax liabilities | 8,773 | 9,793 |
| 2.01.03.03 | Municipal tax liabilities | 1,046 | 490 |
| 2.01.04 | Loans and financing | 611,210 | 617,219 |
| 2.01.04.01 | Loans and financing | 611,210 | 617,219 |
| 2.01.04.01.01 | In local currency | 512,547 | 515,975 |
| 2.01.04.01.02 | Foreign currency | 98,663 | 101,244 |
| 2.01.05 | Other obligations | 165,777 | 185,414 |
| 2.01.05.02 | Other | 165,777 | 185,414 |
| 2.01.05.02.01 | Dividends and interest on capital payable | 0 | 0 |
| 2.01.05.02.02 | Minimum mandatory dividend payable | 14,430 | 41,016 |
| 2.01.05.02.04 | Advances from customers | 32,600 | 40,909 |
| 2.01.05.02.05 | Representatives on commission | 23,635 | 27,788 |
| 2.01.05.02.06 | D&O profit shares | 2,471 | 7,699 |
| 2.01.05.02.07 | Other current accounts payable | 92,641 | 68,002 |
| 2.02 | Noncurrent liabilities | 980,138 | 888,374 |
| 2.02.01 | Loans and financing | 901,143 | 869,809 |
| 2.02.01.01 | Loans and financing | 901,143 | 869,809 |
| 2.02.01.01.01 | In local currency | 828,830 | 842,798 |
| 2.02.01.01.02 | Foreign currency | 72,313 | 27,011 |
| 2.02.02 | Other obligations | 47,050 | 2,493 |
| 2.02.02.02 | Other | 47,050 | 2,493 |
| 2.02.02.02.03 | Obligations to purchase equity interests | 45,096 | 0 |
| 2.02.02.02.04 | Other liabilities | 1,954 | 0 |
| 2.02.03 | Deferred taxes | 15,525 | 0 |
| 2.02.03.01 | Deferred income and social contribution taxes | 15,525 | 0 |
| 2.02.04 | Provisions | 16,420 | 16,072 |
| 2.02.04.01 | Tax, welfare and civil contingencies | 16,420 | 16,072 |
| 2.02.04.01.01 | Tax provisions | 11,510 | 12,003 |
| 2.02.04.01.02 | Social security and labor provisions | 4,910 | 4,069 |
| 2.03 | Consolidated shareholders' equity | 1,161,168 | 1,171,492 |
| 2.03.01 | Realized capital | 700,000 | 700,000 |
| 2.03.02 | Capital reserves | -999 | -1,578 |
| 2.03.02.04 | Options awarded | -999 | -1,578 |
| 2.03.04 | Profit reserves | 409,909 | 490,027 |
| 2.03.04.01 | Legal reserve | 33,672 | 33,672 |
| 2.03.04.02 | Statutory reserve | 384,035 | 384,035 |
| 2.03.04.08 | Additional dividend proposed | 0 | 84,805 |
| 2.03.04.09 | Treasury stock | -7,798 | -12,485 |
| 2.03.05 | Retained earnings/accumulated losses | 67,982 | 0 |
| 2.03.06 | Equity valuation adjustments | -24,921 | -26,305 |
| 2.03.09 | Non-controlling interests | 9,197 | 9,348 |

(A free translation of the original in Portuguese)



## Consolidated Financial Statements / Statement of Income

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Accrued value of the current year 1/1/2012 to 3/31/2012 | Accrued value of the prior year 1/1/2011 to 3/31/2011 |
|---|---|---|---|
| 3.01 | Revenue from goods sold and services provided | 880,656 | 761,260 |
| 3.02 | Cost of goods and/or services sold | -694,084 | -598,628 |
| 3.03 | Gross profit | 186,572 | 162,632 |
| 3.04 | Operating (expenses) income | -85,694 | -73,107 |
| 3.04.01 | Sales expenses | -50,853 | -44,815 |
| 3.04.02 | General and administrative expenses | -38,352 | -31,265 |
| 3.04.04 | Other operating income | 1,192 | 783 |
| 3.04.05 | Other operating expenses | 0 | 0 |
| 3.04.06 | Equity in net income of subsidiaries | 2,319 | 2,190 |
| 3.05 | Net income (loss) from operations | 100,878 | 89,525 |
| 3.06 | Financial Income/loss | 15,857 | 20,093 |
| 3.06.01 | Financial revenue | 71,110 | 47,385 |
| 3.06.02 | Financial expenses | -55,253 | -27,292 |
| 3.07 | Profit before income tax and social contribution | 116,735 | 109,618 |
| 3.08 | Income taxes and social contribution | -38,304 | -33,861 |
| 3.08.01 | Current | -34,640 | -45,101 |
| 3.08.02 | Deferred charges | -3,664 | 11,240 |
| 3.09 | Net income from continued operations | 78,431 | 75,757 |
| 3.11 | Consolidated net income/loss for the period | 78,431 | 75,757 |
| 3.11.01 | Attributed to partners of the parent Company | 78,310 | 75,346 |
| 3.11.02 | Attributed to non-controlling interests | 121 | 411 |
| 3.99 | Earnings per share (Reais / Share) | | |
| 3.99.01 | Basic earnings per share | | |
| 3.99.01.01 | Common | 0.17540 | 0.16937 |
| 3.99.01.02 | Preferred | 0.17540 | 0.16937 |
| 3.99.02 | Diluted earnings per share | | |
| 3.99.02.01 | Common | 0.17490 | 0.16893 |
| 3.99.02.02 | Preferred | 0.17490 | 0.16893 |

(A free translation of the original in Portuguese)



## Consolidated Financial Statements / Statement of Comprehensive Income

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Accrued value of the current year 1/1/2012 to 3/31/2012 | Accrued value of the prior year 1/1/2011 to 3/31/2011 |
|---|---|---|---|
| 4.01 | Consolidated net income for the period | 78,431 | 75,757 |
| 4.02 | Other comprehensive income/loss | 1,112 | -3,300 |
| 4.02.01 | Exchange variance on foreign investments | 1,112 | -3,300 |
| 4.03 | Consolidated comprehensive income for the period | 79,543 | 72,457 |
| 4.03.01 | Attributed to partners of the parent Company | 79,694 | 72,219 |
| 4.03.02 | Attributed to non-controlling interests | -151 | 238 |

(A free translation of the original in Portuguese)



## Consolidated Financial Statements / Statement of Cash Flows - Indirect Method

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Accrued value of the current year 1/1/2012 to 3/31/2012 | Accrued value of the prior year 1/1/2011 to 3/31/2011 |
|---|---|---|---|
| 6.01 | Cash flows from operating activities | 65,281 | 46,289 |
| 6.01.01 | Cash flows from operating activities | 143,517 | 86,717 |
| 6.01.01.01 | Net income for the year | 78,431 | 75,757 |
| 6.01.01.02 | Depreciation and amortization | 10,059 | 8,944 |
| 6.01.01.03 | Earnings on disposal of investments, property, plant and equipment and intangible assets | 520 | 4,776 |
| 6.01.01.04 | Equity in net income of subsidiaries | -2,319 | -2,190 |
| 6.01.01.05 | Allowance for doubtful accounts | 1,041 | 3,540 |
| 6.01.01.06 | Current and deferred income tax and social contribution | 38,304 | -11,240 |
| 6.01.01.07 | Interest and exchange variance appropriated | 17,360 | 6,719 |
| 6.01.01.08 | Non-controlling interests | 121 | 411 |
| 6.01.02 | Changes in assets and liabilities | -78,236 | -40,428 |
| 6.01.02.01 | (Increase) decrease in trade accounts receivable | -25,175 | 2,929 |
| 6.01.02.02 | (Increase) decrease in inventories | -38,537 | 45,270 |
| 6.01.02.03 | (Increase) decrease in other accounts receivable | -49,604 | -10,947 |
| 6.01.02.04 | (Increase) decrease in assets stated at fai value | -4,893 | 16,550 |
| 6.01.02.05 | Increase (decrease) in trade payables | -12,937 | -76,946 |
| 6.01.02.06 | Increase (decrease) in other accounts and provisions | 52,910 | -39,178 |
| 6.02 | Cash flow from investment activities | -150,814 | -28,882 |
| 6.02.01 | Investments | 0 | 0 |
| 6.02.02 | Dividends from subsidiaries, jointly-controlled entities and associates | 1,400 | 2,503 |
| 6.02.03 | Purchases of property, plant and equipment | -33,637 | -19,369 |
| 6.02.04 | Purchases of intangible assets | -118,764 | -11,580 |
| 6.02.05 | Receipt on sale of property, plant and equipment | 187 | -436 |
| 6.03 | Cash flow from financing activities | -115,939 | -120,525 |
| 6.03.01 | Loans from related parties | 0 | 0 |
| 6.03.02 | Loans secured from unrelated parties | 118,131 | 75,684 |
| 6.03.03 | Payment of loans – principal | -89,317 | -87,418 |
| 6.03.04 | Payment of loans – interest | -22,979 | 0 |
| 6.03.05 | Payment of interest in shareholders' equity and dividends | -127,039 | -114,960 |
| 6.03.06 | Treasury shares | 5,265 | 6,169 |
| 6.04 | Foreign exchange gains/(losses) on cash equivalents | -391 | -832 |
| 6.05 | Increase (decrease) in cash and cash equivalents | -201,863 | -103,950 |
| 6.05.01 | Opening balance of cash and cash equivalents | 904,318 | 672,123 |
| 6.05.02 | Closing balance of cash and cash equivalents | 702,455 | 568,173 |

(A free translation of the original in Portuguese)



## Consolidated Financial Statements /Statement of Changes in Equity / 1/1/2012 to 3/31/2012

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Paid-up share capital | Capital reserves, options awarded and treasury shares | Profit reserves | Retained earnings / accumulated losses | Other comprehensive income / loss | Shareholders' equity | Non-controlling interests | Consolidated Shareholders equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 700,000 | -14,063 | 502,512 | 0 | -26,305 | 1,162,144 | 9,348 | 1,171,492 |
| 5.03 | Adjusted opening balances | 700,000 | -14,063 | 502,512 | 0 | -26,305 | 1,162,144 | 9,348 | 1,171,492 |
| 5.04 | Capital transactions with partners | 0 | 5,266 | -84,805 | -10,328 | 0 | -89,867 | 0 | -89,867 |
| 5.04.04 | Treasury stock acquired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.04.05 | Treasury stock sold | 0 | 5,266 | 0 | 0 | 0 | 5,266 | 0 | 5,266 |
| 5.04.07 | Interest in shareholders' equity | 0 | 0 | -84,805 | -10,328 | 0 | -95,133 | 0 | -95,133 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 78,310 | 1,384 | 79,694 | -151 | 79,543 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 78,310 | 0 | 78,310 | 121 | 78,431 |
| 5.05.02 | Other comprehensive income/loss | 0 | 0 | 0 | 0 | 1,384 | 1,384 | -272 | 1,112 |
| 5.05.02.04 | Translation adjustments in the period | 0 | 0 | 0 | 0 | 1,384 | 1,384 | -272 | 1,112 |
| 5.07 | Closing balances | 700,000 | -8,797 | 417,707 | 67,982 | -24,921 | 1,151,971 | 9,197 | 1,161,168 |

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2012 - MARCOPOLO SA

## Consolidated Financial Statements / Statement of Changes in Equity / 1/1/2011 to 3/31/2011

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Paid-up share capital | Capital reserves, options awarded and treasury shares | Profit reserves | Retained earnings / accumulated losses | Other comprehensive income / loss | Shareholders' equity | Non-controlling interests | Consolidated Shareholders equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 700,000 | -14,844 | 301,863 | 0 | -31,125 | 955,894 | 7,496 | 963,390 |
| 5.03 | Adjusted opening balances | 700,000 | -14,844 | 301,863 | 0 | -31,125 | 955,894 | 7,496 | 963,390 |
| 5.04 | Capital transactions with partners | 0 | 6,168 | -79,731 | -12,970 | 0 | -86,533 | 0 | -86,533 |
| 5.04.04 | Treasury stock acquired | 0 | -5.513 | 0 | 0 | 0 | -5,513 | 0 | -5,513 |
| 5.04.05 | Treasury stock sold | 0 | 11,681 | 0 | 0 | 0 | 11,681 | 0 | 11,681 |
| 5.04.07 | Interest in shareholders' equity | 0 | 0 | -79,731 | -12,970 | 0 | -92,701 | 0 | -92,701 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 75,346 | -3,127 | 72,219 | 238 | 72,457 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 75,346 | 0 | 75,346 | 411 | 75,757 |
| 5.05.02 | Other comprehensive income/loss | 0 | 0 | 0 | 0 | -3,127 | -3,127 | -173 | -3,300 |
| 5.05.02.04 | Translation adjustments in the period | 0 | 0 | 0 | 0 | -3,127 | -3,127 | -173 | -3,300 |
| 5.07 | Closing balances | 700,000 | -8,676 | 222,132 | 62,376 | -34,252 | 941,580 | 7,734 | 949,314 |

(A free translation of the original in Portuguese)



## Consolidated Financial Statements / Statement of Value Added

## (Thousands of Reais)

| 1 – Account Code | 2 – Account Description | Accrued value of the current year 1/1/2012 to 3/31/2012 | Accrued value of the prior year 1/1/2011 to 3/31/2011 |
|---|---|---|---|
| 7.01 | Revenue | 1,022,551 | 910,662 |
| 7.01.01 | Sales of goods, products and services | 1,014,558 | 909,316 |
| 7.01.02 | Other revenue | 9,034 | 4,886 |
| 7.01.04 | Allowance/(reversal of allowance) for doubtful accounts | -1,041 | -3,540 |
| 7.02 | Consumables acquired from third parties | -702,966 | -639,779 |
| 7.02.01 | Cost of goods and services sold | -632,103 | -565,846 |
| 7.02.02 | Materials, energy, outsourced services and other | -65,750 | -69,570 |
| 7.02.03 | Loss/recovery of assets | -5,113 | -4,363 |
| 7.03 | Gross value added | 319,585 | 270,883 |
| 7.04 | Retentions | -10,059 | -8,944 |
| 7.04.01 | Depreciation, amortization and depletion | -10,059 | -8,944 |
| 7.05 | Net added value produced | 309,526 | 261,939 |
| 7.06 | Transferred added value | 73,429 | 49,575 |
| 7.06.01 | Equity in net income of subsidiaries | 2,319 | 2,190 |
| 7.06.02 | Financial revenue | 71,110 | 47,385 |
| 7.07 | Total added value to be distributed | 382,955 | 311,514 |
| 7.08 | Distribution of added value | 382,955 | 311,514 |
| 7.08.01 | Personnel | 169,007 | 126,509 |
| 7.08.01.01 | Direct remuneration | 130,728 | 92,241 |
| 7.08.01.02 | Benefits | 31,534 | 26,599 |
| 7.08.01.03 | Government Severance Indemnity Fund for Employees (FGTS) | 6,745 | 7,669 |
| 7.08.02 | Taxes, duties and contributions | 75,324 | 79,981 |
| 7.08.02.01 | Federal | 64,648 | 73,514 |
| 7.08.02.02 | State | 10,569 | 6,040 |
| 7.08.02.03 | Municipal | 107 | 427 |
| 7.08.03 | Interest expenses | 60,193 | 29,267 |
| 7.08.03.01 | Interest | 55,253 | 27,292 |
| 7.08.03.02 | Rent | 4,940 | 1,975 |
| 7.08.04 | Interest earnings | 78,431 | 75,757 |
| 7.08.04.01 | Interest on shareholders' equity | 10,328 | 12,970 |
| 7.08.04.03 | Retained earnings/loss for the period | 68,103 | 62,787 |

(A free translation of the original in Portuguese)

# MARCOPOLO S.A.
## Consolidated Information - 1Q12

**Caxias do Sul - May 07, 2012 - Marcopolo S.A. (BM&FBOVESPA: POMO3; POMO4),** one of the world's leading companies dedicated to developing solutions for the public transportation of passengers, hereby announces its earnings figures for the first quarter of 2012 (1Q12). The financial statements are presented in accordance with accounting practices adopted in Brazil and with IFRS - International Financial Reporting Standards issued by the IASB - International Accounting Standards Board.

## Net Revenue reaches R$ 880.7 million and EBITDA totals R$ 110.9 million from January to March 2012


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## HIGHLIGHTS OF THE 1ST QUARTER OF 2012

- **Consolidated Net Revenue** amounted to R$ 880.7 million
- **Gross Profit** totaled R$ 186.6 million with a margin of 21.2%.
- **EBITDA** was R$ 110.9 million with a margin of 12.6%.
- **Net Income** totaled R$ 78.4 million with a margin of 8.9%.
- Marcopolo's **Production** in Brazil reached 4,642 units and 7,589 units including overseas operations.

*(R$ million, unless stated otherwise).*

| SELECTED INFORMATION | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| Net operating revenue | 880.7 | 761.3 | 15.7 |
| - Revenue in Brazil | 637.9 | 541.2 | 17.9 |
| - Revenues from exports and abroad | 242.8 | 220.1 | 10.3 |
| Gross Profit | 186.6 | 162.6 | 14.8 |
| *EBITDA* (1) | 110.9 | 98.5 | 12.6 |
| Net Income | 78.4 | 75.8 | 3.4 |
| Earnings per Share | 0.175 | 0.169 | 3.6 |
| Return on Invested Capital (ROIC) (2) | 21.5% | 21.8% | (0.3)pp |
| Return on shareholders' equity (ROE) (3) | 36.8% | 38.0% | (1.2)pp |
| Investments | 150.8 | 28.9 | 421.8 |
| Gross Margin | 21.2% | 21.4% | (0.2)pp |
| EBITDA Margin | 12.6% | 12.9% | (0.3)pp |
| Net Margin | 8.9% | 10.0% | (1.1)pp |
| **BALANCE SHEET DATA** | **3/31/2012** | **12/31/2011** | **Change %** |
| Shareholders' Equity | 1,152.0 | 1,162.1 | (0.9) |
| Cash and cash equivalents and short-term investments | 826.1 | 1,023.1 | (19.3) |
| Current financial liabilities | 611.2 | 617.2 | (1.0) |
| Noncurrent financial liabilities | 901.1 | 869.8 | 3.6 |
| Net financial liability (asset) - Industrial Segment | 172.6 | (53.1) | - |

Notes: (1) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization; (2) ROIC (Return on Invested Capital) = EBIT of the last 12 months ÷ (inventories + trade receivables + fixed assets - trade payables); (3) ROE (Return on Equity) = Net Income for the last 12 months/Initial Shareholders' Equity; pp = percentage points

(A free translation of the original in Portuguese)

## BRAZILIAN BUS INDUSTRY PERFORMANCE

In 1Q12 Brazilian production of buses amounted to 8,281 units, an increase of 5.7% over the 7,832 units produced in the first quarter of 2011.

**a) Domestic Sales.** 7,742 units were produced for the domestic market in 1Q12, 16.4% more than the 6,649 units produced in 1Q11. This accounted for 93.5% of Brazil's total production.

**b) Foreign Sales.** Exports totaled 539 units in 1Q12, down on the 1,183 units exported in the first quarter last year. Marcopolo's production accounted for 49.7% of Brazilian exports in the period.

**BRAZILIAN BUS PRODUCTION (in units)**

| PRODUCTS [1] | 1Q12 | | | 1Q11 | | | Change |
|---|---|---|---|---|---|---|---|
| | DM | OM [2] | TOTAL | DM | OM [2] | TOTAL | % |
| Intercity | 1,861 | 340 | **2,201** | 1,913 | 537 | **2,450** | (10.2) |
| Urban | 5,157 | 55 | **5,212** | 3,946 | 397 | **4,343** | 20.0 |
| Micros | 724 | 144 | **868** | 722 | 241 | **963** | (9.9) |
| **SUBTOTAL** | **7,742** | **539** | **8,281** | **6,581** | **1,175** | **7,756** | **6.8** |
| Minis [3] | - | - | **-** | 68 | 8 | **76** | - |
| **TOTAL** | **7,742** | **539** | **8,281** | **6,649** | **1,183** | **7,832** | **5.7** |

**Sources: FABUS (National Association of Bus Manufacturers) and SIMEFRE (Interstate Syndicate of the Industrial of Rail and Road Materials and Equipment).**

Notes: [1] DM = Domestic Market; OM = Overseas Market; [2] Includes units exported as KD (Knockdown) [3] The production data of the Mini-buses does not include the production of entire units such as Volare.

## MARCOPOLO'S OPERATING AND FINANCIAL PERFORMANCE

- **Units Recorded in Net Revenue**

7,883 units were recorded in net revenue in 1Q12. Of this volume, 4,882 units were registered in Brazil representing 61.9% of the total, and 3,001 units abroad representing the remaining 38.1%, as shown in the table below:

| OPERATIONS | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| **BRAZIL:** | | | |
| - Domestic Sales | 4,527 | 4,238 | 6.8 |
| - Overseas Sales | 372 | 654 | (43.1) |
| **SUBTOTAL** | **4,899** | **4,892** | **0.1** |
| Exclusion of exported KDs [1] | 17 | 56 | (69.6) |
| **TOTAL IN BRAZIL** | **4,882** | **4,836** | **1.0** |
| **INTERNATIONAL:** | | | |
| - Mexico | 271 | 357 | (24.1) |
| - South Africa | 73 | 78 | (6.4) |
| - Colombia (50%) | 270 | 321 | (15.9) |
| - India (49%) [2] | 2,105 | 1,121 | 87.8 |
| - Egypt (49%) | 52 | 49 | 6.1 |
| - Argentina (50%) | 141 | 250 | (43.6) |
| - Australia | 89 | - | - |
| **TOTAL INTERNATIONAL** | **3,001** | **2,176** | **37.9** |
| **OVERALL TOTAL** | **7,883** | **7,012** | **12.4** |

Notes: [1] Bodies partially or completely knocked down; [2] India includes the units produced at the factory in Lucknow.

- **Production**

Marcopolo's consolidated production was 7,589 units in 1Q12, 10.3% higher than the 6,881 units produced in 1Q11. In Brazil production reached 4,642 units in 1Q12, 1.8% higher than 1Q11, while overseas production was 2,947 units, 26.9% above the production of the same period last year.

Marcopolo's consolidated production data and the respective comparison with the previous year are shown in the following table:

(A free translation of the original in Portuguese)

## MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION

| OPERATIONS | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| **BRAZIL:** [1] | | | |
| - Domestic Sales | 4,283 | 4,031 | 6.3 |
| - Foreign Sales | 376 | 584 | (35.6) |
| **SUBTOTAL** | **4,659** | **4,615** | **1.0** |
| Exclusion of exported KDs [2] | 17 | 56 | (69.6) |
| **TOTAL IN BRAZIL** | **4,642** | **4,559** | **1.8** |
| **INTERNATIONAL:** | | | |
| - Mexico | 271 | 357 | (24.1) |
| - South Africa | 46 | 77 | (40.3) |
| - Colombia (50%) | 254 | 325 | (21.8) |
| - India (49%) [3] | 2,095 | 1,262 | 66.0 |
| - Egypt (49%) | 52 | 60 | (13.3) |
| - Argentina (50%) | 140 | 241 | (41.9) |
| - Australia | 89 | - | - |
| **TOTAL INTERNATIONAL** | **2,947** | **2,322** | **26.9** |
| **OVERALL TOTAL** | **7,589** | **6,881** | **10.3** |

Notes: [1] Includes the production of the Volare model as well as the production of the companies Ciferal (1,451 units in 1Q12 and 1,266 units in 1Q11) and 45.0% from San Marino (405 units in 1Q12 and 366 units in 1Q11), which corresponds to Marcopolo's participation in the company; [2] Bodies partially or completely knocked down; [3] India includes the units produced at the factory in Lucknow.

## MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION BY MODEL

| PRODUCTS (in units) | 1Q12 | | | 1Q11 | | |
|---|---|---|---|---|---|---|
| | DM | OM [1] | TOTAL | DM | OM [1] | TOTAL |
| Intercity | 1,202 | 214 | **1,416** | 1,225 | 335 | **1,560** |
| Urban | 1,960 | 676 | **2,636** | 1,573 | 1,015 | **2,588** |
| Micros | 302 | 180 | **482** | 288 | 223 | **511** |
| Minis (LCV) | - | 2,128 | **2,128** | - | 1,231 | **1,231** |
| **SUBTOTAL** | **3,464** | **3,198** | **6,662** | **3,086** | **2,804** | **5,890** |
| Volares [2] | 819 | 108 | **927** | 945 | 46 | **991** |
| **TOTAL PRODUCTION** | **4,283** | **3,306** | **7,589** | **4,031** | **2,850** | **6,881** |

Notes: [1] Total production of OM includes units exported in KD (bodies partially or completely knocked down), which totaled 17 units in 1Q12 and 56 units in 1Q11; [2] The production of Volares is not part of the data from SIMEFRE and from FABUS, Marcopolo's market share or the sector's production.

(A free translation of the original in Portuguese)

**MARCOPOLO - PRODUCTION IN BRAZIL**

| PRODUCTS (in units) | 1Q12 | | | 1Q11 | | |
|---|---|---|---|---|---|---|
| | DM | OM [1] | TOTAL | DM | OM [1] | TOTAL |
| Intercity | 1,202 | 189 | **1,391** | 1,225 | 285 | **1,510** |
| Urban | 1,960 | 6 | **1,966** | 1,573 | 141 | **1,714** |
| Micros | 302 | 73 | **375** | 288 | 112 | **400** |
| Minis (LCV) | - | - | **-** | - | - | **-** |
| **SUBTOTAL** | **3,464** | **268** | **3,732** | **3,086** | **538** | **3,624** |
| Volares [2] | 819 | 108 | **927** | 945 | 46 | **991** |
| **TOTAL PRODUCTION** | **4,283** | **376** | **4,659** | **4,031** | **584** | **4,615** |

Note: See notes under the Consolidated World Production by Model.

- **Brazilian Market Share**

The Company's market share in Brazil was 45.1% in 1Q12. In the segment of coach buses, the market share remained stable compared to the two last quarters of 2011, at 63.2%.

**MARKET SHARE IN BRAZILIAN PRODUCTION (%)**

| PRODUCTS [1] | 1Q11 | 2Q11 | 3Q11 | 4Q11 | 2011 | 1Q12 |
|---|---|---|---|---|---|---|
| Intercity | 61.7 | 62.9 | 63.2 | 63.1 | 62.8 | 63.2 |
| Urban | 39.5 | 36.8 | 38.2 | 39.3 | 38.4 | 37.7 |
| Micros | 41.5 | 39.7 | 40.2 | 40.6 | 40.4 | 43.2 |
| Minis [2] | - | - | - | - | - | - |
| **TOTAL** | **46.3** | **44.7** | **45.6** | **46.2** | **45.7** | **45.1** |

Source: FABUS and SIMEFRE
Notes: [1] Includes 100.0% of Ciferal and a proportional market share in the production of San Marino; [2] The Volare is not counted for purposes of market share.

- **Net Revenue**

The consolidated net revenue reached R$ 880.7 million in 1Q12, up by 15.7% over the R$ 761.3 million recorded in 1Q11, due to the increase of 6.8% in domestic sales, driven by chassis sales of R$ 18.5 million and the consolidation of Volgren's revenue in Australia of R$ 49.2 million. Domestic sales generated revenue of R$ 637.9 million, or 72.4% of the total, while international sales totaled R$ 242.8 million, comprising the remaining 27.6% of the consolidated net revenue.

The table and graphs below show the breakdown of the net revenue by products and markets:

(A free translation of the original in Portuguese)

**CONSOLIDATED TOTAL NET REVENUE**

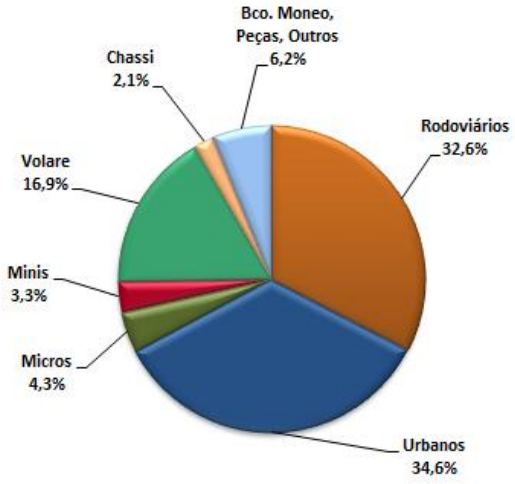
**By Products and Markets (R$ million)**

| PRODUCTS / MARKETS [1] | 1Q12 | | 1Q11 | | TOTAL | |
|---|---|---|---|---|---|---|
| | DM | ME | DM | ME | 1Q12 | 1Q11 |
| Intercity | 214.6 | 72.7 | 189.9 | 68.3 | 287.3 | 258.2 |
| Urban | 205.3 | 99.3 | 136.5 | 85.5 | 304.6 | 222.0 |
| Micros | 26.9 | 11.1 | 24.3 | 13.0 | 38.0 | 37.3 |
| Minis – LCV | - | 28.6 | 15.2 | 18.0 | 28.6 | 33.2 |
| **Subtotal bodies** | **446.8** | **211.7** | **365.9** | **184.8** | **658.5** | **550.7** |
| Volares [2] | 140.8 | 7.9 | 138.0 | 5.6 | 148.7 | 143.6 |
| Chassis | 18.5 | - | - | - | 18.5 | - |
| Bco. Moneo Bank, Parts & Others | 31.8 | 23.2 | 37.3 | 29.7 | 55.0 | 67.0 |
| **OVERALL TOTAL** | **637.9** | **242.8** | **541.2** | **220.1** | **880.7** | **761.3** |

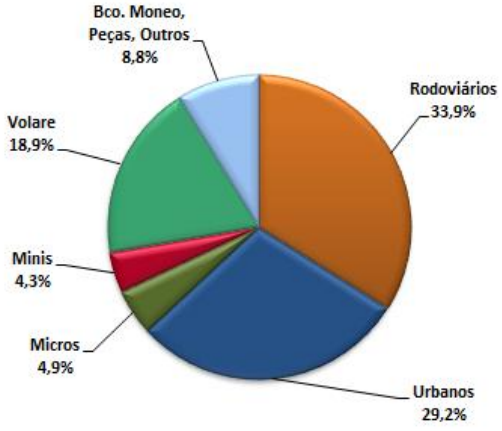
Notes: [1] DM = Domestic Sales; OM = Overseas Sales; [2] Revenues from Volares includes the chassis.

**BREAKDOWN OF CONSOLIDATED NET REVENUE (%)**

1Q12




1Q11




## GROSS PROFIT AND MARGINS

Consolidated gross profit in 1Q12 totaled R$ 186.6 million compared with R$ 162.6 million in 1Q11, with a virtually unchanged margin. The improvement in earnings is primarily due to the higher sales volume in revenue, especially in the Brazilian domestic market, and the consolidation of the Australian company Volgren.

## OPERATING EXPENSES

- **Selling Expenses**

Selling expenses totaled R$ 50.9 million in 1Q12 against R$ 44.8 million in 1Q11, corresponding to 5.8% and 5.9% of net revenue, respectively. The increase in these expenses is the result of the greater volume of sales in the domestic market and the consolidation of Volgren.

- **General and Administrative Expenses**

The general and administrative expenses totaled R$ 38.4 million in 1Q12, or 4.4% of net revenue, while these expenses in 1Q11 totaled R$ 31.3 million, or 4.1% of revenue.

- **Other Operating Income/Expenses**

In 1Q12, R$ 1.2 million was recorded as "Other Operating Revenue", compared with revenue of R$ 0.8 million in 1Q11.

## NET FINANCIAL RESULTS

The net financial result in 1Q12 was income of R$ 15.9 million versus the income of R$ 20.1 million in 1Q11. This result is largely explained by the income from financial investments and the adjustment to present value of accounts receivable and payable.

## EBITDA

The EBITDA reached R$ 110.9 million in 1Q12 with a margin of 12.6% versus R$ 98.5 million and a margin of 12.9% in 1Q11. The improvement in the EBITDA was driven by the same factors explained in "Gross Income and Margins". The table below shows the accounts that make up the EBITDA:

| (R$ millions) | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| Operating Income | 116.7 | 109.6 | 6.5 |
| Financial Revenue | (71.1) | (47.3) | 50.3 |
| Financial Expenses | 55.2 | 27.3 | 102.2 |
| Depreciation / Amortization | 10.1 | 8.9 | 13.5 |
| ***EBITDA*** | **110.9** | **98.5** | **12.6** |

## NET PROFIT

The consolidated net income in 1Q12 totaled R$ 78.4 million, up by 3.4% over 1Q11. The net margin stood at 8.9%.

## FINANCIAL DEBT

The net financial debt amounted to R$ 686.2 million as of 3/31/2012 (R$ 463.9 million as of 12/31/2011). Of this total, R$ 513.6 million came from the financial sector (Banco Moneo) and R$ 172.6 million from the industrial sector.

It is important to point out that the financial sector debt derives from the consolidation of the activities of Banco Moneo and should be analyzed separately since it has different characteristics from that of the Company's operating activities. Banco Moneo's financial liability is charged to the account "Trade accounts receivable" in the bank's assets. The credit risk is properly provisioned for. As they relate to FINAME transfers, each disbursement made by the Bank for Economic and Social Development (BNDES) is charged to Banco Moneo's trade accounts receivable, both in term and fixed rate.

## CASH GENERATION

In 1Q12, the operating activities generated cash of R$ 65.3 million, while investment activities received R$ 150.8 million and financing activities consumed R$ 115.9 million. As a result, the opening cash balance of R$ 904.3 million, minus R$ 0.4 million of exchange variance on cash, contracted to R$ 702.5 million at the end of March 2012.

## INVESTMENTS IN PERMANENT ASSETS

In 1Q12 Marcopolo invested R$ 150.8 million in capital goods, of which R$ 13.8 million was spent in the parent company and invested as follows: R$ 3.0 million in machinery and equipment, R$ 4.3 million in buildings and improvements and R$ 6.5 million in other fixed assets/investments. R$ 137.0 million was invested in subsidiaries and associated companies, of which: R$ 130.7 million was spent on the acquisition of Volgren, in Australia, and R$ 6.2 million on the other plants.

## CAPITAL MARKETS

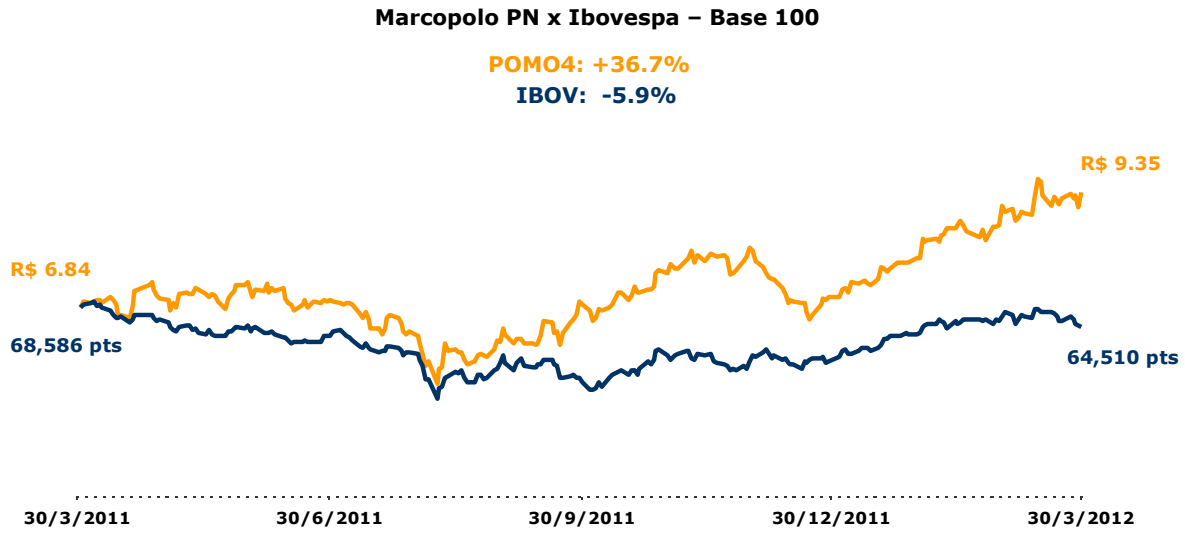
Marcopolo's preferred shares - POMO4 - have appreciated by 36.7% in the last 12 months, compared with the 5.9% devaluation of IBOVESPA in the same period. In 1Q12, 76.4 million Marcopolo shares were traded in a volume of R$ 649.4 million.

(A free translation of the original in Portuguese)

| INDICATORS | 1Q12 | 1Q11 |
|---|---|---|
| Number of transactions | 136.9 | 107.9 |
| Shares Traded (million) | 76.4 | 98.3 |
| Trading volume (R$ million) | 649.4 | 623.3 |
| Market Value (R$ millions) (1) | 4,193.5 | 3,067.7 |
| Existing shares (thousands) (2) (*) | 448.5 | 448.5 |
| Book value per share (R$) (*) | 2.57 | 2.10 |
| POMO4 price at end of period (*) | 9.35 | 6.84 |

Notes: (1) Price of the last transaction of the period for a Book Entry Preferred (PE) share multiplied by the total shares (OE+PE) from the same period; (2) Of this total, 1,298,240 were preferred shares in the treasury at 3/31/2012.

- **Performance of Marcopolo Shares on BM&FBovespa**




## OUTLOOK

2012 got underway within certainty due to the implementation of the Proconve-7 standards (equal to EURO 5) in Brazil. Manufacturers adopted the strategy of producing additional inventory of the EURO 3 chassis until December 31, 2011, for sale throughout 2012. Marcopolo adopted a similar strategy, acquiring the EURO 3 chassis available in the market for resale to its clients. The decision was a good one, and the Company's earnings for the first quarter 2012 are primarily due to orders for bodies assembled on the chassis made in accordance with the previous standard. As it is a complete vehicle, the Volare was also produced to reinforce inventory until the end of 2011, and these units were sold by March this year.

The measures announced by the federal government on April 03 to help industry benefited Marcopolo by relieving it of the employer's INSS contribution on payroll, effective from July, which will be replaced by the payment of 1% on domestic sales. The FINAME PSI facility provided by BNDES was also extended, with lower interest rates (7.7% per annum) and longer terms (up to 10 years). The easier financing terms are already reflecting the increasing demand for buses with EURO 5 chassis.

Substantial investment is being made in Brazil in public transportation, primarily in BRT (Bus Rapid Transit) systems. Some of the main cities in the country are implementing the system, which runs on segregated lanes, with departure and arrival platforms on the same level of the buses, using more sophisticated, articulated or bi-articulated, low-floor vehicles. These investments are mainly being driven by the sporting events to be hosted in Brazil, including the 2013 FIFA's Confederations Cup, the 2014 FIFA's World Cup and the 2016 Olympic Games.

In respect of costs, a collective bargaining agreement will be entered into with the Caxias do Sul Metal Workers' Union in June. The Company's pursuit of maximum returns is ongoing, by way of an employee training program, increasing efficiency and cost cutting.

In the first few months of 2012 important export orders have been secured in the international market, including 486 units, consisting of 310 Gran Viales and 176 Sênior minibuses, for the BRT system in Santiago, Chile. In respect of subsidiaries and associated companies, in February Marcopolo began consolidating the earnings of Australian company Volgren. TMML, in India, maintained its accelerated pace of production, although other plants decreased production in relation to 1Q11.

The Company stands by its performance forecasts for 2012, as disclosed by the Company on December 16, 2011, providing current market and local economic conditions prevail, as follows: (i) consolidated net revenue of R$ 3.6 billion and, (ii) production of 32,500 buses at its plants in Brazil and foreign.

The Management.

# 1 Operations

Marcopolo S.A. ("Marcopolo") is a publicly held company, having its registered office in Caxias do Sul, Rio Grande do Sul state.

Marcopolo's core activity is the manufacturing and sale of buses, automobiles, wagons, parts, agricultural and industrial machinery, and imports and exports, and may also acquire equity interests in other companies.

Marcopolo's stock is traded on the São Paulo Stock Exchange – BM&FBOVESPA.
Sales are made both domestically and overseas, by way of subsidiaries (in conjunction with Marcopolo, the "Company").

# 2 Description of significant accounting practices

The main accounting policies used to prepare these quarterly financial statements are as follows. These policies were consistently applied to all the periods presented, unless stipulated otherwise.

## 2.1 Basis of preparation

The financial information for the quarter ended March 31, 2012 has been prepared in accordance with CPC 21/IAS 34 “Interim Financial Reporting”, in accordance with the standards issued by the Brazilian Securities Commission - CVM.

This quarterly financial information has been prepared under the historical cost convention and the financial assets available-for-sale and financial assets and liabilities (including derivative instruments) have been measured at fair value through profit and loss for the period. The preparation of the quarterly financial information requires the use of certain critical accounting estimates. It also requires Marcopolo management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company and consolidated financial information are disclosed in Note 3.

### (a) Consolidated financial information

The consolidated financial statements have been prepared and are being presented in accordance with Brazilian accounting policies, including the pronouncements issued by the Accounting Pronouncements Committee (CPCs) and International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

**(b) Individual financial information**

The individual financial information has been prepared in accordance with the accounting practices adopted in Brazil, issued by the Accounting Pronouncements Committee and is disclosed in conjunction with the consolidated financial information.

**(c) Statement of added value**

The Company prepared individual and consolidated statements of added value (DVA) in accordance with technical pronouncement CPC 09 – Statement of Added Value, which are presented as an integral part of the financial statements in BRGAAP applicable to publicly held companies, while consisting of supplementary financial information under IFRS.

**d) Property, plant and equipment**

*i. Recognition and measurement*

Items of property, plant and equipment are measured at the historic cost of acquisition or construction, minus accumulated depreciation and impairment.

The cost includes expenses directly attributable to the acquisition of an asset. The cost of assets built by the Company itself includes:

- The cost of materials and direct labor,
- Any other costs to bring the asset to its location and condition necessary so it can be operated as intended by Management.
- The disassembly costs, and the restoration of the site where these assets are located, and
- Loan costs on qualifiable assets.

The cost of property, plant and equipment can include reclassifications from other comprehensive income of qualifiable cash flow hedges for the purchase of fixed assets in foreign currency. The software purchased as an integral part of a piece of equipment is capitalized as a part of said equipment.

When parts of an item of property, plant and equipment have different useful lives, these items are recorded as separate items (principal constituents) of property, plant and equipment.

The gains and losses deriving from the sale of property, plant and equipment (determined by comparing the funds obtained through the sale against the book value of the property, plant and equipment), are recorded net amongst other revenue/expense figures in the income statement.

*ii. Reclassification to investment property*

When the owner ceases to occupy the property and begins using it for investment purposes, the property is remeasured at fair value and reclassified as investment property. Any gain resulting from this new measurement is recognized in the income statement as and when the gain reverts to a loss due to previous impairment of a specific property, with any remaining gain recognized in other comprehensive income in the equity appraisal adjustments reserve. Any loss is immediately recognized in the income statement.

*iii. Subsequent costs*

Subsequent expenses are capitalized to the extent it is probable that the future benefits associated with these expenses shall be transferred to the Company. Maintenance and repair expenses are recorded in the income statement.

*iv. Depreciation*

Items of property, plant and equipment are depreciated by the straight-line method in the income statement for the year, based on the useful estimated economic life of each component. Leased assets are depreciated over the shorter between the useful life and the contractual term, unless the Company is certain it will acquire the property at the end of the lease. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date they are installed and are available for use, or in the case of internally constructed assets, on the date construction is completed and the asset is available for use.

The estimated useful lives for the current and comparative years are as follows:

| | **Year** |
|---|---|
| Buildings | 40-60 |
| Machinery | 10-15 |
| Vehicles | 5 |
| Furniture, fixtures and equipment | 5-10 |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**(e) Intangible assets and goodwill**

*i. Goodwill*

The goodwill resulting from the acquisition of subsidiaries is credited to intangible assets in the consolidated financial statements.

**Subsequent measurement**

The goodwill is measured at cost, minus accumulated impairment losses. In relation to the investees recorded by the equity income method, the book value of the goodwill is included in the book value of the investment, and an impairment loss in this investment is allocated to the book value of the investment recorded by the equity income method.

*ii. Research and development*

Expenses on research activities resulting in a possible gain of scientific or technological understanding and expertise are recognized in the income statement as and when incurred.

Development activities involve a plan or project entailing the production of new or substantially improved products. Development expenses are only capitalized if the development costs can be measured reliably, if the product or process is technically and commercially feasible, if the future economic rewards are probable and if the Company has the intention and resources to conclude the development and use or sell the asset. Capitalized expenses include the cost of materials, direct labor, manufacturing costs that are directly attributable to the preparation of the asset for its intended use, and the cost of loans. Other development expenses are recognized in the income statement when they are incurred.

Capitalized development expenses are measured at cost, minus accumulated amortization and impairment losses.

*iii. Other intangible assets*

Other intangible assets consist of software acquired by the Company, with finite useful lives and measured at cost, minus accumulated amortization and accumulated impairment.

*iv. Subsequent expenses*

Subsequent expenses are only capitalized when they increase the future economic benefits incorporated into the specific asset they relate to. All other expenses, including expenses on goodwill generated internally and trademarks are recognized in the statement as and when they are incurred.

*v. Amortization*

Except for goodwill, amortization is recognized in the income statement by the straight line method in relation to the estimated useful lives of intangible assets, as from the date they are available for use.

**(f) Inventory**

Stated at the lower of the cost and the net realizable value. Inventory is recorded at average cost and includes expenses incurred on the acquisition of inventory, production and transformation costs and other costs incurred to bring the inventories to their current status and location. For manufactured inventory and goods in progress, the cost includes part of the general manufacturing expenses based on normal production capacity.

The net realizable value is the estimated sale price for the normal course of business, minus estimated conclusion costs and selling expenses.

**(g) Determining the adjustment to present value**

The items discounted to present value are:

- Trade accounts receivable consisting of the credit sale to Company clients with low credit risk. The Company calculated the present value for sales with payment terms in excess of 30 days. The discount rate used by Management to discount these items to present value is 100% of the monthly DI rate for domestic clients and the market rate for advances on export contracts for offshore clients. The interest rate assigned to a sale transaction is determined upon the initial registration of the transaction and is not subsequently adjusted.

- Accounts payable to Company suppliers for credit purchases. The Company calculates the present value the same way as it does for accounts receivable.

**(h) Provisions**

A provision is recognized for a past event when the Company has a legal or constructive obligation, and it is probable that an outflow of funds will be required to settle the obligation. Provisions are calculated by discounting future expected cash flows at a before-tax rate that reflects current market valuations regarding the value of the money over time and specific risks posed by the liability. The financial costs incurred are expensed in the income statement.

Guarantees

A provision for warranties is recognized when the goods or services are sold and is based on historic warranty data and estimated probabilities of all resulting disbursements.

**(i) Operating revenue**

Sale of goods

Operating revenue from the sale of goods in the normal course of business is stated at fair value of the consideration received or receivable. Operating revenue is recognized when there is convincing evidence that the main risks and rewards of ownership have been transferred to the buyer, it is probable that the economic benefits will flow to the Company, the associated costs and possible return of goods can be reliably estimated, there is no ongoing involvement with the goods sold and the value of the operating revenue can be reliably measured. Any discounts that will probably be awarded which can be measured reliably are then charged to operating revenue as and when the sales are recognized.

The risks and rewards are transferred depending on the individual terms of the sale contract.

**(j) Financial expenses and revenues**

Financial revenue includes interest earned on funds invested, gains on the sale of financial assets available-for-sale, adjustments to present value and changes in the fair value of financial assets measured at fair value through profit and loss. Interest earned is recorded in the income statement by using the effective interest rate method. Dividend revenue is recognized when entitlement to the payment has been established.

Financial expenses include interest expenses on loans, discount adjustments to present value, impairment losses recognized in the financial assets (except receivables) and losses in derivative financial instruments that are recognized through profit and loss.

## 2.2 Consolidation

**(a) Consolidated financial information**

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

**(i) Subsidiaries**

Subsidiaries are all entities (including the specific purpose companies) over which the Company has the power to determine the financial and operating policies, and in which it generally holds over half the voting rights (voting stock). The existence and the effect of possible voting rights currently exercisable or convertible are taken into account when evaluating whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company uses the acquisition method to record business combinations. The amount transferred to acquire a subsidiary is the fair value of the transferred assets, liabilities incurred and equity instruments issued by the Company. The amount transferred includes the fair value of a given asset or liability resulting from a contingent payment contract when applicable. Acquisition costs are expensed in the income statement for the year as and when incurred. The identifiable assets acquired and the liabilities and the contingent liabilities undertaken in a business combination are initially measured at fair value as of the acquisition date. The Company recognizes the minority interest in the acquired party at both fair value and the proportional amount of the minority interest in the fair value of the acquired party's net assets. The minority interest to be recognized is measured on the date of each acquisition.

Any excess amount transferred and the fair value at the acquisition date of any previous equity interest in the acquired party in relation to the fair value of the Company's interest in net identifiable assets acquired is recorded as goodwill. In acquisitions where the Company attributes fair value to minority shareholders, the goodwill determined also includes the value of any minority interest in the acquired party, and the goodwill is determined based on the Company and the minority interests. If the amount transferred is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement for the year.

Inter-company transactions, balances and unrealized gains on intercompany transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

**(ii) Investments in joint ventures**

Joint ventures are those in which the control is exercised jointly by the Company and one or more partners. The financial statements of joint ventures are therefore consolidated proportionately to the Company's interest. The balance of investments could therefore be reduced by recognizing impairment.

Losses of joint ventures in excess of the investment made in them are not recognized, unless the Company has undertaken to cover these losses.

Any excess in the acquisition cost of a financial investment over the net fair value of the assets, liabilities and contingent liabilities of the joint-venture on the respective acquisition date is recorded as goodwill. The goodwill is added to the value of the respective financial instrument and is analyzed for impairment every year as an integral part of the financial investment. In cases where the acquisition cost is lower than the fair value of the net assets identified, the difference determined is recorded as a gain in the income statement for the period the acquisition was made in.

Dividends received from these companies are deducted from the value of the investment.

Gains and losses on transactions with joint ventures are eliminated in proportion to the Company's interest, at the value of the financial investment held in said joint-venture.

**(iii) Associated companies**

Associated companies are all the entities over which the Company exercises significant influence but does not control, in which it generally holds an equity interest of between 20% and 50% of the voting rights. Investments in associated companies are recorded by the equity income method and recognized initially at cost. The Company's investment in associated companies include the goodwill identified in the acquisition, net of any accumulated impairment loss.

The Company's interest in the profits or losses of its associated companies post-acquisition is recognized in the income statement and its interest in the changes in post-acquisition reserves is recognized in the reserves. Accrued changes post-acquisition are adjusted against the book value of the investment. When the Company's interest in the losses of an associated company is equal to or greater than its interest in that company, including any other receivables, the Company recognizes additional losses incurred on obligations or makes payments on behalf of the associated company.

Unrealized gains on transactions between the Company and its associated companies are eliminated in proportion to the Company's interest in the associated companies. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Company.

If the equity interest in the associated company diminishes but significant influence is maintained, only a proportional part of the amount previously recognized in other comprehensive income shall be reclassified in the income statement, where appropriate.

Gains and losses resulting from dilutions occurring in interests in associated companies are recognized in the income statement.

**2.3 Segment reporting**

Operating segments are reported consistently with the internal reports provided to the main operating decision takers. The main taker of operating decisions, responsible for allocating funds and evaluating the performance of operating segments, is the Board of Directors, which is also responsible for taking the Company's strategic decisions.

## 2.4 Foreign currency translation

### (a) Functional currency and reporting currency

The items included in each of the company's entities' financial information are measured by using the currency of the main economy in which the company operates ("functional currency"). The consolidated financial information is presented in R$, which is Marcopolo's functional currency and the Company's reporting currency.

Each entity's functional currency can be seen below:

| Subsidiary | Name | Functional Currency | Country |
|---|---|---|---|
| • Banco Moneo S.A. | Banco Moneo | Reais | Brazil |
| • Ciferal Indústria de Ônibus Ltda. | Ciferal | Reais | Brazil |
| • Ilmot International Corporation. | Ilmot | US dollar | Uruguay |
| • Laureano S.A. | Laureano | Argentine Peso | Argentina |
| • Marcopolo Auto Components Co. | MAC | Remimbi | China |
| • Marcopolo Austrália Holdings PTY LTD | MP Austrália | Australian Dollar | Australia |
| • Pologren Australia Holdings PTY LTD | Pologren | Australian Dollar | Australia |
| • Volgren Australia PTY Limited | Volgren | Australian Dollar | Australia |
| • Marcopolo Indústria de Carroçarias S.A. | MPC | Euro | Portugal |
| • Marcopolo International Corp. | MIC | US dollar | Virgin Islands |
| • Marcopolo International Corporation S.A. | MIC UY | US dollar | Uruguay |
| • Marcopolo Latinoamérica S.A. | Mapla | Argentine Peso | Argentina |
| • Marcopolo South África Pty Ltd. | Masa | Rand | South Africa |
| • Marcopolo Trading S.A. | Trading | Reais | Brazil |
| • Moneo Investimentos S.A. | Moneo | Reais | Brazil |
| • Syncroparts Comércio e Distribuição de Peças Ltda. | Syncroparts | Reais | Brazil |
| • PoloAutoRus LLC. | PoloRus | Ruble | Russia |
| • Polo Serviços em Plásticos Ltda. | Polo Serviços | Reais | Brazil |
| • Polomex S.A. de C.V. | Polomex | US dollar | Mexico |

| Joint subsidiaries | Name | Functional Currency | Country |
|---|---|---|---|
| • GB Polo Bus Manufacturing S.A.E. | GB Polo | Egyptian Pound | Egypt |
| • Loma Hermosa S.A. | Loma | Argentine Peso | Argentina |
| • Metalpar S.A. | Metalpar | Argentine Peso | Argentina |
| • Marcopolo Argentina S.A. | Marsa | Argentine Peso | Argentina |
| • Rotas do Sul Logística Ltda. | Rotas do Sul | Reais | Brazil |
| • San Marino Bus de México S.A. de C.V. | San Marino México | Mexican Peso | Mexico |
| • San Marino Ônibus e Implementos Ltda. | San Marino | Reais | Brazil |
| • Superpolo S.A. | Superpolo | Colombian Peso | Colombia |
| • Hanegas S.A.S. | Hanegas | Colombian Peso | Colombia |
| • Tata Marcopolo Motors Limited. | TMML | Rupee | India |

| Associated companies | Name | Functional Currency | Country |
|---|---|---|---|
| • MVC Componentes Plásticos Ltda. | MVC | Reais | Brazil |
| • Poloplast Painéis e Componentes Ltda. | Switchgear | Reais | Brazil |
| • Spheros Climatização do Brasil S.A. | Spheros | Reais | Brazil |
| • Spheros México S.A. de C.V. | Spheros México | Mexican Peso | Mexico |
| • Spheros Thermosystems Colombia Ltda. | Spheros Colômbia | Colombian Peso | Colombia |
| • WSul Espumas Indústria e Comércio Ltda. | Wsul | Reais | Brazil |

**(b) Transactions and balances**

Foreign-currency transactions are translated into the functional currency at the exchange rates prevailing on the transaction or valuation dates, on which the items are remeasured. Exchange gains and losses resulting from the settlement of these transactions and the translation at the exchange rates at the end of the financial year for monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

Exchange gains and losses related to loans and cash and cash equivalents are stated in the income statement as financial revenue or expenses.

Exchange variance on non-monetary financial assets and liabilities such as equities recorded at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

**(c) Group Entities**

The results and financial position of all the Company's subsidiaries and joint ventures included in the consolidated financial information and investments recorded by the equity method (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the reporting currency are translated into the Company's reporting currency as follows:

(i) assets and liabilities are translated at the exchange rate on the closing date of the consolidated financial information;

(ii) income and expenses are translated at the monthly average exchange rates

(iii) all resulting exchange differences are recognized in the equity account "Equity appraisal adjustments".

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of loans and other currency instruments designated as hedges of such investments, are recognized in comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**2.5 Standards, amendments and interpretations of standards**

***(a) Standards, amendments and interpretations of existing standards that are not yet effective:***

Interpretations and amendments to existing standards have been issued and are mandatory for the Company’s accounting periods beginning on or after January 1, 2012 or later periods. According to management's assessment, these standards are not relevant for the Company's current operations, except for the following, the impact of which is being analyzed. However, the Company did not

adopt these rules and amendments early.

| Topic | Key requirements | Effective date |
|---|---|---|
| Amendments to IAS 01 - Presentation of financial statements. | Amendments:<br>• requires an entity to separately present the items of other comprehensive income that could be reclassified to profit or loss in the future from those that will never be reclassified to profit and loss. Entities presenting items of other comprehensive income before the related tax effects will therefore also have to allocate the value of the tax aggregated between the sections<br>• does not alter the existing option to present the profit or loss and other comprehensive income in two declarations, and<br>• amends the title of Statement of Comprehensive Income to Statement of Profit or Loss and other comprehensive income. However, the entity is still permitted to use other titles.<br><br>Certain examples of other comprehensive income items that can be reclassified in profit or loss are foreign currency differences on the sale of an offshore operating plant in losses and gains on available for sale securities, financial assets or cash flow hedges. Examples of items of other comprehensive income that will never be reclassified to profit and loss are changes to a revaluation surplus recognized in accordance with IAS 16 – property plant and equipment and actuarial gains and losses in defined-benefit pension plans recognized in accordance with IAS 19 - Employee benefits. | July 01, 2012 |
| Amendments to IAS 19 - Employee benefits. | Actuarial gains and losses immediately recognized in other comprehensive income. This change will:<br><br>- eliminate the corridor approach, which will have a significant effect on entities currently using this method to recognize actuarial gains and losses, and<br><br>- eliminate the possibility of entities recognizing all the changes to the defined benefit obligation and the plan assets in the profit or loss, which is currently permitted by IAS 19.<br><br>• Expected return on plan's assets recognized in profit or loss calculated at the rate used to discount the benefits obligation, which for many entities will result in net income falling. | Applicable to financial years periods beginning on or after January 1, 2013 |
| IFRS 10 "Consolidated Financial Statements" | IFRS 10 provides a single model for analyzing control of all investees, including entities that are SPEs under SIC 12.<br><br>The main amendments are as follows:<br><br>- judgment will be a key factor when determining whether control exists<br><br>- the single control model applies to all investees<br><br>- the identified control over an investee changes when several investors are managing various activities of the investee<br><br>- definition of actual control is included in the model<br><br>- evaluation of control based on potential substantial voting rights compared with currently exercisable | Applicable to financial years periods beginning on or after January 1, 2013 |

| Topic | Key requirements | Effective date |
|---|---|---|
| | potential voting rights<br><br>- exposure or the right to a variable return replaces the benefit concept<br><br>- guidance on principal-agency relationships explicitly introduced<br><br>- guidance for investors to evaluate the existence of power over a branch instead of the company as a whole<br><br>- protection rights are defined and explicit guidance introduced for dismissing management. | |
| IFRS 11 – "Joint Arrangements" | IFRS 11 introduced 2 amendments:<br><br>- extracts joint ventures from IAS 31, where although there are separate entities, the separation is not effective for some reason. These agreements are treated as joint operations/assets under IFRS 11, known as joint operations<br><br>- entities that are not classified as joint operations should be recorded by the equity income method (i.e. proportional consolidation is no longer permitted). | Applicable to financial years periods beginning on or after January 1, 2013 |
| IFRS 12 – "Disclosures of Interests in Other Entities" | IFRS 12 contains comprehensive disclosure requirements for entities with interests in subsidiaries, joint ventures, and associated companies and/or unconsolidated entities.<br><br>The required disclosures aim to provide information so that readers can evaluate:<br><br>- the nature and the risks associated with interests of an entity in other entities<br><br>- broader disclosures about subsidiaries, joint entities and associated companies<br><br>- new disclosures about unconsolidated structured entities<br><br>- the effects of these interests on the company's financial position, financial performance and cash flows. | Applicable to financial years periods beginning on or after January 1, 2013 |
| IFRS 13 "Fair Value Measurement" | IFRS 13 explains how to measure fair value when required or permitted by other IFRSs. IFRS 13 does not introduce new requirements for measuring assets or liabilities at fair value and nor does it eliminate exceptions in the practical application for measuring fair value, which already exists in certain standards. | Applicable to financial years periods beginning on or after January 1, 2013 |
| IFRS 9: Financial instruments (In replacement of IAS 39) | IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on the impairment of financial assets and hedge accounting continues to apply. | Applicable to financial years periods beginning on or after January 1, 2015 |
| Amendments to IAS 12 | In December 2010, the IASB published *Deferred Tax: Recovery of Underlying Assets.*<br><br>• An exception was introduced to the principles for measuring deferred tax assets and liabilities deriving from investment property measured at fair value in accordance with IAS 40 Investment Property. The exception also applies to investment property acquired in a business combination | January 01, 2012 |

| Topic | Key requirements | Effective date |
|---|---|---|
| | recorded in accordance with IFRS 3 Business Combinations, providing the acquirer subsequently measures these assets by the fair value method.<br>• In these specific circumstances, deferred tax assets and liabilities should reflect the assumption that the book value of the underlying asset will be entirely recovered under the sale.<br>• This assumption is only refuted if the investment property is depreciable and maintained in accordance with the business model in which the asset's economic rewards will flow to the entity during the assets lifetime. | |
| IFRS 20 Stripping Costs in the Production Phase of a Surface Mine | IFRIC 20 introduces the following:<br><br>- recognition of the production stripping costs as an asset<br><br>- initial measurement of the stripping assets, and<br><br>- subsequent measurement of the stripping assets. | Applicable to financial years periods beginning on or after January 1, 2013 |
| IAS 27 "Separate Financial Statements" (Revised 2011) | The amendments to IAS 27 aim to establish the recording and reporting of investments in joint ventures and associated companies when an entity elects or is required by local regulations to present separate financial statements. | Applicable to financial years periods beginning on or after January 1, 2013 |
| IAS 28 “Investments in Associates and Joint Ventures ” (Revised 2011) | IAS 28 (revised in 2011) prescribes the recording of investments in associated companies and establishes requirements for using the equity income method when recording investments in associated companies and joint ventures. [IAS 28 (2011).1]. | Applicable to financial years periods beginning on or after January 1, 2013 |
| Amendments to IAS 32 and IFRS 7 (2011) - New | The amendments to IAS 32 aim to clarify the financial instrument offsetting requirements. These amendments address the inconsistencies found in the practice, when the offsetting criteria are applied in IAS 32 Financial Instruments: Presentation.<br><br>The amendments clarify:<br><br>• the meaning of "currently has a legally enforceable right of set-off, and<br>• that certain settlement systems at gross value could be considered equal to settlement at net value.<br><br>The amendments are effective for the annual periods starting on or after January 01, 2014, and are applied retrospectively.<br><br>The amendments are part of the IAS offsetting project. As part of this project the IASB also separately issued Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). The amendments to this IFRS will contain new reporting requirements for financial assets and financial liabilities, namely:<br><br>• offsetting the financial statement, or<br>• subject to principle offsetting agreements or similar agreements. | Applicable to financial years periods beginning on or after January 1, 2014 |

# 3 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the

circumstances.

Based on assumptions, the company makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below.

***(a) Estimated impairment of goodwill***

The Company carries out impairment tests on an annual basis. The recoverable amounts of cash generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates.

***(b) Income and social contribution taxes***

The income and social contribution taxes, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 60 thousand for income tax and 9% on taxable income for social contribution on net income in the quarter, and consider the offsetting of tax loss carryforwards and negative basis of social contribution limited to 30% of the taxable income.

Income and social contribution expenses consist of current and deferred income tax. Current and deferred taxes are recognized in the income statement, except for those related to business combinations or items directly recognized in the shareholders' equity or other comprehensive income.

The current tax is the tax payable or receivable on the expected taxable income or loss for the year, at rates decreed or substantially decreed at the reporting date and any adjustment to the taxes payable in relation to prior years.

The deferred tax is recognized in relation to temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes. Deferred tax is not recognized for the following temporary differences:

- The initial recognition of assets and liabilities in a transaction other than a business combination and that does not affect the accounts or the taxable income or loss.

- Differences related to investments in subsidiaries, branches and associated companies and interests in joint ventures when it is probable they will not revert in the foreseeable future, and

- Deferred tax is not recognized on temporary taxable differences resulting in the initial recognition of goodwill.

The deferred tax is measured at the rates expected to apply to the temporary differences when they are reversed, based on the laws that have been decreed and substantially decreed by the reporting date.

When determining its current and deferred income tax the Company takes into account the impact of uncertainties regarding the fiscal position undertaken and whether additional income tax and interest has to be paid. The Company believes that the provision for income tax in the liabilities is adequate for all the tax periods in progress, based on the evaluation of several factors, including the interpretation of tax legislation and past experience. This evaluation is based on estimates and

assumptions that could involve a series of judgments about future events. New information could become available that leads to the Company to change its judgment about the adequacy of the existing provision; such changes would affect income tax expenses in the year in which they are made.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they are related to income taxes levied by the same tax authority on the same entities subject to taxation.

Deferred income and social contribution tax assets are recognized on deductible tax losses, tax credits and temporary differences not used when it is probable that future taxable earnings will be generated against which they can be offset.

Deferred income and social contribution tax assets are reviewed at each reporting date and are reduced to the extent that realization is no longer probable.

***(c) Pension and post-employment benefits***

The Company recognizes its obligations related to employee benefit plans and related costs, net of plan assets, in accordance with the following practices:

(i) The cost of pension and other post-employment benefits provided to employees is actuarially determined using the projected unit credit method and management's best estimate of expected investment performance for funded plans, salary increases, retirement age of employees and expected healthcare costs. The discount rate used for determining future benefit obligations is an estimate of the interest rate in effect at the balance sheet date;

(ii) Pension plan assets are stated at market value

(iii) Past service costs arising from plan adjustments are amortized on a straight-line basis over the remaining service period of active employees at the date of the adjustment;

(iv) Actuarial gains and losses are immediately recognized in comprehensive income for the year;

(v) A plan curtailment results from significant changes in the expected service period of active employees. A net curtailment loss is recognized when the event is probable and can be estimated, while a net curtailment gain is deferred until realized.

In accounting for pension and post-retirement benefits, several statistical and other factors that seek to anticipate future events are used to calculate plan expenses and liabilities. These factors include discount rate assumptions, expected return on plan assets, future increases in healthcare costs, and future salary increases. In addition, actuarial consultants also use subjective factors such as withdrawal, turnover, and mortality rates to estimate these factors. The actuarial assumptions used by the Company may differ materially from actual results due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

# 4 Financial Risk Management

## 4.1 Financial risk factors

### *(a) Market risk*

### (i) Exchange rate risk

The Company's results are susceptible to currency effects as its liabilities are subject to the volatility of foreign exchange rates, mainly the U.S. dollar.

As an exchange rate hedge strategy, Management uses natural hedges and maintains related assets also susceptible to exchange variance.

As of March 31, 2012 and December 31, 2011 the Company had assets, liabilities and forwards denominated in foreign currency in the following amounts (thousands of reais):

| | Consolidated | | | |
|---|---|---|---|---|
| | March 31, 2012 | | | |
| | Accounts receivable | Trade payables | Loans | Forwards(*) |
| Currency | | | | |
| US Dollars | 155,327 | 8,941 | 84,639 | 224,290 |
| Australian dollars | 24,082 | 30,734 | 57,021 | |
| Euros | 728 | 634 | | |
| Egyptian Pound | 471 | 828 | | |
| Argentinian pesos | 15,933 | 3,763 | 3,896 | |
| Colombian pesos | 17,169 | 4,425 | 12,149 | |
| South African Rand | 9,439 | 8,855 | | 7,352 |
| Chinese Renminbi | 3,929 | 644 | 6,345 | |
| Indian rupee | 9,011 | 29,565 | 11,622 | |
| | 236,089 | 88,389 | 175,672 | 231,642 |

| | Consolidated | | | |
|---|---|---|---|---|
| | December 31, 2011 | | | |
| | Accounts receivable | Trade payables | Loans | Forwards(*) |
| Currency | | | | |
| US Dollars | 204,140 | 12,108 | 61,726 | 227,816 |
| Euros | 939 | 1,039 | | |
| Egyptian pound | 433 | 647 | | |
| Argentinian pesos | 22,465 | 5,666 | 4,885 | |
| Colombian pesos | 12,843 | 13,219 | 11,563 | |
| South African Rand | 4,759 | 5,649 | | 5,475 |
| Chinese Renminbi | 4,516 | 397 | 6,237 | |
| Indian rupee | 4,178 | 26,115 | 13,618 | |
| | 254,273 | 64,840 | 98,029 | 233,291 |

(*) The forward contracts mentioned above refer to the short position in U.S. dollar for operations in Brazil and long position in U.S. dollar for operations in South Africa, the functional currency of which is the South African rand.

### (ii) Interest rate risk

The results of the Company are susceptible to losses arising from fluctuations in interest rates that lead to an increase in financial expenses related to loans and financing obtained in the market, or a decrease in financial income related to financial investments. The Company continuously monitors the market interest rates in order to assess any requirement to use derivatives to protect itself against the risk of variation to these rates.

**(iii) Sales and purchases price risk**

Considering that exports are equivalent to 20.2% of the projected revenues for 2012, a possible volatility of foreign exchange rates represents, in fact, a price risk that may alter the results planned by
management.

On the other hand, the purchases of raw materials considered as commodities represent approximately 38.7% of total purchases, and accordingly, the Company is subject to the effects of market price oscillations of these items.

The Company constantly monitors the price trends to mitigate these risks.

***(b) Credit risk***

The credit risk is administrated on a corporate basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits at banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and repurchase transactions. If no independent classification exists, the credit ratings department evaluates the quality of the customer's credit, taking into account its financial position, past experience and other factors. The individual risk limits are determined based on internal or external classifications according to the limits established by the Board of Directors. The use of credit limits is monitored regularly.

The Company also has an allowance for doubtful accounts of R$ 31,494 (parent company) and R$ 59,771 (consolidated) as of March 31, 2012 (December 31, 2011 - R$ 27,650 and R$ 58,730) representing 6.2% and 4.2% respectively, of the outstanding accounts receivable balance of the parent company and consolidated (December 31, 2011 - 5.3% and 4.2%) which was recorded to cover credit risk

***(c) Liquidity risk***

This is a risk of the Company having insufficient liquid funds to meet its financial commitments, as a result of a time or volume mismatch between scheduled receipts and payments.

Future receipt and payment premises are established to administrate cash liquidity in local and foreign currency, which are directly monitored by the Treasury Department.

| **As of March 31, 2012** | **Under 1 year** | **1 to 2 years** | **2 to 5 years** | **Over 5 years** |
|---|---|---|---|---|
| Loans | 606,514 | 610,043 | 284,610 | 6,490 |
| Derivative financial instruments | 4,696 | | | |
| Trade payables | 312,646 | | | |
| **As of December 31, 2011** | | | | |
| Loans | 612,529 | 564,100 | 295,874 | 9,835 |
| Derivative financial instruments | 4,690 | | | |
| Trade payables | 324,261 | | | |

***(d) Additional sensitivity analysis required by CVM***

The table below denotes the sensitivity analysis of the financial instruments, which explains the risks that could generate material changes for the Company, with the most probable scenario as evaluated by management, for a period of 12 months during which the next financial statements shall be released. Two more scenarios are presented, which, if they occur, may generate adverse results for the Company: scenario II, which considers a possible deterioration of 25%; and scenario III, an extreme deterioration of 50%, in accordance with CVM Instruction 475/08.

| Premises | Effects on results | Probable scenario (Scenario I) | (Scenario II) | (Scenario III) |
|---|---|---|---|---|
| CDI - % | | 8.80 | 11.00 | 13.20 |
| TJLP - % | | 6.00 | 7.50 | 9.00 |
| Exchange rate - USD | | 1.80 | 2.25 | 2.70 |
| LIBOR - % | | 1.50 | 1.88 | 2.25 |
| Cost of advances on foreign exchange contracts (ACC) discount - % | | 3.00 | 3.75 | 4.50 |
| | Short-term investments | 59,030 | 69,953 | 80,855 |
| | Interbank transactions | 73,829 | 83,648 | 93,467 |
| | Loans and financing | (77,476)) | (102,404)) | (127,379)) |
| | Forwards | 5,996 | (47,598)) | (101,193)) |
| | Receivables less payables | (1,728)) | 34,437 | 70,601 |
| | | 59,651 | 38,036 | 16,351 |

## 4.2 Capital Risk Management

The Company's objectives when managing capital are to safeguard its operational continuity, in order to provide returns to stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
In order to preserve the sustainability and perpetuation of its business, in addition to social and environmental concerns, the Company places emphasis on the economic and financial results, which lead to the aggregation of value to the business and return to stockholders. As from 2001, the methodology known as Value-added Management was adopted to monitor the Company's performance. This methodology focuses on operational actions which result in superior financial performance. The staff received training under this program to develop and use measurement and control tools to accomplish targets, thus enabling the simulation and analysis of the efficient management of working capital and the effects of new investments on the Company's profitability. At the same time, Marcopolo adopted the concepts of Balanced Score Card (BSC) that translates each unit's strategy into objectives, drivers, targets and action plans, which are frequently monitored and managed. The tools related to objectives include: WACC (Weighted Average Capital Cost), Net Debt/EBITDA and (Debt/Equity) Ratio. These key indicators were as follows in the past few years:

WACC - between 8% - 12% p.a.
Net Debt/EBITDA - between 1.50x and 2.50x
Debt/Equity ratio - between 25%-75%

The financial leverage indexes as of March 31, 2012 and December 31, 2011 have been summarized below:

| | Consolidated | |
|---|---|---|
| | **3/31/2012** | **12/31/2011** |
| Total loans (Note 15) | 1,507,657 | 1,482,338 |
| Less: Cash and cash equivalents (Note 7.1) | (702,455) | (904,318) |
| Net debt | 805,202 | 578,020 |
| Total shareholders' equity | 1,151,971 | 1,162,144 |
| Total capital | 1,957,173 | 1,740,164 |
| Financial leverage index - % | 70 | 50 |

## 4.3 Fair value estimation

The book value less impairment provision of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for reporting purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The Company adopted CPC 40/IFRS 7 for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value hierarchy:

. Prices quoted (unadjusted) on active markets for identical assets and liabilities (level 1).

. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).

. Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at March 31, 2012 which were fully classified in level 2:

| | Consolidated | |
|---|---|---|
| **Level 2** | **3/31/2012** | **12/31/2011** |
| **Assets** | | |
| Financial assets at fair value through profit or loss | | |
| - Fixed income investment fund | 2,074 | 1,803 |
| - Trading derivatives | 2,044 | 591 |
| Available-for-sale assets | | |
| - Bank deposit certificates | 119,539 | 116,371 |
| | 123,657 | 118,765 |
| **Liabilities** | | |
| Financial liabilities at fair value through profit or loss | | |
| - Trading derivatives | 4,696 | 4,690 |
| | 4,696 | 4,690 |

## 5 Financial instruments by category

**(a) Financial assets stated at fair value through profit or loss**

(i) Short-term investments are classified as held for trading. The market value is recognized in the balance sheets.

(ii) Derivatives - The derivative instruments contracted by the Company aim at protecting its transactions against the risks of foreign exchange and interest rate fluctuations, and are not used for speculative purposes

**(b) Loans and receivables**

(i) Cash and cash equivalents - The market values of current account balances in banks are similar to the recorded balances, considering their characteristics and maturities.

(ii) Trade accounts receivable - Accounts receivable on the sale of goods and services.

(iii) Related-party transactions - Loans.

**(c) Available-for-sale**

(i) Short-term investments - Funds held in Bank Deposit Certificates.

**(d) Financial liabilities stated at fair value through profit or loss**

(i) Derivatives - The derivative instruments contracted by the Company aim at protecting its transactions against the risks of foreign exchange and interest rate fluctuations, and are not used for speculative purposes

**(e) Other financial liabilities**

Loans and financing - The loans and financing are registered according to interest incurred. The difference between the book value and the market value, calculated in accordance with the discounted cash flow method, may be summarized as follows:

| | March 31, 2012 | | December 31, 2011 | |
|---|---|---|---|---|
| **Nature of liability** | **Book value** | **Market value** | **Book value** | **Market value** |
| Loans and financing | 1,507,657 | 1,493,338 | 1,482,338 | 1,464,939 |

(i) Trade payables - Payables on the acquisition of goods and services.

## (f) Derivative financial instruments

The table below presents an estimate of the market value of the positions of Non-deliverable Forward (NDF) and Forward contracts. Unrealized gains and losses on derivatives are recorded in "derivative financial instruments" in assets or liabilities, with a corresponding entry to the results in the item "Finance income (costs) from exchange variance".

| | | | | | Notional value | Fair value | | Amounts receivable / payable | |
|---|---|---|---|---|---|---|---|---|---|
| **Company** | **Counterparty** | **Status** | **Initial** | **Final** | **3/31/2012** | **3/31/2012** | **12/31/2011** | **3/31/2012** | **12/31/2011** |
| **Marcopolo** | | | | | USD k | | | | |
| | BBA | Sale | 4/25/11 | 1/10/12 | | | (260) | | (260) |
| | BRADESCO | Sale | 11/22/11 | 8/9/12 | 18,420 | (512) | (841) | (512) | (841) |
| | BRAZIL | Sale | 2/6/12 | 7/26/12 | 4,750 | (78) | 92 | (78) | 92 |
| | CITIBANK | Sale | 1/16/12 | 7/19/12 | 6,350 | (301) | | (301) | |
| | MERRILL LYNCH | Sale | 11/22/11 | 8/14/12 | 50,970 | (1,273) | (1,908) | (1,273) | (1,908) |
| | SANTANDER | Sale | 12/13/11 | 4/26/12 | 3,650 | 120 | (40) | 120 | (40) |
| | VOTORANTIM | Sale | 11/22/11 | 7/17/12 | 16,100 | 380 | (682) | 380 | (682) |
| | | | | | | **(1,664)** | **(3,639)** | **(1,664)** | **(3,639)** |
| **Ciferal** | | | | | | | | | |
| | BBA | Sale | 5/16/11 | 12/22/11 | | | (71) | | (71) |
| | BRADESCO | Sale | 12/26/11 | 5/29/212 | 19,345 | (768) | (856) | (768) | (856) |
| | BRAZIL | Sale | 2/22/12 | 5/24/12 | 950 | (98) | (108) | (98) | (108) |
| | SANTANDER | Sale | 1/16/12 | 4/26/12 | 2,600 | (61) | (16) | (61) | (16) |
| | | | | | | **(927)** | **(1,051)** | **(927)** | **(1,051)** |
| **Masa** | | | | | Rand k | | | | |
| | ABSA | Purchase | 9/1/11 | 8/13/12 | 4,036 | (61) | 591 | (61) | 591 |
| | | | | | | **(61)** | **591** | **(61)** | **591** |
| | | | | | | **(2,652)** | **(4,099)** | **(2,652)** | **(4,099)** |

The Company had the following gains and losses from derivatives in the periods ended March 31, 2012 and 2011:

| | Realized gains/losses | | | |
|---|---|---|---|---|
| | Interest on derivatives | | Exchange variance on derivatives | |
| | **31 March 2012** | **31 March 2011** | **31 March 2012** | **31 March 2011** |
| Marcopolo | 3,095 | 3,587 | 3,353 | 3,228 |
| Ciferal | 805 | 4 | (1,270) | 1 |
| Masa | | | 49 | (10) |

# 6 Consolidated financial information

The consolidated financial information includes the financial statements of Marcopolo S.A. and its subsidiaries, as listed below:

## (a) Subsidiaries

| | Percentage interest | | | |
|---|---|---|---|---|
| | March 31, 2012 | | December 31, 2011 | |
| **Subsidiary** | **Direct** | **Indirect** | **Direct** | **Indirect** |
| Banco Moneo | - | 100.00 | - | 100.00 |
| Ciferal | 99.99 | 0.01 | 99.99 | 0.01 |
| Ilmot | 100.00 | - | 100.00 | - |
| Laureano | - | 100.00 | - | 100.00 |
| MAC | 100.00 | - | 100.00 | - |
| MPC | 70.00 | 30.00 | 70.00 | 30.00 |
| MIC | 100.00 | - | 100.00 | - |
| MIC UY | 100.00 | - | 100.00 | - |
| Mapla | 99.99 | 0.01 | 99.99 | 0.01 |
| Masa | 100.00 | - | 100.00 | - |
| Trading | 99.99 | - | 99.99 | - |
| Moneo | 100.00 | - | 100.00 | - |
| MP Austrália | 100.00 | - | - | - |
| Pologren (1) | - | 75.00 | - | - |
| Volgren (1) | - | 75.00 | - | - |
| PoloRus | 100.00 | - | 100.00 | - |
| Polo Serviços | 99.00 | 1.00 | 99.00 | 1.00 |
| Polomex | 3.61 | 70.39 | 3.61 | 70.39 |
| Syncroparts | 99.99 | 0.01 | 99.99 | 0.01 |

(1) Consolidated in MP Austrália;

The following main practices are adopted in the preparation of the consolidated financial information:

(a) Elimination of inter-company asset and liability account balances

(b) Elimination of investment in the capital, reserves and retained earnings of the subsidiaries,

(c) Elimination of intercompany income and expenses and unearned income arising from intercompany transactions. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment;

(d) Elimination of tax charges on unearned income and presented as deferred tax in the consolidated balance sheet.

(e) Identification of minority interests in the consolidated financial information.

## (b) Joint ventures

| | Percentage interest | | | |
|---|---|---|---|---|
| | March 31, 2012 | | December 31, 2011 | |
| **Joint subsidiaries** | **Direct** | **Indirect** | **Direct** | **Indirect** |
| GB Polo | 49.00 | - | 49.00 | - |
| Loma | 50.00 | - | 50.00 | - |
| Metalpar (1) | - | 50.00 | - | 50.00 |
| Marsa (1) | - | 50.00 | - | 50.00 |
| San Marino | 45.00 | - | 45.00 | - |
| Rotas do Sul (2) | - | 45.00 | - | 45.00 |
| San Marino México (2) | - | 45.00 | - | 45.00 |
| Superpolo | - | 50.00 | - | 50.00 |
| Hanegas | 49.875 | 0.125 | 49.875 | 0.125 |
| TMML | 49.00 | - | 49.00 | - |

(1) Consolidated in the joint venture Loma
(2) Consolidated in the joint venture San Marino.

The main balances of the financial statements of the direct joint ventures can be summarized as follows:

| | Assets | | Liabilities | | Net revenue | | Profit (loss) | |
|---|---|---|---|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| GBPolo | 64,210 | 70,013 | 49,030 | 52,269 | 2,950 | 3,770 | (1,950) | (2,300) |
| Loma | 79,916 | 89,163 | 55,854 | 43,080 | 25,793 | 35,337 | 1,297 | 3,542 |
| San Marino | 215,200 | 204,064 | 148,012 | 142,753 | 105,193 | 78,739 | 5,952 | 4,183 |
| Superpolo | 140,599 | 134,932 | 75,484 | 77,130 | 66,427 | 68,531 | 4,289 | 7,457 |
| Hanegas | 5,111 | 4,874 | 5,790 | 5,519 | | | | |
| TMML | 139,778 | 125,958 | 89,804 | 81,411 | 58,427 | 39,398 | 4,789 | 2,419 |

### (c) Associates (not consolidated)

| | Percentage interest | | | |
|---|---|---|---|---|
| | March 31, 2012 | | December 31, 2011 | |
| Associated companies | Direct | Indirect | Direct | Indirect |
| MVC | 26.00 | - | 26.00 | - |
| Painéis (1) | - | 26.00 | - | 26.00 |
| Spheros | 40.00 | - | 40.00 | - |
| Spheros Colômbia (2) | - | 40.00 | - | 40.00 |
| Spheros México (2) | - | 40.00 | - | 40.00 |
| Wsul | 30.00 | - | 30.00 | - |

(1) Consolidated in the associated company MVC
(2) Consolidated in the associated company Spheros.

The main balances of the financial statements of the direct joint ventures can be summarized as follows:

| | Assets | | Liabilities | | Net revenue | | Profit (loss) | |
|---|---|---|---|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| MVC | 114,479 | 104,587 | 78,653 | 70,297 | 27,629 | 24,590 | 1,545 | 1,025 |
| Spheros | 43,555 | 41,946 | 15,240 | 16,371 | 27,796 | 28,673 | 4,665 | 4,275 |
| Wsul | 8,258 | 10,167 | 1,972 | 2,053 | 4,490 | 4,900 | 172 | 801 |

# 7 Cash and cash equivalents, financial assets and derivatives

## 7.1 Cash and cash equivalents

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| Cash and banks | | | | |
| Brazil | 11,687 | 24,979 | 14,523 | 35,921 |
| Foreign | | | 21,548 | 26,207 |
| Highly liquid marketable securities (*) | | | | |
| Brazil | 545,552 | 714,970 | 665,199 | 840,965 |
| Foreign | | | 1,185 | 1,225 |
| Total cash and cash equivalents | 557,239 | 739,949 | 702,455 | 904,318 |

(*) Substantially correspond to Bank Deposit Certificates - CDB remunerated at between 95.5% and 107% of the Interbank Deposit Certificate (CDI) rate, resulting in a weighted average of 101.91% of CDI as of March 31, 2012.

### 7.2 Financial assets at fair value through profit or loss, available-for-sale assets and derivative financial instruments

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| **At fair value through profit and loss** | | | | |
| Fixed-income investment funds | 1,845 | 1,803 | 2,074 | 1,803 |
| Non-deliverable Forwards (*) | 1,725 | | 2,044 | 591 |
| | **3,570** | **1,803** | **4,118** | **2,394** |
| **Available for sale** | | | | |
| Bank deposit certificates | 119,537 | 116,152 | 119,539 | 116,371 |
| | **119,537** | **116,152** | **119,539** | **116,371** |

(*) As of March 31, 2012 the parent company incurred an unrealized loss of R$ 3,389 (R$ 3,639 as of December 31, 2011) and there was a consolidated loss of R$ 4,696 (R$ 4,690 as of December 31, 2011) in its forward operations using derivative financial instruments.
The bank deposit certificates yield rates of between 11.0% and 13.21% p.a., resulting in a weighted average of 11.57% p.a. Derivative financial instruments are classified in current assets or liabilities. The Company has no financial instruments recognized under the hedge accounting method, pursuant to IAS 39.

## 8 Trade accounts receivable

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| Current | | | | |
| Domestic customers | 409,060 | 362,855 | 539,712 | 487,496 |
| Foreign customers | 102,842 | 157,761 | 217,038 | 236,916 |
| Interbank transactions | | | 261,872 | 255,275 |
| Adjustment to present value | (3,072) | (3,267) | (4,662) | (5,374) |
| Allowance for doubtful accounts | (31,494) | (27,650) | (57,063) | (54,096) |
| | 477,336 | 489,699 | 956,897 | 920,217 |
| Noncurrent | | | | |
| Foreign customers | | | 1,236 | |
| Interbank transactions | | | 423,098 | 438,459 |
| Allowance for doubtful accounts | | | (2,708) | (4,634) |
| | | | 421,626 | 433,825 |
| | 477,336 | 489,699 | 1,378,523 | 1,354,042 |

Interbank accounts refer to the financing for the acquisition of buses granted by Banco Moneo through the Government Agency for Machinery and Equipment Financing (FINAME) program.

See below the aging list of trade accounts receivable:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2012** | **12/31/2011** | **3/31/2012** | **12/31/2011** |
| Amounts outstanding | 384,434 | 394,207 | 1,245,335 | 1,230,882 |
| Overdue: | | | | |
| - up to 30 days | 20,929 | 42,388 | 39,318 | 62,799 |
| - 31 to 60 days | 23,308 | 13,158 | 36,255 | 18,702 |
| - 61 to 90 days | 12,793 | 6,234 | 17,563 | 10,123 |
| - 91 to 180 days | 12,731 | 15,614 | 19,051 | 26,699 |
| - over 181 days | 57,707 | 49,015 | 85,434 | 68,941 |
| Adjustment to present value | (3,072) | (3,267) | (4,662) | (5,374) |
| (-) Allowance for doubtful accounts | (31,494) | (27,650) | (59,771) | (58,730) |
| | 477,336 | 489,699 | 1,378,523 | 1,354,042 |

The changes in the allowance for doubtful accounts are as follows:

| | Parent Company | Consolidated |
|---|---|---|
| **Balance at December 31, 2011** | **(27,650)** | **(58,730)** |
| Allowance made in the period | (3,844) | (3,879) |
| Reversal of provision for receivables (write-off) | | 2,590 |
| Exchange variance | | 248 |
| **Balance at March 31, 2012** | **(31,494)** | **(59,771)** |

Accounts receivable are denominated in the following currencies:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2012** | **12/31/2011** | **3/31/2012** | **12/31/2011** |
| Reais | 374,494 | 331,938 | 1,173,654 | 1,131,018 |
| US dollar | 102,842 | 157,761 | 123,396 | 172,391 |
| Australian Dollar | | | 24,047 | |
| Euro | | | 728 | 939 |
| Argentine Peso | | | 16,613 | 22,918 |
| Colombian Peso | | | 17,169 | 12,843 |
| Mexican Peso | | | 65 | 47 |
| Rand | | | 9,439 | 4,759 |
| Rupee | | | 9,011 | 4,178 |
| Egyptian Pound | | | 471 | 433 |
| Remimbi | | | 3,930 | 4,516 |
| | 477,336 | 489,699 | 1,378,523 | 1,354,042 |

# 9 Inventories

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| Finished goods | 83,397 | 103,036 | 103,224 | 120,830 |
| Goods in process | 26,402 | 30,066 | 64,647 | 45,884 |
| Raw materials and storeroom materials | 135,178 | 115,886 | 233,036 | 190,158 |
| Advances to suppliers and other | 1,814 | 3,524 | 11,536 | 14,472 |
| Provision for inventory losses | (477) | (389) | (3,886) | (3,014) |
| | 246,314 | 252,123 | 408,557 | 368,330 |

The changes in provision for losses on inventories are as follows:

| | Parent Company | Consolidated |
|---|---|---|
| **Balance at December 31, 2011** | **(389)** | **(3,014)** |
| Allowance made in the period | (88) | (1,359) |
| Reversal of provision against inventory (write-off) | | 557 |
| Exchange variance | | (70) |
| **Balance at March 31, 2012** | **(477)** | **(3,886)** |

# 10 Taxes and contributions recoverable

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| Current | | | | |
| Corporate Income Tax (IRPJ) | 15,743 | 12,651 | 21,612 | 14,397 |
| Social Contribution on Net Income (CSLL) | 5,205 | 5,072 | 7,195 | 5,719 |
| Excise Tax (IPI) | 3,705 | 4,967 | 5,671 | 7,502 |
| Value Added Tax on Sales and Services (ICMS) | 2,955 | 3,862 | 3,804 | 4,893 |
| Social Integration Program (PIS) | 222 | 561 | 755 | 1,059 |
| Contribution for Social Security Financing (COFINS). | 658 | 1,687 | 4,481 | 5,292 |
| IOF on derivatives | 1,649 | | 2,086 | |
| Reintegra | 3,952 | | 3,952 | |
| Value added tax (IVA) | | | 16,784 | 13,103 |
| Other | | 1,387 | 353 | 1,501 |
| | 34,089 | 30,187 | 66,693 | 53,466 |
| Noncurrent | | | | |
| Value Added Tax on Sales and Services (ICMS) | 1,440 | 1,712 | 1,650 | 1,921 |
| Value added tax (IVA) | | | 2,096 | 1,871 |
| | 1,440 | 1,712 | 3,746 | 3,792 |
| | 35,529 | 31,899 | 70,439 | 57,258 |

# 11 Investments

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| Subsidiary | 506,108 | 434,163 | | |
| Joint subsidiaries | 139,305 | 146,285 | | |
| Associated companies | 22,525 | 21,577 | 22,525 | 21,577 |
| Other investments | | | 231 | 225 |
| | 667,938 | 602,025 | 22,756 | 21,802 |

## (a) Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are presented below:

Subsidiary:

| | Ciferal | Ilmot | Mac | Mapla | MP Austrália | Masa | MIC | MPC | Moneo | PoloRus | Polo | Polomex | Syncro | Trading | 3/31/2012 | 12/31/2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | (1) | (1) | (1) | (1) | (1) | (1) | (1) | | (1) | | (1) | | | | |
| **Investment data** | | | | | | | | | | | | | | | | |
| Capital | 20,000 | 28,051 | 5,953 | 826 | 42,488 | 7,393 | 2,550 | 3,291 | 100,000 | 2,113 | 500 | 16,054 | 4,000 | 3,000 | | |
| Adjusted shareholders' equity | 178,556 | 57,533 | 5,100 | 536 | 44,501 | 27,818 | 1,035 | (8,334) | 165,235 | 1,931 | 9,228 | 35,375 | 14,425 | 4,863 | | |
| Shares or quotas held | 499,953 | 50,000 | 1 | 4000 | 1 | 100,000 | 1,400,000 | 1 | 100,000 | 1 | 1 | 3,011,659 | 1 | 3,450,103 | | |
| % interest | 99.99 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 70.00 | 100.00 | 100.00 | 99.00 | 3.61 | 99.99 | 99.99 | | |
| Net income (loss) for the period | 15,869 | 2,465 | (775) | (27) | 1,975 | 485 | (9) | (18) | 6,272 | (13) | 145 | 432 | 187 | 75 | | |
| **Changes in the investments** | | | | | | | | | | | | | | | | |
| Opening balances: | | | | | | | | | | | | | | | | |
| At equity value | 162,679 | 54,293 | 6,092 | 597 | | 26,654 | 1,142 | (5,830) | 158,962 | 258 | 8,993 | 1,298 | 14,237 | 4,788 | 434,163 | 349,755 |
| Capital subscription | | | | | | | | | | 1,557 | | | | | 1,557 | 1,208 |
| Acquisition of equity interest | | | | | 41,553 | | | | | | | | | | 41,553 | |
| Dividends received | | | | | | | | | | | | | | | | (17,749) |
| Equity in net income of subsidiaries and associated companies | 15,869 | 2,465 | (775) | (27) | 1,975 | 485 | (9) | (12) | 6,272 | (13) | 144 | 15 | 187 | 75 | 26,651 | 96,807 |
| Accumulated translation adjustments | | 775 | (217) | (27) | 972 | 678 | (98) | 9 | | 130 | | (38) | | | 2,184 | 4,142 |
| Capital gain/loss in investments | | | | | | | | | | | | | | | | |
| Capital reduction | | | | | | | | | | | | | | | | |
| Sale of investments | | | | | | | | | | | | | | | | |
| Closing balances: | | | | | | | | | | | | | | | | |
| At equity value | 178,548 | 57,533 | 5,100 | 543 | 44,500 | 27,817 | 1,035 | (5,833) | 165,234 | 1,932 | 9,137 | 1,275 | 14,424 | 4,863 | 506,108 | 434,163 |

Joint ventures:

| | | | | | | Total | |
|---|---|---|---|---|---|---|---|
| | GBPolo | Hanegas | Loma | San Marino | TMML | 3/31/2012 | 12/31/2011 |
| | (1) | (1) | (1), (2) | (2) | (1) | | |
| **Investment data** | | | | | | | |
| Capital | 29,571 | 4 | 19,732 | 14,992 | 60,872 | | |
| Adjusted shareholders' equity | 15,180 | (680) | 24,062 | 60,432 | 49,889 | | |
| Shares or quotas held | 4,803,922 | 1,800 | 15,949,948 | 7,478,482 | 24,500 | | |
| % interest | 49.00 | 49.875 | 50.00 | 45.00 | 49.00 | | |
| Net income (loss) for the year | (1,949) | (4) | 1,298 | 5,952 | 4,704 | | |
| **Changes in the investments** | | | | | | | |
| Opening balances: | | | | | | | |
| At equity value | 8,694 | (321) | 53,494 | 62,590 | 21,828 | 146,285 | 115,460 |
| Capital subscription | | | | | | | 2 |
| Acquisition of equity interest | | | | | | | 2,260 |
| Goodwill | | | | | | | 9,527 |
| Dividends received | | | (10,833) | | | (10,833) | (4,491) |
| Equity in net income of subsidiaries and associated companies | (955) | (2) | 649 | 2,644 | 2,346 | 4,682 | 22,744 |
| Accumulated translation adjustments | (300) | (16) | (826) | | 313 | (829) | 783 |
| Closing balances: | | | | | | | |
| At equity value | 7,439 | (339) | 42,484 | 65,234 | 24,487 | 139,305 | 146,285 |

(1) Overseas subsidiaries.
(2) These balances consist of investments and goodwill.

Associated companies:

| | MVC | Spheros | WSul | Total 3/31/2012 | Total 12/31/2011 |
|---|---|---|---|---|---|
| **Investment data** | | | | | |
| Capital | 34,011 | 15,000 | 6,100 | | |
| Adjusted shareholders' equity | 35,826 | 28,315 | 6,285 | | |
| Shares or quotas held | 1 | 244,898 | 1,830,000 | | |
| % interest | 26.00 | 40.00 | 30.00 | | |
| Net income for the year | 1,534 | 4,711 | 172 | | |
| **Changes in the investments** | | | | | |
| Opening balances: | | | | | |
| At equity value | 8,913 | 10,230 | 2,434 | 21,577 | 22,133 |
| Dividends received | | (800) | (600) | (1,400) | (6,382) |
| Equity in net income of subsidiaries and associated companies | 402 | 1,866 | 51 | 2,319 | 8,404 |
| Accumulated translation adjustments | | 29 | | 29 | (105) |
| Sale of investment | | | | | (2,473) |
| Closing balances: | | | | | |
| At equity value | 9,315 | 11,325 | 1,885 | 22,525 | 21,577 |

## (b) Acquisition of investment in joint ventures

In accordance with IFRS, the Company uses the acquisition method of accounting. Under this method the cost of a business combination is measured at the fair value on the date of acquisition and the acquiring entity should allocate, on the date of the combination, the acquisition cost (including the direct costs of the transaction), by recognizing the identified assets acquired and liabilities and contingent liabilities assumed at fair value, when they meet specified criteria, even if some of them have not been previously recognized by the acquired company in its accounting records.

When the acquisition cost is higher than the fair value of the interest of the acquiring entity in identifiable net assets, liabilities and contingent liabilities of the acquired entity, the acquiring entity records the related goodwill. Goodwill and other intangible assets with an indefinite useful life are not amortized. These assets must be evaluated at least once a year for impairment and whenever there is an indication that the value of an asset might be impaired. When the recoverable amount of goodwill or of any other asset is less than its carrying amount, an impairment loss must be recorded in the statement of income for the year.

If the interest of the acquiring entity in the fair value of the identifiable assets, liabilities and contingent liabilities is higher than the acquisition cost, the excess (negative goodwill) should be initially reviewed in order to determine whether the fair values attributed to the assets acquired and liabilities and contingent liabilities assumed were adequately identified and valued. If, after such review, it is concluded that a negative goodwill resulted from the transaction, it should be recorded as a gain, directly in the statement of income for the year. Non-controlling interests in the net assets of the acquiree must be recorded at fair value on the date of acquisition in a specific equity account.

**(c) Acquisition of subsidiary – Volgren Australia Pty. Limited**

On February 01, 2012 the Company concluded the acquisition of a controlling interest in the company Volgren Australia Pty. Limited ("Volgren"), based in Melbourne, Australia. To make this acquisition the Company carried out the following steps:

- Creation of a company established Australia, fully controlled by Marcopolo, under the name Marcopolo Australia Holdings Pty Ltd.;

- Creation of another company in Australia named "Pologren Australia Holdings Pty Ltd. ("Pologren"). This company was created with a 75% interest of Marcopolo and 25% interest of Grenda Corporation Pty Ltd ("Grenda"), formerly the parent company of Volgren.;

- Acquisition by Pologren of the entire stock held by the former shareholders of Volgren.

The acquisition price for the 75% interest already paid by the Company, indirectly via Pologren, was A$ 52.5 million (Australian dollars). In addition to this amount, the amount paid by the Company includes contingent payment adjustments for effective earnings based on the EBITDA for the next three years. These amounts were measured at fair value, based on expected effective EBITDA for the next three years, discounted to present value at the acquisition date.

Under the acquisition contract call options were also issued to the Company over the minority interests, that can be exercised within three years as from the closing date, at a price based on the average EBITDA in the three years prior to the exercise date. If the Company does not exercise this option, the minority shareholders are entitled to exercise a put option over their interest at the same strike price, with a term of one year from expiry of Marcopolo's call option.

Considering the put option held by the minority shareholder, the Company included in its call option the expected strike price for the option discounted to present value, which was charged to noncurrent liabilities. As an accounting policy, the Company simultaneously elected to adopt an advanced acquisition method of the minority interest, writing off the minority interest when recognizing the liability posed by the put option over the remaining interest in favor of the minority shareholders.

The sum of the aforesaid amounts was compared against the preliminary fair value determined of the net assets acquired, resulting in the following amounts:

| | **A$ k** |
|---|---|
| Initial acquisition price | 52,500 |
| Contingent payments | 7,823 |
| Strike price of option at present value | 16,059 |
| Net assets estimated at fair value | (14,204) |
| Remaining goodwill of acquisition | 62,178 |

The remaining goodwill converted into R$ on March 31, 2012 was measured at R$ 117,411. The amounts referring to contingent payments and the option strike price at present value are stated in the non-current liabilities at R$ 45,096 as of March 31, 2012 (obligations to acquire equity interests).

The Company is completing its review of the fair values determined to allocate the goodwill under the acquisition, within the measurement period established by the accounting practices adopted in Brazil and IFRS, where management believes the completion of this review will not materially affect the allocation presented in this quarter.

### (d) Joint-venture commitment

On February 01, 2012 San Marino Ônibus e Implementos Ltda. entered into a non-binding commitment with the US company Navistar, Inc. to create a partnership. This partnership envisages the complete manufacturing of buses, initially focusing on the US and South America markets. By way of this association San Marino will expand its portfolio and geographical reach. Under this new arrangement, Marcopolo will acquire an interest of 33% in San Marino.

### (e) Joint venture

Marcopolo announced that by way of its subsidiary Syncroparts Comércio e Distribuição de Peças Ltda it signed a contract on February 15, 2012 to create a joint venture with Twice Investimentos e Participações Ltda., consisting of the main shareholders of Caio Induscar Indústria e Comércio de Carrocerias Ltda. The joint-venture has the core activity of manufacturing parts and accessories used in bus bodies for the domestic market, in addition to specific frames for the overseas market. The new company will operate in complete independence of the parties, and its products will have their own brand and design. The investment in the first year is R$ 10.0 million, to be made equally by the two partners.

## 12 Property, plant and equipment

### (a) Summary of changes in the parent company's property, plant and equipment

| | Land | Buildings and constructions | Machinery and equipment | Furniture and fixtures | Computer equipment | Vehicles | Other PPE in progress | Property, plant and equipment in progress | total |
|---|---|---|---|---|---|---|---|---|---|
| Balances at December 31, 2011 | 14,501 | 53,836 | 70,510 | 2,541 | 3,686 | 2,156 | 98 | 10,575 | 157,903 |
| Additions | 3,370 | 879 | 2,985 | 321 | 2,067 | 375 | | 3,170 | 13,167 |
| Write-offs | | (18) | (290) | (16) | (8) | | | | (332) |
| Transfers | | 950 | 1,098 | | (7) | | | (2,041) | |
| Depreciation | | (455) | (2,525) | (103) | (352) | (117) | | | (3,552) |
| Balances at March 31, 2012 | 17,871 | 55,192 | 71,778 | 2,743 | 5,386 | 2,414 | 98 | 11,704 | 167,186 |
| Cost of property, plant and equipment | 17,871 | 118,004 | 161,424 | 6,774 | 15,206 | 4,653 | 98 | 11,704 | 335,734 |
| Accumulated depreciation | | (62,812) | (89,646) | (4,031) | (9,820) | (2,239) | | | (168,548) |
| Residual value | 17,871 | 55,192 | 71,778 | 2,743 | 5,386 | 2,414 | 98 | 11,704 | 167,186 |
| Annual depreciation rates% | | 2.0 | 8.3 | 8.3 | 20.0 | 20.0 | 13.0 | | |

### (b) Summary of changes in the consolidated property, plant and equipment

| | Land | Buildings and constructions | Machinery and equipment | Furniture and fixtures | Computer equipment | Vehicles | Other PPE in progress | Property, plant and equipment in progress | total |
|---|---|---|---|---|---|---|---|---|---|
| Balances at December 31, 2011 | 24,729 | 140,135 | 125,930 | 8,084 | 4,255 | 5,101 | 4,065 | 41,268 | 353,567 |
| Exchange effect | 156 | 96 | 59 | 39 | (1) | (15) | (53) | 283 | 564 |
| Additions | 3,371 | 1,872 | 13,813 | 2,653 | 2,089 | 802 | 656 | 8,381 | 33,637 |
| Write-offs | | (229) | (355) | (18) | (8) | (74) | | (15) | (699) |
| Transfers | | 950 | 1,173 | | (26) | | 48 | (2,145) | |
| Depreciation | | (999) | (5,028) | (349) | (377) | (955) | (285) | | (7,993) |
| Balances at March 31, 2012 | 28,256 | 141,825 | 135,592 | 10,409 | 5,932 | 4,859 | 4,431 | 47,772 | 379,076 |
| Cost of property, plant and equipment | 28,256 | 227,728 | 297,628 | 18,663 | 16,922 | 10,855 | 9,442 | 47,772 | 657,266 |
| Accumulated depreciation | | (85,903) | (162,036) | (8,254) | (10,990) | (5,996) | (5,011) | | (278,190) |
| Residual value | 28,256 | 141,825 | 135,592 | 10,409 | 5,932 | 4,859 | 4,431 | 47,772 | 379,076 |
| Annual depreciation rates% | | 2.0 | 8.3 | 8.3 | 20.0 | 20.0 | 13.0 | | |

Property, plant and equipment items of the subsidiary Ciferal of R$ 13,500 as of March 31, 2012 were submitted as guarantee of loans obtained under the Fund for Financing of Studies and Projects (FINEP) program (December 31, 2011 - R$ 13,500).

Land and buildings mainly comprise plants and offices.

## 13 Goodwill and Intangible Assets

### (a) Summary of changes in the parent company's intangible assets

| | Software | Registered trademarks and licenses | total |
|---|---|---|---|
| Balances at December 31, 2011 | 9,480 | 94 | 9,574 |
| Additions | 846 | 5 | 851 |
| Write-offs | (8) | | (8) |
| Transfers | | | |
| Amortization | (1,800) | (7) | (1,807) |
| Balances at March 31, 2012 | 8,518 | 92 | 8,610 |
| Cost of Intangible assets | 44,703 | 1,222 | 45,925 |
| Accumulated amortization | (36,185) | (1,130) | (37,315) |
| Residual value | 8,518 | 92 | 8,610 |
| Annual amortization rates - % | 20.0 | 7.0 | |

### (b) Summary of changes in the consolidated intangible assets

| | Software | Registered trademarks and licenses | Goodwill | total |
|---|---|---|---|---|
| Balances at December 31, 2011 | 11,485 | 357 | 65,453 | 77,295 |
| Exchange effect | 12 | | | 12 |
| Additions | 1,326 | 27 | 117,411 | 118,764 |
| Write-offs | (8) | | | (8) |
| Transfers | | | | |
| Depreciation | (2,059) | (7) | | (2,066) |
| Balances at March 31, 2012 | 10,756 | 377 | 182,864 | 193,997 |
| Cost of property, plant and equipment | 51,449 | 1,507 | 182,864 | 235,820 |
| Accumulated depreciation | (40,693) | (1,130) | | (41,823) |
| Residual value | 10,756 | 377 | 182,864 | 193,997 |
| Annual depreciation rates% | 2.0 | 8.3 | | |

The Company tests at the end of each year whether goodwill has suffered any impairment.

## 14 Related parties

The main asset and liability balances at March 31, 2012, as well as the transactions with related parties that influenced the statement of income in the period, are detailed below:

| | Asset balances of loans and current accounts | Liability balances of loans and current accounts | Other payable | Trade accounts receivable | Trade payables | Sales of goods/ services | Purchases of goods/ services | Financial revenue | Financial expenses |
|---|---|---|---|---|---|---|---|---|---|
| Subsidiary | | | | | | | | | |
| Ciferal | | 20 | | 14,094 | 90 | 17,663 | 241 | | |
| GB Polo | 19,287 | | | 391 | | 103 | | 115 | |
| Ilmot | 243 | | | | | | | 5 | |
| Loma Hermosa | | | | 893 | | 564 | | | |
| MAC | | | | 83 | | 40 | | | |
| Mapla | | 20 | | | | | | | |
| Masa | | | | 11,783 | | 7,020 | | | |
| Moneo | 51 | | | | | | | 1 | |
| Mpc | | | 8,156 | 530 | | | | | |
| Mpt | | | | | | | | | |
| Polo Serviços | | | | | | | | 1 | |
| Polomex | | | | 4,142 | 2 | 6,666 | | | |
| Polorus | | | | | | | 94 | | |
| San Marino | | | | 146 | 74 | 318 | | | |
| Superpolo | | | | 1,262 | | 1,002 | | | |
| Syncroparts | 24 | | | | | | | | |
| TMML | | | | 3,975 | | 597 | | | |
| Balance at 3/31/2012 | 19,605 | 40 | 8,156 | 37,299 | 166 | 33,973 | 335 | 122 | |
| Balance at 12/31/2011 | 20,432 | 30 | | 49,080 | 187 | 174,269 | 3,440 | 274 | |

| | Asset balances of loans and current accounts | Liability balances of loans and current accounts | Trade accounts receivable | Trade payables | Sales of goods/ services | Purchases of goods/ services | Financial revenue | Financial expenses |
|---|---|---|---|---|---|---|---|---|
| **Associated companies** | | | | | | | | |
| MVC | | | 165 | 489 | 178 | 1,538 | | |
| Spheros | | | | 2,188 | | 6,646 | | |
| WSul | | | | 596 | | 1,709 | | |
| Balance at 3/31/2012 | | | 165 | 3,273 | 178 | 9,893 | | |
| Balance at 12/31/2011 | | | 490 | 4,657 | 1,315 | 65,616 | | |

The loan and current account balances of companies headquartered in Brazil are subject to financial charges at the CDI interest rate, and those of companies abroad to the semi-annual Libor rate plus 3% p.a.

### Compensation of key management personnel

Key management personnel include the directors, officers and members of the Executive Committee. The remuneration paid or payable is shown below:

| | | | | | **3/31/2012** |
|---|---|---|---|---|---|
| | **Fixed** | **Variable** | **Retirement plan** | **Share based payments** | **Total** |
| Board of Directors and Executive Board | 2,362 | 2,025 | 30 | 256 | **4,673** |
| Nonexecutive officers | 1,419 | 1,140 | 45 | 506 | **3,110** |
| | 3,781 | 3,165 | 75 | 762 | **7,783** |

| | | | | | **3/31/2011** |
|---|---|---|---|---|---|
| | **Fixed** | **Variable** | **Retirement plan** | **Share based payments** | **Total** |
| Board of Directors and Executive Board | 2,049 | 1,739 | 24 | | **3,812** |
| Nonexecutive officers | 1,239 | 953 | 40 | | **2,232** |
| | 3,288 | 2,692 | 64 | | **6,044** |

## 15 Loans and financing

| | | **Parent Company** | | **Consolidated** | |
|---|---|---|---|---|---|
| | **Weighted average rate % p.a.** | **3/31/2012** | **12/31/2011** | **3/31/2012** | **12/31/2011** |
| Local currency | | | | | |
| FINAME | 6.98 | 9,166 | 9,474 | 12,671 | 13,356 |
| Bank loans | 8.94 | 1,456 | 1,414 | 6,062 | 8,980 |
| FINEP | 5.50 | 97,241 | 107,312 | 109,765 | 116,156 |
| Special pre-shipment financing | 5.42 | 648,266 | 648,166 | 648,266 | 648,166 |
| Foreign currency | | | | | |
| Advances on export contracts | 2.02 | 13,866 | 20,666 | 22,084 | 20,666 |
| Export prepayments in US Dollars | 4.02 | 39,688 | 48,272 | 39,689 | 48,272 |

| | | Parent Company | | Consolidated | |
|---|---|---|---|---|---|
| | Weighted average rate | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| | % p.a. | | | | |
| Financing in U.S. dollars | 4.50 | | | 18,170 | 19,377 |
| Financing in Argentine pesos | 15.94 | | | 3,896 | 4,885 |
| Financing in Colombian pesos | 5.07 | | | 12,149 | 11,563 |
| Financing in Indian rupees | 10.43 | | | 11,622 | 13,617 |
| Financing in renminbi | 7.92 | | | 6,345 | 6,237 |
| Financing in Australian dollars | 3.49 | | | 57,021 | |
| Derivative – forward market | | 3,389 | 3,639 | 4,696 | 4,690 |
| Money market funding | | | | | |
| Local currency | | | | | |
| BNDES | TJLP + 1.00 | | | 559,917 | 571,063 |
| | | 813,072 | 838,943 | 1,512,353 | 1,487,028 |
| Current liabilities | | (369,427) | (380,448) | (611,210) | (617,219) |
| Noncurrent liabilities | | 443,645 | 458,495 | 901,143 | 869,809 |

The long-term installments have the following payment schedule:

| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
|---|---|---|---|---|
| From 13 to 24 months | 386,397 | 395,935 | 610,043 | 564,100 |
| From 25 to 36 months | 50,803 | 52,894 | 284,610 | 295,874 |
| After 36 months | 6,445 | 9,666 | 6,490 | 9,835 |
| | 443,645 | 458,495 | 901,143 | 868,809 |

**(a) Loans and financing**

The FINAME (Government Agency for Machinery and Equipment Financing) loans are guaranteed by liens on the financed assets, totaling R$ 12,671 as of March 31, 2012 (December 31, 2011 - R$ 13,356) and the FINEP (Fund for Financing Studies and Projects) loan is guaranteed by real estate of R$ 15,800.

**(c) Money market funding**

Funds obtained in the money market are received by Banco Moneo from the National Bank for Economic and Social Development (BNDES) to finance FINAME loans. These liabilities incur financial charges of 1% per annum in addition to TJLP.

The face value and the fair value of long-term installments of money market funds are as follows:

| | Face value (future) | | Fair value (present) | |
|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| From 13 to 24 months | 172,133 | 173,205 | 153,978 | 154,728 |
| From 25 to 36 months | 118,335 | 124,076 | 108,474 | 113,802 |
| After 36 months | 119,452 | 127,134 | 112,849 | 119,811 |
| | 409,920 | 424,415 | 375,301 | 388,341 |

The face value of loans in current liabilities approximates the fair value.

## 16 Provisions

### (a) Civil, labor and tax contingencies

The Company is a party to labor, civil, tax and other lawsuits in progress, and is disputing them at the administrative and judicial levels, which, when applicable, are supported by judicial deposits. The provisions for any losses under these proceedings are estimated and restated by Management, relaying on the opinion of its independent and in-house legal advisers.

The contingencies as of March 31, 2012 and December 31, 2011, which are considered to be probable and possible losses, according to the opinion of legal counsel, are shown below. Contingencies involving probable risks of loss have been provisioned for.

| | Parent Company | | | |
|---|---|---|---|---|
| | 03/31/12 | | 12/31/2011 | |
| Nature | Probable | Possible | Probable | Possible |
| Civil | 141 | 67 | 200 | 83 |
| Labor | 1,988 | 3,977 | 1,733 | 3,465 |
| Tax | 4,108 | 194,080 | 4,108 | 169,520 |
| | 6,237 | 198,124 | 6,041 | 173,068 |

| | Consolidated | | | |
|---|---|---|---|---|
| | 03/31/12 | | 12/31/2011 | |
| Nature | Probable | Possible | Probable | Possible |
| Civil | 556 | 67 | 582 | 83 |
| Labor | 4,354 | 3,977 | 4,069 | 3,465 |
| Tax | 11,510 | 211,006 | 11,421 | 185,538 |
| | 16,420 | 215,050 | 16,072 | 189,086 |

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Judicial deposits** | **3/31/2012** | **12/31/2011** | **3/31/2012** | **12/31/2011** |
| Civil | 964 | 964 | 1,503 | 1,503 |
| Labor | 342 | 436 | 1,598 | 1,454 |
| Tax | 3,206 | 3,206 | 8,831 | 7,362 |
| | 4,512 | 4,606 | 11,932 | 10,319 |

## (i) Civil and labor claims

The Company is party to civil and labor lawsuits, which include claims for indemnities for work accidents and occupational diseases. None of these lawsuits involves individually significant amounts.

## (ii) Tax contingencies

The Company and its subsidiaries are party to various tax lawsuits. The nature of the principal lawsuits is detailed below:

### . Provisioned for

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2012** | **12/31/2011** | **3/31/2012** | **12/31/2011** |
| ICMS – transfers of credits (i) | 3,144 | 3,144 | 3,144 | 3,144 |
| COFINS – increase in rate (ii) | | | 7,208 | 7,118 |
| Other contingent liabilities of lesser amounts | 964 | 964 | 1,158 | 1,159 |
| | 4,108 | 4,108 | 11,510 | 11,421 |

(i) Contingencies regarding the discussion on the transfer to suppliers of ICMS credits arising from exports.

(ii) Contingencies relating to the increase in the Social Contribution on Revenues (COFINS) introduced by Law 9718/98. The lawsuits are still in progress at the judicial level.

### . Not provisioned for

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2012** | **12/31/2011** | **3/31/2012** | **12/31/2011** |
| PIS, COFINS and Social Security Fund (FINSOCIAL) - offset | 4,879 | 4,762 | 4,879 | 4,762 |
| IRPJ – understated inflationary profit | 1,926 | 1,880 | 1,926 | 1,880 |
| IRPJ and CSLL on exports intermediated by export companies (i) | 184,278 | 159,953 | 184,278 | 159,953 |
| ICMS – shipment of goods with a reduced tax rate to non-taxpayers (ii) | | | 13,866 | 13,013 |
| ISS – services received from third parties | 2,997 | 2,925 | 2,997 | 2,925 |
| Other contingent liabilities of lesser amounts | | | 3,060 | 3,005 |
| | 194,080 | 169,520 | 211,006 | 185,538 |

(i) Contingencies deemed as possible loss, regarding IRPJ and CSLL allegedly due on exports intermediated by offshore subsidiaries, carried out in the period from 1999 to 2007 which, according to the tax authorities, characterize simulated transactions. The processes are awaiting judgment of the appeals to the Administrative Board of Tax Appeals. In September 2011, in the processes related to calendar years 2001-2007 the Administrative Board of Tax Appeals (CARF) unanimously ruled in favor of the Company, fully canceling the tax assessment notices.

(ii) Contingency of a subsidiary, deemed as possible loss, regarding ICMS liabilities from shipments of goods with a reduced tax rate to non-taxpayers established out of the state. The disputes are in progress at the Taxpayers Council of the State of Rio de Janeiro.

There are other contingent liabilities, with lower values, totaling R$ 12,862 (December 31, 2011 - R$ 12,572), for which unfavorable outcomes are assessed as possible

**(b) Contingent assets**

Contingent assets are summarized below, together with the possibilities of a favorable outcome, according to the opinion of legal counsel:

| | Consolidated | | | |
|---|---|---|---|---|
| | 3/31/2012 | | 12/31/2011 | |
| **Nature** | **Probable** | **Possible** | **Probable** | **Possible** |
| Contingent | | | | |
| Tax | 25,250 | 11,911 | 19,000 | 17,270 |
| Social Security | 3,401 | 1,757 | 3,320 | 1,715 |
| | 28,651 | 13,668 | 22,320 | 18,985 |

**(i) Tax contingencies**

The Company is the plaintiff in various lawsuits at the state and federal levels, in which the following matters are being disputed:

- Excise Tax - IPI.
- Social Integration Program - PIS and Tax for Social Security Financing - COFINS.
- Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL.
- Tax on Financial Transactions (IOF) and Income Tax Withheld at Source (IRRF).
- Eletrobrás compulsory loan.
- ICMS on consumption and usage materials.

**(ii) Social security contingencies**

- National Institute of Rural Settlement and Agrarian Reform (INCRA) contribution;
- National Institute of Social Security (INSS) contribution.

## 17 Pension plan and retirement benefits for employees

Marcopolo is the main sponsor of Marcoprev Sociedade de Previdência Privada, a non-profit pension entity established in December 1995 with the main purpose of supplementing government social security benefits to all employees of the sponsors: Marcopolo (main sponsor), Syncroparts, Trading, Polo Serviços, Banco Moneo and Fundação Marcopolo. The total consolidated contributions for the period ended March 31, 2012 was R$ 2,374 (March 31, 2011 - R$ 2,062). The actuarial method for determining the cost and contributions is the capitalization method. This is a mixed plan, with features that are both defined benefit, where the sponsor is solely responsible for the contributions, and defined contribution, where the sponsor and participant are responsible for the contributions on an optional basis.

As of December 31, 2011 and 2010, amounts related to post-employment benefits were determined in the annual actuarial assessment carried out by independent actuaries and were recognized in the financial statements.

The present value of actuarial liabilities at March 31, 2012 totaled R$ 159,903 (December 31, 2011 - R$ 159,903) and the fair value of plan assets at March 31, 2012 totaled R$ 160,291 (December 31, 2011 - R$ 160,291); this results in a surplus of R$ 388 (December 31, 2011 - R$ 388), which was not recorded because it is not subject to reimbursement or decrease of future contributions.

## 18 Income and social contribution taxes

### (a) Deferred income and social contribution taxes

**Noncurrent assets**

The basis for the calculation of the deferred taxes is as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| Assets | | | | |
| Provision for technical assistance | 23,074 | 20,407 | 27,205 | 24,230 |
| Provision for commission | 16,348 | 20,815 | 21,832 | 26,116 |
| Allowance for doubtful accounts | 13,129 | 10,164 | 46,037 | 47,112 |
| Provision for profit sharing | 9,637 | 34,015 | 12,129 | 41,651 |
| Provision for contingencies | 6,238 | 6,041 | 16,421 | 16,072 |
| Provision for sureties with third parties | 1,456 | 1,414 | 1,456 | 1,414 |
| Provision for inventory losses | 477 | 389 | 3,886 | 3,014 |
| Provisions for outsourced services | 21,500 | 14,416 | 64,550 | 7,163 |
| Appropriation of (gains) losses on derivatives | 1,664 | 3,639 | 2,309 | 4,690 |
| Adjustment to present value | 12,835 | 2,155 | 16,457 | 2,844 |
| Other provisions | 4,836 | (6,465) | | 27,117 |
| Tax loss/negative social contribution base | | | 238 | 321 |
| Calculation basis | 111,194 | 106,990 | 212,520 | 201,744 |
| Standard rate - % | 34 | 34 | 34 | 34 |
| Deferred income and social contribution taxes | 37,806 | 36,376 | 72,257 | 68,593 |

## Noncurrent liabilities

The basis for the calculation of the deferred taxes is as follows:

| | Parent Company | Consolidated |
|---|---|---|
| | 3/31/2012 | 3/31/2012 |
| Assets | | |
| Adjustment to present value | 10,446 | 13,903 |
| Other provisions | 9,695 | 31,759 |
| Calculation basis | 20,141 | 45,662 |
| Standard rate - % | 34 | 34 |
| Deferred income and social contribution taxes | 6,848 | 15,525 |

## (b) Estimate of the realization of deferred tax assets

The recovery of deferred tax assets is based on estimates of taxable income, as well as on the realization of temporary differences, in the following periods:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| From 13 to 24 months | 37,806 | 36,376 | 72,257 | 68,593 |
| | 37,806 | 36,376 | 72,257 | 68,593 |

## (c) Reconciliation between the income and social contribution tax expense

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| Reconciliation | | | | |
| Net income before income tax and social contributions | 99,101 | 96,553 | 116,735 | 109,618 |
| Standard rate - % | 34 | 34 | 34 | 34 |
| | 33,694 | 32,828 | 39,690 | 37,270 |
| Permanent additions and exclusions | | | | |
| Equity in net income of subsidiaries | (11,252) | (8,426) | (788) | (745) |
| PDI Tax incentive (*) | | (1,796) | | (1,796) |
| Management profit sharing | (840) | (706) | (840) | (706) |
| Recovery of IRPJ/CS (**) | | | | |
| Other additions (exclusions) | (697) | (452) | 242 | (162) |
| | 20,905 | 21,448 | 38,304 | 33,861 |
| Income and social contribution taxes | | | | |
| Current | (15,487) | (33,455) | (34,640) | (45,101) |
| Deferred charges | (5,418) | 12,007 | (3,664) | 11,240 |
| | 20,905 | 21,448 | 38,304 | 33,861 |

(*) Incentive - Industrial development program
(**) Tax on tax provisions

# 19 Shareholders' equity

## (a) Capital

On March 31, 2012, subscribed and paid-in capital consisted of 448,450,042 (448,450,042 as of December 31, 2011) registered shares with no par value, of which 170,812,872 are common shares and 277,637,170 are preferred shares.

Of the total subscribed capital, 140,901,676 (December 31, 2011 - 144,956,838) preferred shares are held by stockholders abroad.

## (b) Reserves

(i) Legal reserve

Constituted at the rate of 5% of the net income determined in each financial year pursuant to article 193 of Law 6404/76 up to the limit of 20% of the share capital.

(ii) Statutory reserves

At least 25% (twenty-five percent) of the remaining balance of profit is appropriated for the payment of a compulsory dividend on all shares of the Company. The remaining balance of profit is fully appropriated to the following reserves:

- Reserve for future capital increase - to be used for future capital increases and established at 70% of the remaining balance of the profit for each year, but the balance cannot exceed 60% of share capital.

- Reserve for payment of interim dividends - to be used for the payment of interim dividends in accordance with Article 33 (1) of the Company's by-laws and established at 15% of the remaining balance of the profit for each year, but the balance cannot exceed 10% of share capital.

- Reserve for the purchase of own shares - to be used for the purchase of the Company's own shares, to be canceled, held in treasury and/or sold, and established at 15% of the remaining balance of the profit for each year, but the balance cannot exceed 10% of share capital.

## (c) Treasury stock

Treasury stock comprises 1,298,240 preferred nominative shares, purchased at the average cost of R$ 6.0073 per share. The market value of the treasury stock, calculated at the closing date for the period, was R$ 7,798. According to article 168 (3) of Brazilian Corporation Law and CVM Instruction No. 390/03, the shares will be utilized to grant managers and employees share purchase options, pursuant to the Stock Option Plan approved by the Extraordinary General Meeting held on December 22, 2005.

## 20 Interest on shareholders' equity – Law 9249/95

As permitted by Law 9249/95, the Company approved, at the Board of Directors' Meeting held 2/24/2012, the distribution of interest on capital in the total gross amount of R$ 15,648 (March 31, 2011 - R$ 12,970), to be imputed as part of the mandatory dividends declared in advance for the current year of 2012, at the net amount. The approved interest, calculated on stockholders' equity as per the balance sheet at 12/31/2011, will be paid at R$ 0.035 per share, less the withholding income tax, pursuant to the applicable legislation. Interest on capital was credited to the individual accounts of stockholders on March 22, 2012, based on their holdings as of March 21, 2012, and will be paid as from June 29, 2012.

## 21 Insurance Coverage

At March 31, 2012, the Company had insurance coverage against fire and other risks to the assets comprising the property, plant and equipment and inventory, at amounts deemed sufficient to cover any losses. Given their nature, the risk assumptions adopted do not comprise the scope of a financial statements audit, and were not therefore examined by our independent auditors.

The main insurance policies cover:

| Nature of asset | Book value | 3/31/2012 | 12/31/2011 |
|---|---|---|---|
| Inventories and warehouses | Fire and sundry risks | 409,591 | 407,869 |
| Buildings and contents | Fire and sundry risks | 518,751 | 515,007 |
| Vehicles | Collision, civil liability | 20,725 | 20,497 |
| | | 949,067 | 943,373 |

## 22 Sureties and Guarantees

At March 31, 2012, the Company had issued sureties and/or guarantees of R$ 11,551 (December 31, 2011 - R$ 20,829), in connection with the financing of customers by banks, which has as a counter-guarantee the respective assets financed.

## 23 Employee Profit Sharing

The employee profit sharing was calculated in accordance with the terms established in the Instrument for the Agreement of the Marcopolo Targets/Efficiency Program (EFIMAR), dated March 22, 2012, which was approved by the employee union.

The amounts were classified in the statement of income as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| Cost of goods sold and services rendered | 7,847 | 6,228 | 9,658 | 7,600 |
| Sales expenses | 973 | 860 | 1,013 | 901 |
| Administrative expenses | 830 | 746 | 1,213 | 1,066 |
| | 9,650 | 7,834 | 11,884 | 9,567 |

## 24 Expenses by nature

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| Raw materials and consumables | 402,363 | 383,866 | 632,104 | 565,846 |
| Direct remuneration | 69,901 | 39,743 | 111,920 | 75,711 |
| D&O compensation | 4,550 | 5,748 | 4,550 | 5,748 |
| Employee profit sharing | 9,650 | 7,834 | 11,884 | 9,567 |
| Depreciation and amortization charges | 5,359 | 5,048 | 10,059 | 8,944 |
| Private pension plan expenses | 2,374 | 1,215 | 2,374 | 1,215 |
| Other expenses | 3,849 | 129 | 10,398 | 7,677 |
| **Total cost of sales, distribution costs and administrative expenses** | **498,046** | **443,583** | **783,289** | **674,708** |

## 25 Financial Income

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| Financial revenue | | | | |
| Interest earnings (i) | 4,882 | 7,086 | 6,369 | 7,794 |
| Income on short-term investments | 19,772 | 17,745 | 21,646 | 18,638 |
| Exchange variance (i) | 30,138 | 7,663 | 33,422 | 11,298 |
| Adjustment of accounts receivable to present value | 6,519 | 6,784 | 9,673 | 9,655 |
| | 61,311 | 39,278 | 71,110 | 47,385 |
| Financial expenses | | | | |
| Interest on loans and financing | 10,467 | 7,811 | 12,947 | 10,475 |
| Exchange variance (i) | 32,418 | 6,402 | 35,379 | 9,744 |
| Bank expenses | 865 | 839 | 1,121 | 1,163 |
| Adjustment to present value of payables | 4,122 | 4,393 | 5,806 | 5,910 |
| | 47,872 | 19,445 | 55,253 | 27,292 |
| Financial income, net | 13,439 | 19,833 | 15,857 | 20,093 |

(i) Includes exchange variance and interest on derivatives, as detailed in Note 5 (e).

## 26 Earnings per share

## (a) Basic

The Company calculates basic earnings per share by dividing the net income attributable to the company's shareholders by the weighted average number of common shares issued in the year, excluding the shares purchased by the company and held as treasury stock.

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| Profit attributable to Marcopolo's shareholders | | | | |
| From continuing operations | 78,196 | 75,105 | 78,431 | 75,757 |
| Weighted average number of shares outstanding (in thousands) | 447,152 | 447,294 | 447,152 | 447,294 |
| Earnings per share – from continuing operations | 0.1749 | 0.1679 | 0.1754 | 0.1694 |

## (b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of common and preferred shares outstanding to assume conversion of all dilutive potential common shares. The Company considers as dilution effect of common and preferred shares, the exercise of share options by employees and management. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| Profit attributable to Marcopolo's shareholders | | | | |
| From continuing operations | 78,196 | 75,105 | 78,431 | 75,757 |
| Weighted average number of shares outstanding (in thousands) | 447,152 | 447,294 | 447,152 | 447,294 |
| Adjustments: | | | | |
| - Exercising of share call options | 1,298 | 1,156 | 1,298 | 1,156 |
| Earnings per share – from continuing operations | 0.1744 | 0.1675 | 0.1749 | 0.1689 |

## 27 Balance sheets and statements of income by segment

The industrial segment produces bus bodies and spare parts. The financial segment is responsible for financing transactions through Banco Moneo.

Balance sheets

| | Consolidated | | Industrial Segment | | Financial Segment | |
|---|---|---|---|---|---|---|
| | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 | 3/31/2012 | 12/31/2011 |
| Assets | | | | | | |
| Current | | | | | | |
| Cash and cash equivalents | 702,455 | 904,318 | 656,216 | 850,257 | 46,239 | 54,061 |
| Financial assets stated at fair value | | 1,803 | | 1,803 | | |
| Derivative financial instruments | 4,118 | 591 | 4,118 | 591 | | |
| Credits | 956,897 | 920,217 | 704,492 | 675,030 | 252,405 | 245,187 |
| Inventory | 408,557 | 368,330 | 408,557 | 368,330 | | |
| Other accounts receivable | 106,290 | 99,584 | 98,644 | 91,854 | 7,646 | 7,730 |
| | 2,178,317 | 2,294,843 | 1,872,027 | 1,987,865 | 306,290 | 306,978 |
| Noncurrent | | | | | | |
| Credits | 421,626 | 433,825 | 1,236 | | 420,390 | 433,825 |
| Financial assets stated at fair value | 119,539 | 116,371 | 119,539 | 116,371 | | |
| Other accounts receivable | 88,808 | 83,428 | 72,907 | 67,410 | 15,901 | 16,018 |
| Investments | 22,756 | 21,802 | 22,756 | 21,802 | | |
| Property, plant and equipment | 379,076 | 353,567 | 378,611 | 353,145 | 465 | 422 |
| Intangible assets | 193,997 | 77,295 | 193,621 | 76,974 | 376 | 321 |
| | 1,225,802 | 1,086,288 | 788,670 | 635,702 | 437,132 | 450,586 |
| Total assets | 3,404,119 | 3,381,131 | 2,660,697 | 2,623,567 | 743,422 | 757,564 |
| Liabilities | | | | | | |
| Current | | | | | | |
| Trade payables | 312,646 | 324,261 | 312,646 | 324,261 | | |
| Loans and financing | 606,514 | 612,529 | 421,898 | 429,807 | 184,616 | 182,722 |
| Derivative financial instruments | 4,696 | 4,690 | 4,696 | 4,690 | | |
| Other accounts payable | 338,957 | 379,785 | 327,711 | 352,697 | 11,246 | 27,088 |
| | 1,262,813 | 1,321,265 | 1,066,951 | 1,111,455 | 195,862 | 209,810 |
| Noncurrent | | | | | | |
| Financial institutions | 901,143 | 869,809 | 525,842 | 481,468 | 375,301 | 388,341 |
| Other accounts payable | 78,995 | 18,565 | 71,571 | 18,565 | 7,424 | |
| | 980,138 | 888,374 | 597,413 | 500,033 | 382,725 | 388,341 |
| Minority interest | 9,197 | 9,348 | 9,197 | 9,348 | | |
| Shareholders' equity | 1,151,971 | 1,162,144 | 987,136 | 1,002,731 | 164,835 | 159,413 |
| Total liabilities | 3,404,119 | 3,381,131 | 2,660,697 | 2,623,567 | 743,422 | 757,564 |

Statements of income

| | Consolidated | | Industrial Segment | | Financial Segment | |
|---|---|---|---|---|---|---|
| | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| Continued operations | | | | | | |
| Net revenue from sales and services | 880,656 | 761,260 | 865,424 | 746,784 | 15,232 | 14,476 |
| Cost of goods sold and services rendered | (694,084) | (598,628) | (694,084) | (598,628) | | |
| Gross profit | 186,572 | 162,632 | 171,340 | 148,156 | 15,232 | 14,476 |
| Sales expenses | (50,853) | (44,815) | (50,623) | (42,560) | (230) | (2,255) |
| Administrative expenses | (38,352) | (31,265) | (35,309) | (27,445) | (3,043) | (3,820) |
| Other net operating income (expenses) | 1,192 | 783 | 1,736 | 2,374 | (544) | (1,591) |
| Operating income | 98,559 | 87,335 | 87,144 | 80,525 | 11,415 | 6,810 |
| Financial revenue | 71,110 | 47,385 | 71,110 | 47,385 | | |
| Financial expenses | (55,253) | (27,292) | (55,253) | (27,292) | | |
| Financial income | 15,857 | 20,093 | 15,857 | 20,093 | | |
| Share in associated company profits | 2,319 | 2,190 | 2,319 | 2,190 | | |
| Profit before income and social contribution taxes | 116,735 | 109,618 | 105,320 | 102,808 | 11,415 | 6,810 |
| Income and social contribution taxes | (38,304) | (33,861) | (33,170) | (31,178) | (5,134) | (2,683) |
| Net income for the period from continuing operations | 78,431 | 75,757 | 72,150 | 71,630 | 6,281 | 4,127 |

# 28 Statements of cash flows by business segment - indirect method

| | Consolidated | | Industrial Segment | | Financial Segment | |
|---|---|---|---|---|---|---|
| | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| **Cash flows from operating activities** | | | | | | |
| Net income in the period | 78,431 | 75,757 | 72,150 | 71,630 | 6,281 | 4,127 |
| Reconciliation of income (loss) to cash provided by operating activities: | | | | | | |
| Depreciation and amortization | 10,059 | 8,944 | 10,006 | 8,899 | 53 | 45 |
| Cost on the sale of permanent assets | 520 | 4,776 | 520 | 4,776 | | |
| Equity in net income of subsidiaries | (2,319) | (2,190) | (2,319) | (2,190) | | |
| Allowance for doubtful accounts | 1,041 | 3,540 | 2,781 | 1,665 | (1,740) | 1,875 |
| Current and deferred income and social contribution taxes | 38,304 | (11,240) | 33,170 | (12,349) | 5,134 | 1,109 |
| Interest and variance appropriated | 17,360 | 6,719 | 8,847 | (1,454) | 8,513 | 8,173 |
| Non-controlling interests | 121 | 411 | 121 | 411 | | |
| **Change in assets and liabilities** | | | | | | |
| (Increase) decrease in trade accounts receivable | (25,175) | 2,929 | (33,132) | (8,449) | 7,957 | 11,378 |
| (Increase) decrease in inventories | (38,537) | 45,270 | (38,537) | 45,270 | | |
| Increase (decrease) in other accounts receivable | (49,604) | 10,947 | (44,671) | 8,848 | (4,933) | 2,099 |
| (Increase) decrease in securities | (4,893) | 16,550 | (4,893) | 16,550 | | |
| Increase (decrease) in trade payables | (12,937) | (76,946) | (12,937) | (76,946) | | |
| Increase (decrease) in accounts payable and provisions | 52,910 | (39,178) | 56,187 | (35,060) | (3,277) | (4,118) |
| **Net cash provided by activities operational** | **65,281** | **46,289** | **47,293** | **21,601** | **17,988** | **24,688** |
| **Cash flows from investment activities** | | | | | | |
| Investments | | | | | | |
| Subsidiary dividends | 1,400 | 2,503 | 1,400 | 2,503 | | (37) |
| Permanent purchases | (152,401) | (30,949) | (152,250) | (30,912) | (151) | |
| Receipt on the sale of property, plant and equipment | 187 | (436) | 187 | (436) | | |
| **Net cash used in investment activities** | **(150,814)** | **(28,882)** | **(150,663)** | **(28,845)** | **(151)** | **(37)** |
| **Cash flows from financing activities** | | | | | | |
| Related-party transactions | | | | (5) | | 5 |
| Gain on the sale of treasury stock | 5,265 | 6,169 | 5,265 | 6,169 | | |
| Dividends and interest on shareholders' equity paid | (127,039) | (114,960) | (121,039) | (108,840) | (6,000) | (6,120) |
| Obtainment of loans and financings | 118,131 | 75,684 | 83,636 | 43,305 | 34,495 | 32,379 |
| Payment of loans and interest | (112,296) | (87,418) | (58,142) | (33,195) | (54,154) | (54,223) |
| **Net cash used in financing activities** | **(115,939)** | **(120,525)** | **(90,280)** | **(92,566)** | **(25,659)** | **(27,959)** |
| **Exchange variance on cash and cash equivalents** | (391) | (832) | (391) | (832) | | |
| **Net increase (decrease) in cash and cash equivalents** | **(201,863)** | **(103,950)** | **(194,041)** | **(100,642)** | **(7,822)** | **(3,308)** |
| **Cash and cash equivalents at beginning of period** | 904,318 | 672,123 | 850,257 | 617,932 | 54,061 | 54,191 |
| **Cash and cash equivalents at the end of the period** | 702,455 | 568,173 | 656,216 | 517,290 | 46,239 | 50,883 |

## 29 Revenue

The reconciliation between gross sales and net revenue is as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2012 | 3/31/2011 | 3/31/2012 | 3/31/2011 |
| Gross sales of products and services | 743,754 | 603,563 | 1,119,868 | 911,082 |
| Sales taxes and returns | (192,188) | (107,741) | (239,212) | (149,822) |
| Net revenue | 551,566 | 495,822 | 880,656 | 761,260 |

## 30 Additional information

The industrial segment operates in the geographic areas listed below. The financial segment operates exclusively in Brazil.

| | Consolidated | |
|---|---|---|
| **Net revenue by geographic area** | 3/31/2012 | 3/31/2011 |
| Brazil | 716,746 | 631,131 |
| Africa | 14,073 | 12,649 |
| Argentina | 12,897 | 17,668 |
| Australia | 49,224 | |
| China | 3,782 | 4,880 |
| Colombia | 33,214 | 34,266 |
| Russia | 133 | 84 |
| India | 28,629 | 19,305 |
| Mexico | 20,512 | 39,412 |
| Portugal | | 17 |
| Egypt | 1,446 | 1,848 |
| | 880,656 | 761,260 |

| | Consolidated | |
|---|---|---|
| **Fixed assets, goodwill and intangible assets by geographic areas** | **3/31/2012** | **12/31/2011** |
| Brazil | 333,474 | 323,203 |
| Africa | 15,221 | 15,329 |
| Argentina | 8,673 | 9,094 |
| Australia | 130,470 | |
| China | 2,096 | 1,755 |
| Colombia | 14,927 | 14,332 |
| Egypt | 24,495 | 25,358 |
| India | 37,247 | 35,756 |
| Virgin Islands | 4 | 5 |
| Mexico | 6,415 | 5,977 |
| Portugal | 11 | 11 |
| Russia | 3 | 2 |
| Uruguay | 38 | 40 |
| | 573,074 | 430,862 |

# 31 Reconciliation of equity at March 31, 2012 and December 31, 2011 and profit for the three-month periods ended March 31, 2012 and 2011

The reconciliation of net income for the period between CPCs (parent company) and IFRS (consolidated) is as follows:

| The reconciliation of net income for the year between CPCs (parent company) and IFRS (consolidated) | Shareholders' Equity | | Net income in the period | |
|---|---|---|---|---|
| | **3/31/2012** | **12/31/2011** | **3/31/2012** | **3/31/2011** |
| **Parent Company Balances (CPCs)** | **1,155,901** | **1,166,188** | **78,196** | **75,105** |
| - Reversal of deferred charges in subsidiary (included in the investment balance) | (5,955) | (6,127) | 172 | 365 |
| - Deferred income and social contribution taxes | 2,025 | 2,083 | (58) | (124) |
| **Consolidated - attributable to Marcopolo's stockholders** | **1,151,971** | **1,162,144** | **78,310** | **75,346** |
| Minority interests | 9,197 | 9,348 | 121 | 411 |
| **Consolidated** | **1,161,168** | **1,171,492** | **78,431** | **75,757** |

* * *

(A free translation of the original in Portuguese)

**1 Shareholders of Marcopolo S.A. with over 5% of common shares and/or preferred shares, to the level of individuals, as of March 31, 2012:**

| SHAREHOLDER | COMMON | | PREFERRED | | TOTAL | |
|---|---|---|---|---|---|---|
| | NUMBER | % | NUMBER | % | NUMBER | % |
| Paulo Pedro Bellini | 74,695,432 | 43.73 | 1,303,062 | 0.47 | 75,998,494 | 16.95 |
| Valter Antonio Gomes Pinto | 16,023,612 | 9.38 | 297,100 | 0.11 | 16,320,712 | 3.64 |
| Vate Part. e Adm. Ltda | 5,043,260 | 2.95 | - | 0.00 | 5,043,260 | 1.12 |
| Davos Participações Ltda | 16,000,000 | 9.37 | - | 0.00 | 16,000,000 | 3.57 |
| **Subtotal Controlling Group** | **111,762,304** | **65.43** | **1,600,162** | **0.58** | **113,362,466** | **25.28** |
| | | | | | | |
| Fund. Central Bank – CENTRUS | 25,961,392 | 15.20 | - | 0.00 | 25,961,392 | 5.79 |
| José Antonio Fernandes Martins | 468,262 | 0.27 | 20,973,019 | 7.55 | 21,441,281 | 4.78 |
| Fund Petrobras Seg Soc Petros | - | 0.00 | 45,704,950 | 16.46 | 45,704,950 | 10.19 |
| HSBC Global Inv. Funds (offshore) | - | 0.00 | 13,776,402 | 4.96 | 13,776,402 | 3.07 |
| Norges Bank (offshore) | 950,000 | 0.56 | 17,869,825 | 6.44 | 18,819,825 | 4.20 |
| Mason Hills Advisor LLC (offshore) | - | 0.00 | 17,832,009 | 6.42 | 17,832,009 | 3.98 |
| Treasury stock | - | 0.00 | 1,298,240 | 0.47 | 1,298,240 | 0.29 |
| Other offshore shareholders (*) | 2,561,202 | 1.50 | 101,688,640 | 36.63 | 104,249,842 | 23.25 |
| Other shareholders (*) | 29,109,712 | 17.04 | 56,893,923 | 20.49 | 86,003,635 | 19.17 |
| **TOTAL** | **170,812,872** | **100.00** | **277,637,170** | **100.00** | **448,450,042** | **100.00** |
| **PROPORTION** | | **38.09** | | **61.91** | | **100.00** |

* There are no individual shareholders in this item with more than 5% of the common and/or preferred shares.

**2 Capital Breakdown of Davos Participação Ltda. as of March 31, 2012:**

Table denoting quotas:

| SHAREHOLDER | QUOTAS | | |
|---|---|---|---|
| | NUMBER | FACE VALUE | % |
| Paulo Pedro Bellini | 4,120,000 | 4,120,000 | 20.00 |
| James Eduardo Bellini | 4,120,000 | 4,120,000 | 20.00 |
| Mauro Gilberto Bellini | 4,120,000 | 4,120,000 | 20.00 |
| Valter Antonio Gomes Pinto | 4,120,000 | 4,120,000 | 20.00 |
| Viviane Maria Pinto Bado | 4,120,000 | 4,120,000 | 20.00 |
| **TOTAL** | **20,600,000** | **20,600,000** | **100.00** |

**3 Capital Breakdown of Vate - Participações e Administração Ltda. as of March 31, 2012:**

Table denoting quotas:

| SHAREHOLDER | QUOTAS | | |
|---|---|---|---|
| | NUMBER | FACE VALUE | % |
| Valter Antonio Gomes Pinto | 6,303,669 | 6,303,669 | 88.25 |
| Therezinha Lourdes Comerlato Pinto | 770,968 | 770,968 | 10.79 |
| Viviane Maria Pinto | 68,150 | 68,150 | 0.96 |
| **TOTAL** | **7,142,787** | **7,142,787** | **100.00** |

**4 Quantity and features of the securities issued by the company owned by the groups Controlling Shareholders, Executives, Members of the Audit Committee and free float.**

(A free translation of the original in Portuguese)

Consolidated Shareholdings of Controlling Shareholders, Executives and free float.

**Position at 3/31/2012**

Table denoting shares:

| SHAREHOLDER | COMMON | | PREFERRED | | TOTAL | |
|---|---|---|---|---|---|---|
| | NUMBER | % | NUMBER | % | NUMBER | % |
| Parent companies | 111,762,304 | 65.43 | 1,600,162 | 0.58 | 113,362,466 | 25.28 |
| Controllers' spouses | 738,840 | 0.43 | 819,066 | 0.30 | 1,557,906 | 0.35 |
| Executives | - | - | - | - | - | - |
| Board of Directors | 41,412 | 0.02 | 880,416 | 0.32 | 921,828 | 0.21 |
| Executive Board | 253,300 | 0.15 | 1,213,530 | 0.44 | 1,466,830 | 0.33 |
| Audit Committee (*) | 252,348 | 0.15 | 379,380 | 0.14 | 631,728 | 0.14 |
| Treasury stock | - | 0.00 | 1,298,240 | 0.47 | 1,298,240 | 0.29 |
| Other | 57,764,668 | 33.82 | 271,446,376 | 97.75 | 329,211,044 | 73.40 |
| **TOTAL** | **170,812,872** | **100.00** | **277,637,170** | **100.00** | **448,450,042** | **100.00** |
| | | | | | | |
| **Free Float in the Market** | **57,764,668** | **33.82** | **271,446,376** | **97.75** | **329,211,044** | **73.40** |

* Shares held by a director and member of the audit committee, elected by the controlling group.

Consolidated Shareholdings of Controlling Shareholders, Executives and free float.

**Position at 3/31/2011**

Table denoting shares:

| SHAREHOLDER | COMMON | | PREFERRED | | TOTAL | |
|---|---|---|---|---|---|---|
| | NUMBER | % | NUMBER | % | NUMBER | % |
| Parent companies | 111,752,704 | 65.42 | 1,551,262 | 0.56 | 113,303,966 | 25.27 |
| Controllers' spouses | 738,840 | 0.43 | 686,666 | 0.25 | 1,425,506 | 0.32 |
| Executives | - | - | - | - | - | - |
| Board of Directors | 1,426,860 | 0.84 | 21,618,872 | 7.79 | 23,045,732 | 5.14 |
| Executive Board | 253,300 | 0.15 | 1,249,452 | 0.45 | 1,502,752 | 0.34 |
| Audit Committee (*) | 252,348 | 0.15 | 379,380 | 0.14 | 631,728 | 0.14 |
| Treasury stock | - | 0.00 | 1,156,382 | 0.41 | 1,156,382 | 0.25 |
| Other | 56,388,820 | 33.01 | 250,995,156 | 90.40 | 307,383,976 | 68.54 |
| **TOTAL** | **170,812,872** | **100.00** | **277,637,170** | **100.00** | **448,450,042** | **100.00** |
| | | | | | | |
| **Free Float in the Market** | **56,388,820** | **33.01** | **250,995,156** | **90.40** | **307,383,976** | **68.54** |

* Shares held by a director and member of the audit committee, elected by the controlling group.

**5 The Company is bound to arbitration at the commercial Arbitration Chamber, as per the arbitration clause in its bylaws.**

(A free translation of the original in Portuguese)

# Report on the quarterly information review

To the Board of Directors and Shareholders of
Marcopolo S.A.
Caxias do Sul - RS

**Introduction**

We have reviewed the interim, individual and consolidated financial statements of the company Marcopolo S.A. ("Company"), contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2012, consisting of the balance sheets as of March 31, 2012 and the related statements of income, the comprehensive statements of income for the three-month period then ended, the statement of changes in shareholders' equity and statements of cash flows for the three-month period then ended, in addition to the notes to the financial statements.

Management is responsible for preparing the individual interim financial statements in accordance with CPC Technical Pronouncement 21 (R1) - Interim reporting and the consolidated interim financial statements in accordance with CPC 21 (R1) and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, for presenting this information in due accordance with the standards issued by the Brazilian Securities Commission that apply to the preparation of Quarterly Information - ITR. Our responsibility is to express an opinion on the interim financial statements based on review.

**Review scope**

We conducted our review in accordance with Brazilian and international standards for reviewing interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the individuals in charge of financial and accounting matters, and applying analytical and other review procedures. A review is substantially shorter in scope than a full audit conducted in accordance with audit standards, and we cannot therefore provide an assurance that we have discovered all the significant matters that could have been identified by an audit. We are not therefore expressing an audit opinion.

**Conclusion about the individual interim information**

Our review did not detect any facts that suggest the individual interim financial statements were not prepared, in all material aspects, in accordance with CPC 21 (R1) that applies to Quarterly Information - ITR, presented in accordance with the standards issued by the Brazilian Securities Commission - CVM.

**Conclusion about the consolidated interim information**

Our review did not detect any facts that suggest the consolidated interim financial information included in the aforesaid quarterly information was not prepared, in all material aspects, in accordance with CPC 21 (R1) and IAS 34 that applies to Quarterly Information - ITR, presented in accordance with the standards issued by the Brazilian Securities Commission - CVM.

(A free translation of the original in Portuguese)

**Other matters**

***Statements of added value***

We have also reviewed the individual and consolidated Statements of added value (DVA) for the three-month period ended March 31, 2012, prepared by Company management, the presentation of which in the interim information is required by the standards issued by the CVM - Brazilian Securities Commission applicable to the preparation of the Quarterly Information - ITR and is considered supplementary information to IFRS which does not require the publication of DVAs. These statements were subject to the audit procedures described earlier and our review did not detect any facts that suggest they have not been prepared, in all material respects, in accordance with the individual and consolidated interim financial statements.

***Audit and review of the prior year's figures***

The figures in the financial statements for the financial year ended December 31, 2011 and the interim financial information for the three-month period ended March 31, 2011, presented to facilitate a comparative analysis, were previously audited and reviewed by other independent auditors respectively, who issued reports dated February 24, 2012 and May 09, 2011 that did not contain any modification.

Caxias do Sul, May 07, 2012

KPMG Auditores Independentes
CRC 2SP014428/F-RS

Wladimir Omiechuk
Accountant CRC 1RS-041241/O-2