(A free translation of the original in Portuguese)

MARCOPOLO S.A.
Consolidated Information

Caxias do Sul, February 21, 2013.

2013 Fiscal year Results

MANAGEMENT REPORT

Dear Stockholders:

The management of Marcopolo S.A. submits for your appreciation the Management Report and Financial Statements for the year ended December 31, 2013, accompanied by the Report of Independent Auditors. The financial information is presented in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB).

1. Operational Context

Marcopolo is a publicy-traded corporation headquartered in Caxias do Sul, State of Rio Grande do Sul, that was founded on August 6, 1949 and has as its main objective the manufacture of buses, bus bodies and components.

The line of products includes a wide variety of models, composed of the groups of intercity, urban, micro and mini buses, as well as the Volare family (complete bus, with chassis and body).

The buses are manufactured in sixteen manufacturing units, four in Brazil (two in Caxias do Sul - RS and one in Duque de Caxias - RJ, in addition to a 45% interest in the company San Marino Ônibus e Implementos Ltda., also located in Caxias do Sul - RS) and twelve abroad, including a wholly-owned unit in South Africa, three in Australia, and subsidiaries/affiliates in Argentina (2), Colombia, Egypt, India (2), Mexico and a factory of parts and components for bus bodies in China. The Company also holds a 40% interest in SPHEROS (ventilation and air conditioning), a 30% interest in WSUL (foam for seats), a 26% interest in MVC – Componentes Plásticos

Ltda and a 19.99% interest in New Flyer (Canadian company). In addition to the companies mentioned above, Marcopolo has full control of Banco Moneo S.A., which was established to provide financing for the Company's products.

2. Performance Indicators

The table below lists some indicators relevant to management of the business and analysis of the Company’s performance in 2013.

CONSOLIDATED DATA
(R$ million, unless otherwise stated)

Operating Performance	**2013**	**2012**	**Var. %**
Net revenues	3,659,3	3,369.9	8.6
- Revenues in Brazil	2,509.1	2,299.9	9.1
- Revenues Abroad	1,150.2	1,070.0	7.5
Gross profit	730.5	693.0	5.4
EBITDA (1)	435.1	412.7	5.4
Profit	292.1	302.4	(3.4)
Earnings per Share	0.327	0.338	(3.3)
Return on Invested Capital – ROIC (2)	16.2%	18.0%	(1.8)pp
Return on Equity – ROE (3)	22.5%	26.0%	(3.5)pp
Investments	300.0	224.3	33.7
Equity	1,515.9	1,299.9	16.6
Financial Position: Industrial segment			
Cash and Cash Equivalents and Financial Investments	761.2	497.3	53.1
Short-term Financial Liabilities	148.0	528.4	(72.0)
Long-term Financial Liabilities	998.8	107.5	829.1
Net Financial Liabilities	385.6	138.6	178.2
Financial Position: Industrial and Financial Segments			
Cash and Cash Equivalents and Financial Investments	795.4	531.6	49.6
Short-term Financial Liabilities	367.6	722.7	(49.1)
Long-term Financial Liabilities	1.468.6	528.0	178.1
Net Financial Liabilities	1.040.8	719.1	44.7
Margins			
Gross margin	20.0%	20.6%	(0.6)pp
EBITDA margin	11.9%	12.2%	(0.3)pp
Net margin	8.0%	9.0%	(1.0)pp

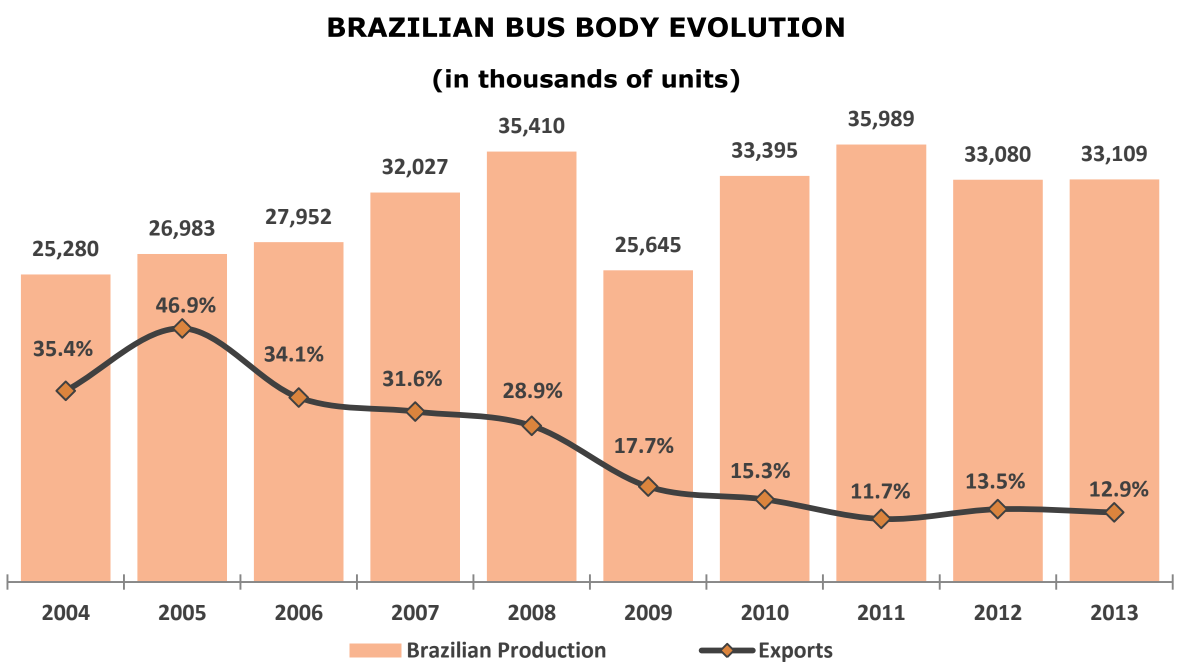
Notes: (1) EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization); (2) ROIC (Return on Invested Capital) = EBIT (inventories + trade receivables + fixed assets - suppliers); (3) ROE (Return on Equity) = Net profit/Initial equity; pp = percentage points.

3. Bus Sector Performance in Brazil

In 2013, 33,109 units were produced for the domestic market, higher than the 33,080 units produced during 2012. VOLARE is not included in the Brazilian output of bodies due to the fact that it is sold as a complete vehicle. If the output of VOLARE vehicles were considered, the Brazilian output would have been 38,589 units in 2013.

The demand in the domestic market reached 28,827 units, an increase of 0.7% in relation to 2012, while 4,282 units were produced for export, 3.9% lower than the exports for the previous year.

Data on Brazilian bus body production for the last 10 years is presented in the chart below:



TOTAL BRAZILIAN BUS BODY PRODUCTION (in units)

PRODUCTS (1)	2009	2010	2011	2012	2013
Intercity	6,456	8,903	10,467	9,117	10,216
Urban	15,093	19,131	20,347	18,944	17,938
Micros	3,075	4,299	5,099	5,019	4,955
SUBTOTAL	**24,624**	**32,333**	**35,913**	**33,080**	**33,109**
Minis (2)	1,021	1,062	76	-	-
TOTAL	**25,645**	**33,395**	**35,989**	**33,080**	**33,109**

Sources: FABUS (National Association of Bus Manufactures) and SIMEFRE (Interstate Highway and Railway Material and Equipment Manufactures Association).
Notes: (1) Includes the units exported as KD (disassembled); (2) The production data of Mini does not include the production of complete units such as Volare.

BRAZILIAN BUS BODY PRODUCTION – DOMESTIC MARKET (in units)

PRODUCTS (1)	2009	2010	2011	2012	2013
Intercity	4,066	6,506	8,051	6,970	7,666
Urban	13,329	16,969	19,511	17,752	17,011
Micros	2,708	3,753	4,131	3,900	4,150
SUBTOTAL	**20,103**	**27,228**	**31,693**	**28,622**	**28,827**
Minis (2)	1,009	1,057	68	-	-
TOTAL	**21,112**	**28,285**	**31,761**	**28,622**	**28,827**

Note: See table notes – Total Brazilian Bus Body Production.

BRAZILIAN BUS BODY PRODUCTION – FOREIGN MARKET (in units)

PRODUCTS (1)	2009	2010	2011	2012	2013
Intercity	2,390	2,397	2,416	2,147	2,550
Urban	1,764	2,162	836	1,192	927
Micros	367	546	968	1,119	805
SUBTOTAL	**4,521**	**5,105**	**4,220**	**4,458**	**4,282**
Minis (2)	12	5	8	-	-
TOTAL	**4,533**	**5,110**	**4,228**	**4,458**	**4,282**

Note: See table notes – Total Brazilian Bus Body Production.

4. Marcopolo’s Operating Performance

The year of 2013 was characterized as a year of new challenges and turbulence for the bus industry and bus bodies in Brazil, especially in the second half.

In June, the popular manifestations, that started as a result of the announcement of bus fares increase and subsequently were followed by other protests, demanding fare reductions and improvements in public transportation. As a result, some local governments have decided to freeze the urban bus fares.

Until then, Marcopolo had been operating with good volumes of orders, both for intercity and urban models. As of 4Q13, due to the freeze in bus fares the demand for urban buses was reduced. Added to this, the publication by the National Agency of Land Transportation (ANTT) of the bidding documents for interstate lines also brought uncertainty to the intercity buses market, affecting the entry of new orders.

Despite the more challenging scenario, Marcopolo's net revenue grew 9.1% in the domestic market and 7.5% in the export market compared with the previous year. Production in Brazil increased 5.0% compared to 2012, and the consolidated global production rose 4.0% in the same period.

While it is undeniable that the actions in all spheres of government, whether federal, state or municipal, tend to provide a more organized public transport, with newer buses that provide greater comfort and speed for users, especially through BRT systems (Bus Rapid Transit), the short-term impacts reflected in weaker demand at the end of 2013 and still brings uncertainty in the Brazilian bus sector.

However, in the medium and long term, these actions should converge to accelerate the renewal of the bus fleet to comply with the new requirements and regulations, which includes a limitation of maximum age and higher frequency of operations, benefiting bus body builders.

In external markets, the revenue from Brazilian exports was benefited by the devaluation of the real against the U.S. dollar and by the Special Regimen for the Reinstatement of Taxes for Exporting Companies (REINTEGRA), effective until the end of 2013. In relation to Marcopolo's subsidiaries overseas, the highlight was Volgren, in Australia, whose production rose 21.6% in 2013 compared to 2012. In total, the Company's overseas operations contributed with a volume of 2,154 units in 2013.

As for financing, FINAME the FINAME-PSI line of credit from BNDES was renewed until the end of 2014, with interest rates of 6.0% per year, making the purchase of capital goods in Brazil still attractive.

At the end of the year, the Federal Government announced a new electronic auction session in relation to the "Road to School" program, to purchase up to 8,000 units. Marcopolo, as Notice to the Market on February 4, 2014, enabled to produce and supply up to 4,100 units. Of this volume, whose deliveries should extend for 2014, 1,500 units will be produced by the company in its Volare plant, located in Caxias do Sul, Rio Grande do Sul, and 2,600 units will be produced at Marcopolo Rio located in Duque de Caxias, Rio de Janeiro. All this documentation is currently being formalized.

On January 23, 2013, Marcopolo signed a strategic investment agreement in the amount of $ 116.4 million (Canadian dollars) for subscription in two installments, 11,087,834 new common shares of New Flyer Industries Inc. (NFI), representing

19.99% of the share capital of the Company. The first installment was used by NFI to acquire the spare parts (after market) division of the company Orion, and the second part to finance the acquisition of NABI (North American Bus Industries).

On August 5, the Company announced an increase in share capital, which rose from R$ 700.0 million to R$ 1.2 billion. The increase occurred through the issue of 448,450,042 bonus shares. Thus, the total number of common shares increased to 341,625,744 and preferred shares to 555,274,340, totaling 896,900,084 shares. This capital increase was due to the Company's need to incorporate part of the profit reserves, whose limit had been exceeded.

On November 25, the Board of Directors approved the repurchase of up to twenty million preferred shares, corresponding to 3.6% of the total preferred shares issued by the Company in the market, with closing date on March 25, 2014.

Still in 2013, Marcopolo launched the new generation of the Torino urban model. The new model features lighter and more modern materials which enhances the vehicle's efficiency and functionality.

Finally, it is worth noting that Marcopolo will receive, on 28th February, in Germany, the iF Product Design Award 2014, in the Transportation category, for the development of Viale BRT buses, in a ceremony to be held during Munich Creative Business Week. The Viale BRT was designed from global mass transit design trends and received recognition for standing out in criteria such as level of innovation, design quality, choice of materials, environmental impact, safety and accessibility, among others.

4.1 Units Recorded in Net Revenue

In 2013, the 20,504 units included in net revenue comprised 18,268 units in the domestic market, representing 89.1% of the consolidated total, and 2,236 units in the foreign market, representing the remaining 10.9% as shown in the following table:

OPERATIONS (in units)	2013	2012	Var. %
BRAZIL:			
- Domestic market	16,249	15,389	5.6
- Foreign market	2,163	2,610	(17.1)
SUBTOTAL	**18,412**	**17,999**	**2.3**
Eliminations of KD's exported [1]	144	125	15.2
TOTAL IN BRAZIL	**18,268**	**17,874**	**2.2**
ABROAD:			

- South Africa	340	271	25.5
- Australia	529	435	21.6
- Mexico	1,367	1,571	(13.0)
TOTAL ABROAD	**2,236**	**2,277**	**(1.8)**
OVERALL TOTAL	**20,504**	**20,151**	**1.8**

Notes: (1) KD (Knock Down) = Partially or entire dismantled bodies; (2) In India , the units manufactured at the Lucknow plant are included.

4.2 Production

In 2013, the consolidated output of Marcopolo totaled 20,643 units, 4.0% higher than the 19,853 units manufactured in 2012. Of this total, 89.6% were produced in Brazil and 10.4% abroad. Details about Marcopolo's worldwide production are presented in the following tables:

MARCOPOLO – CONSOLIDATED WORLDWIDE PRODUCTION

OPERATIONS (in units)	**2013**	**2012**	**Var. %**
BRAZIL: (1)			
- Domestic market	16,537	15,096	9.5
- Foreign market	2,129	2,635	(19.2)
SUBTOTAL	**18,666**	**17,731**	**5.3**
Eliminations of KD's exported (2)	177	128	38.3
TOTAL IN BRAZIL	**18,489**	**17,603**	**5.0**
ABROAD:			
- South Africa	258	244	5.7
- Australia	529	435	21.6
- Mexico	1,367	1,571	(13.0)
TOTAL ABROAD	**2,154**	**2,250**	**(4.3)**
OVERALL TOTAL	**20,643**	**19,853**	**4.0**

Notes: (1) Includes production of the Volare model, as well as production from Marcopolo Rio (5,750 units in 2013 and 5,517 units in 2012); (2) KD (Knock Down) = Partially or totally unassembled.

MARCOPOLO – CONSOLIDATED WORLDWIDE PRODUCTION BY MODEL

PRODUCTS/MARKETS (2) **(in units)**	**2013**			**2012**		
	MI	**ME** (1)	**TOTAL**	**MI**	**ME** (1)	**TOTAL**
Intercity	4,487	1,195	**5,682**	4,286	1,106	**5,392**
Urban	6,013	2,232	**8,245**	6,032	2,621	**8,653**
Micros	792	444	**1,236**	618	525	**1,143**
SUBTOTAL	**11,292**	**3,871**	**15,163**	**10,936**	**4,252**	**15,188**
Volares (3)	5,245	235	**5,480**	4,160	505	**4,665**
TOTAL PRODUCTION	**16,537**	**4,106**	**20,643**	**15,096**	**4,757**	**19,853**

Notes: (1) Exported KD units (totally or partially unassembled bus bodies) are included in the total EM production, which totaled, in 2013, 177 units, as opposed to 128 units in 2012; (2) DM = Domestic Market; EM = External Market; (3) Volares production is not part of the data of SIMEFRE and FABUS, or the production for the sector.

MARCOPOLO – PRODUCTION IN BRAZIL

PRODUCTS/MARKETS (2) (in units)	2013			2012		
	MI	ME (1)	TOTAL	MI	ME (1)	TOTAL
Intercity	4,487	1,235	**5,722**	4,286	1,088	**5,374**
Urban	6,013	215	**6,228**	6,032	517	**6,549**
Micros	792	444	**1,236**	618	525	**1,143**
SUBTOTAL	**11,292**	**1,894**	**13,186**	**10,936**	**2,130**	**13,066**
Volares (3)	5,245	235	**5,480**	4,160	505	**4,665**
TOTAL PRODUCTION	**16,537**	**2,129**	**18,666**	**15,096**	**2,635**	**17,731**

Note: See notes in table "Consolidated Worldwide Production by Model".

4.3 Market Share

In 2013, the Company maintained its leading position in the Brazilian market, with a market share of 39.8%. The table below shows in detail the Company's market share by line of product.

SHARE IN THE BRAZILIAN MARKET (%)

PRODUTOS (1)	2013	2012	2011	2010	2009
Intercity	56.0	58.9	61.5	64.3	54.1
Urban	34.7	34.6	35.1	34.3	33.2
Micro	24.9	22.8	22.4	21.0	17.7
Mini (2)	-	-	-	46.9	35.7
TOTAL	**39.8**	**39.5**	**40.9**	**41.0**	**36.7**

Source: FABUS and SIMEFRE
Notes: (1) Includes 100% of Marcopolo Rio; (2) Volare is not included for the purposes of computing market share.

5. Consolidated Net Revenue

Consolidated net revenue of the Company in 2013 reached R$ 3,659.3 million, 8.6% above the R$ 3,369.9 million reported in 2012. This result comes from the increase in units recorded in net revenue, particularly in intercity and Volare models. Sales in the domestic market generated revenues of R$ 2,509.1 million or 68.6% of total net revenue (68.2% in 2012). Exports and business abroad totaled R$ 1,150.2 million or 31.4% of the total, compared with R$ 1,070 million from last year, an increase of 7.5%. Revenue by product and market are presented in the table below:

TOTAL CONSOLIDATED NET REVENUE

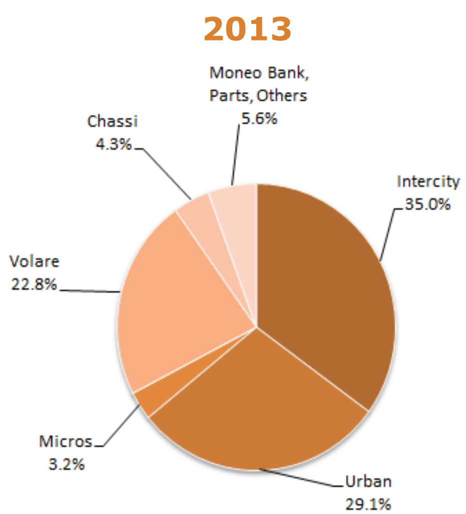
By product and market (R$ million)

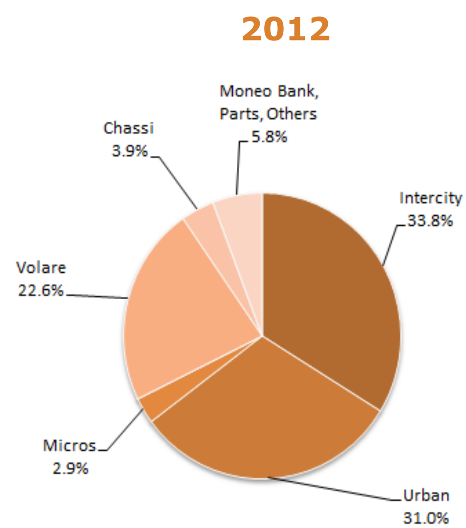
PRODUTOS	2013		2012		TOTAL	
	MI	ME	MI	ME	2013	2012
Intercity	863.7	418.3	789.2	350.1	1,282.0	1,139.3
Urban	570.1	495.3	577.0	466.5	1,065.4	1,043.5
Micro	75.9	42.4	60.2	40.0	118.3	100.2
Subtotal - Bodies	**1,509.7**	**956.0**	**1,426.4**	**856.6**	**2,465.7**	**2,283.0**
Volares [1]	794.3	38.3	693.1	67.9	832.6	761.0
Chassi	103.5	52.0	87.6	43.0	155.5	130.6
Moneo Bank, Parts, Other	101.6	103.9	92.8	102.5	205.5	195.3
TOTAL	**2,509.1**	**1,150.2**	**2,299.9**	**1,070.0**	**3,659.3**	**3,369.9**

Note: [1] Revenue for the Volares includes the chassis.

Of the total consolidated net revenue in 2013, 67.3% originated from sales of bodies, 22.8% from the sales of Volares and 9.9% from sales of parts and from Moneo Bank and chassis.

The charts below show in further detail the origin of consolidated revenues by line of products (in %).





6. Gross Profit and Margins

In 2013, gross profit totaled R$ 730.5 million, 5.4% above the R$ 693.0 million in 2012 or 20.0% of net revenue (20.6% in 2012). Like revenue, the growth in profit is due to the increased number of units recorded under net revenue, especially the intercity and Volares models.

7. Selling Expenses

Selling expenses totaled R$ 179.9 million in 2013 or 4.9% of net revenue, against R$ 195.6 million or 5.8% of net revenue in 2012. The decrease in these expenses is mainly explained by the reversal of the allowance for doubtful accounts in the net amount of R$ 6.8 million in 2013, while in 2012 there was a provision of R$ 12.2 million.

8. General and Administrative Expenses

General and administrative expenses totaled R$ 173.8 million in 2013 and R$ 150.8 million in 2012, representing 4.7 % and 4.5% of net revenue, respectively. The increase is explained, mainly, by salary adjustment from the collective agreement and the higher amount of expenses of subsidiaries abroad, especially coming from the effect of exchange rate variations and non-recurring expenses.

9. Other Operating Income/Expenses

In 2013, the net balance of other operating income and expenses was R$ 6.9 million negative, resulting from payment and provision for tax and labor contingencies.

10. Equity in results of investees

Equity in results of investees results in 2013 were R$ 25 million against R$ 28.3 million in 2012. Equity in results of investees results are presented in detail in Explanatory Note 11 to the Financial Statements.

11. Net Financial Result

Net financial result in 2013 was negative in R$ 4.6 million, against a positive result of R$ 25.6 million in 2012. The lower result was due to the cost from raising funds to invest in New Flyer.

12. EBITDA

EBITDA reached R$ 435.1 million in 2013, 5.4% higher than R$ 412.7 million in 2012. The table below shows the accounts that comprise the EBITDA margin:

EBITDA

(R$ million)	2013	2012	Var. %
Operating income	390.2	400.9	(2.7)
Finance income	(196.1)	(201.0)	2.4
Finance expense	200.8	175.4	14.5
Depreciation / Amortization	40.2	37.4	7.5
EBITDA	**435.1**	**412.7**	**5.4**
Equity in results of investees	(25.0)	(28.3)	11.7
Adjusted EBITDA without equity in results of investees	**410.1**	**384.4**	**6.7**

13. Profit

In 2013, the Company's profit reached R$ 292.1 million with a margin of 8.0%, against R$ 302.4 million and margin of R$ 9.0% in 2012. The decrease in income is explained by lower financial result of 2013.

14. Financial Indebtedness

Net financial indebtedness totaled R$ 1.040.8 million in 12/31/2013 (R$ 719.1 million in 31/12/2012). Of this total, R$ 655.2 million is related to the financial segment while the industrial segment had net liabilities of R$ 385.6 million.

It is important to point out that the debt of the financial segment results from the consolidation of the activities of Moneo Bank, and should be analyzed separately, since it has characteristics different from those of the Company's operating activities. Banco Moneo's financial liabilities have a corresponding entry in the "client receivables" account in the Bank's assets. The credit risk is duly provisioned. Because it is a FINAME onlending transaction, each disbursement by the National Economic and Social Development Bank - BNDES has an exact offset in the customer receivables of Banco Moneo both in terms of maturity and fixed rate. See note 28 to the financial statements.

In December 31, 2013, the net financial indebtedness of the industrial segment represented 0.9x EBITDA for the last 12 months.

15. Cash Provided by Operations

In 2013, the operating activities generated cash of R$ 180.0 million. Investing activities required R$ 300.0 million and financing activities generated R$ 366.2 million, corresponding to R$ 510.4 million net for issuances and repayments of loans and financing, R$ 136 million consumed in the payment of dividends and interest on capital and R$ 8.2 million referring to the net balance of sales and purchases of shares during the year. As a result, the initial cash balance of R$ 374.2 million, with an additional R$ 4.3 million from exchange rate variations on cash, rose to R$ 624.7 million at the end of the year. The statement of cash flows for the industrial and financial segments is presented in detail in Note 29 to the Financial Statements.

16. Performance of Subsidiary and Associated Companies

16.1 Subsidiary

In 2013, the subsidiaries abroad produced 2.154. This volume represented 10.4% of Marcopolo's consolidated output. The main highlights of subsidiaries abroad and Moneo Bank are described below:

VOLGREN. Headquartered in Melbourne, Australia, Volgren produced 529 units in 2013. During the year, the Company followed the plan to reduce fixed costs in order to achieve gains in efficiency and improved margins. Also in 2013, an intercity model from Marcopolo China started being imported to meet local demand. In 2014, the Company estimates it will produce 500 units, according to guidance disclosed to the market on December 16, 2013.

MARCOPOLO CHINA - MAC. Located in the city of Jiangyin, Marcopolo China has a development engineering department, sourcing department and produces parts, bus body components and disassembled vehicle bodies.

POLOMEX. Established in Mexico, Polomex produced 1,367 units in 2013, a drop of 13% in relation to the year before. During the year, the company started producing the line of Generation 7 family intercity buses, which was very well received by the market. In 2014, Polomex expects to produce 2,000 units.

MARCOPOLO SOUTH AFRICA. In 2013, Marcopolo South Africa (MASA), located in Johannesburg, produced 258 units, representing growth of 5.7% compared to 2012. For 2014, the Company already has closed lots for the renovation of the transport systems of Johannesburg and Pretoria. MASA's expected total production is 350 units.

MONEO BANK. Banco Moneo S.A. started up in July 2005 for the purpose of financing Marcopolo products. The Bank is authorized to operate investment portfolios, commercial leasing and credit, financing and investments. In 2013, the bank's profit was R$ 24.4 million, with the reduction of default levels being particularly noteworthy. Credit and surety operations at 12/31/2013, totaled R$ 840.9 million, compared to R$ 772.9 million at 12/31/2012. The Bank maintained its policy of prioritizing the quality of its credit portfolio, through a rigorous credit evaluation and approval system, adopted in 2011 and improved in 2012, which has proven to be effective, given the continued positive results, with lower spreads resulting from the drop in market rates.

16.2 Associated Companies

METALPAR. Marcopolo's 50% stake in Metalpar, located in Argentina, resulted in the consolidation of 1,132 units in 2013, representing an increase of 51.5% compared with the year before. The argentine bus market continues to gradually recover from the downturn that began in 2012. Due to the new law in the District of Buenos Aries, which requires that all buses have air conditioning, it is expected that production will remain strong this year. In addition to the local production of urban models, one of Marcopolo's main destinations for exports is Argentina. In 2014, the Company estimates that it will produce a total of 2,100 units, of which 1,050 units correspond to Marcopolo's share in the company. As far as Metalsur, 145 units of the Double-Decker bus were produced in 2013.

GB POLO. Marcopolo's joint venture in Egypt, located in the city of Suez, produced 539 units, which represents an increase of 5.6% in relation to the year before. While the Egyptian market continues to be affected by political uncertainties, GB Polo developed new products and sought new markets, especially for exports. Expected production for 2014 is 850 units.

SUPERPOLO. Located in Colombia, Superpolo produced 1,810 units in 2013, an increase of 12.1% in relation to the year before. The local market remains strong and the company expects to produce 2,000 units in 2014.

TATA MARCOPOLO MOTORS LMTD. In 2013, the Indian market for light and heavy vehicles experienced a downturn due to the less favorable economic conditions in the country, which resulted in higher interest rates, inflation and lower than expected growth. TMML's production amounted to 11,837 units, 25.2% lower than production in 2012. For 2014, the market is expected to gradually pick up, also driven by the already announced purchase by the government of 10,000 buses. In addition, TMML has developed new bus body models in order to capture other market niches. According to guidance announced on December 16, 2013, TMML's expected production for 2014 is 14,700 units.

NEW FLYER INDUSTRIES, INC. On January 23, 2013, Marcopolo signed a strategic investment contract for C$ 116.4 million (Canadian dollars) to subscribe for 11,087,834 new common shares. The subscription occurred in two installments. The first was used by NFI to acquire the spare parts (after market) division of the company

Orion, and the second to finance the acquisition of the company NABI (North American Bus Industries). New Flyer, headquartered in Winnipeg, Canada, is a leading producer of urban buses in Canada and the United States and is recognized for its pioneering and innovation in the application of new technologies, providing a broad product line in the United States, including drive systems for clean diesel, natural gas and electric and hybrid engines. The companies also signed a Memorandum of Understanding to explore opportunities for cooperation on engineering, technical, sales and operating issues, with a focus on reducing New Flyer's manufacturing and spare parts (aftermarket) costs.

17. Corporate Governance

Marcopolo adopts good Corporate Governance practices, following the principles of transparency, equity, accountability and corporate responsibility. Its shares have been listed in Level 2 of BM&FBovespa Corporate Governance since 2002. The Company is subject to arbitration in the Market Arbitration Chamber, according to a commitment clause contained in its bylaws.

The management of Marcopolo is based on the distinction between the functions and responsibilities of the Board of Directors, the Statutory Audit Board and the Executive Board. The Board of Directors is composed of seven members, three of which are external and independent, one elected by minority stockholders, one elected by the preferred stockholders and one by the controlling stockholders. The Statutory Audit Board is composed of three members, one indicated by minority stockholders, one by preferred stockholders and one by the controlling stockholders. The responsibilities of each board are defined in the Company's bylaws. To assist, provide opinions and support the management of the business, the Board of Directors has established the following committees: (i) Executive; (ii) Audit and Risks; (iii) Human Resources and Ethics; and (iv) Strategy and Innovation.

The Company provides fair and equal treatment to minorities, whether stockholders or other stakeholders. In the disclosure of information, it adopts highly transparent standards, seeking to establish an atmosphere of confidence, both internally and in relation to third parties. In order to comply with legal provisions and improve the information presented to the market in general and especially to foreign stockholders, the Financial Statements are disclosed in conformity with International Financial Reporting Standards (IFRS). In 2013, the Company held meetings with the Association of Capital Market Analysts and Investment Professionals (APIMEC) in São Paulo, Rio de Janeiro and Porto Alegre, as well as non-deal road shows in Brazil and abroad.

Marcopolo's relationship with its stockholders and potential investors is handled by the Investor Relations area. In 2013, Brazilian and foreign analysts were received personally and various contacts were made by telephone and the 7th edition of Marcopolo Day was held, during which the Company welcomed analysts and investors in its facilities at Caxias do Sul, for a presentation on the Company, its products and production process. Marcopolo's Investor Relations website (www.marcopolo.com.br/ri) is constantly updated and contains relevant information for investors.

18. Independent Auditors

18.1 Change in Independent Auditors

In 2012, the Company changed its auditors, contracting KPMG Auditores Independentes, established in Porto Alegre, RS, Borges de Medeiros Avenue 2.233, 8º floor, replacing PricewaterhouseCoopers - Auditores Independentes.

18.2 CVM Instruction 381/03

In compliance with CVM Instruction No. 381/03, items I through IV of article 2, Marcopolo declares that it has contracts with its Independent Auditors other than those related to the audit of the Company's financial statements. During 2013, member firms of the KPMG abroad were engaged to provide additional advisory and due diligence services, and related fees were equivalent to R$ 1.4 million. Management is responsible for defining the procedures to be performed and their application. Therefore, both the Company and its external auditors understand that such services do not affect professional independence.

19. CAPITAL MARKETS

19.1 Share Capital

The Company's share capital is R$ 1.2 billion, represented by 341,625,744 common shares (38.1%) and 555,274,340 preferred shares (61.9%), totaling 896,900,048 shares, all registered book-entry shares without a par value.

19.2 Performance of Marcopolo’s shares in BM&FBovespa

Marcopolo's preferred shares depreciated 20.1% in 2013, against a 15.5% depreciation of the Ibovespa. In 2013, there were 1,106,400 transactions, representing an increase of 59.8% over the 692,500 performed in 2012, and 455.8 million shares were traded. Trading in Marcopolo shares moved R$ 4 billion during the year, a volume 16.9% higher than in 2012. The share of foreign investors in Marcopolo's capital stock at December 31, 2013, totaled 51.7% of the preferred shares and 34.4% of total capital.

In October 2013, Marcopolo received the Abrasca Value Creation Award, as the best value creation case from 2010 to 2012. During the year, Marcopolo created 62.17% in value for its shareholders. In addition to these economic and financial highlights, Marcopolo received a grade of excellent in the following areas: corporate governance, risk control, transparency and performance in the area of investor relations in a qualitative survey with expert analysts in the Company. The following table shows the evolution of the main indicators related to the capital market:

INDICATORS	2013	2012
Number of trades (thousands)	1,106.4	692.5
Shares traded (millions)	455.8	328.2
Value traded (R$ millions)	3,971.7	3,397.2
Market value (R$ millions) (1)(2)(*)	4,553.1	5,705.9
Equity per share (R$) (*)	1.69	1.45
POMO4 Price (Last business day) (*)	5.10	6.38
Interest on Own Capital and Dividends by share (R$/share) (*)	0.145	0.160

Note: (1) Price of the last trade for the period for Registered Preferred shares (PE), multiplied by the total number of shares (OE + PE) during the same period. (2) Of this total, 4,134,874 preferred shares were held by the Treasury at December 31, 2013. (*) The information was updated to reflect the doubling of the number of shares resulting from the issuance of bonus shares, pursuant to the Meeting of the Board of Directors of August 5, 2013.

20. Dividends/Interest on Capital

In the Board of Director's Meeting, held on February 21, 2013, the payment of interest as return on capital and dividends was approved, referring to the first, second and third quarters of 2013, totaling R$ 0.035 per share before the bonus. In the Board of Director's Meeting, held on November 4, 2013, the payment of interest as return on capital and dividends was approved, for the amount of R$ 0.0175 per share (4th Stage 2013) In the Board of Director's Meeting, held on February 21, 2014, the payment of interest as return on capital and dividends was approved, referring to 2013, for the amount of R$ 0.075 per share. The interest (4th Stage 2013) and dividends referring to 2013 will be paid on March 31, 2014. The total amount proposed for payment of interest as return on capital and dividends for 2013 totaled R$ 129.3 million, with R$ 62.6 million as interest on capital and R$ 66.7 million as dividends. The total amount distributed equals 44.3% of the Company's adjusted net income in 2013 and corresponds to a yield (dividend per share divided by final stock price at the end of the year) of 2.8%.

21. Investments

In 2013, Marcopolo invested R$ 300 million, of which R$ 52.3 million was spent by the parent company and allocated as follows: R$ 17.3 million in machinery and equipment; R$ 27.9 million in buildings, land and improvements; R$ 4.6 million in computer equipment and software and R$ 2.5 million in other fixed assets. Investments in the subsidiaries were R$ 237.9 million for purchasing a 19.99% share of New Flyer; R$ 15.2 million in Marcopolo Rio; R$ 4.6 million in Polomex; R$ 3.9 million in Volare Espírito Santo; R$ 2.6 million in Volgren and R$ 4.5 million in the other units. The net balance of investments in the subsidiaries, discounting R$ 21 million received as dividends, was R$ 247.7 million.

22. Social and Environmental Responsibility

Marcopolo maintains an ongoing commitment through the adoption of practices that contribute toward economic development, improving, simultaneously, the quality of life of its employees and their families, as well as society as a whole. The Marcopolo Solidarity Production System (SIMPS) is an industrial competition strategy aiming at growth, market leadership, productivity, quality, improvement in the working environment and profitability of products and services. The systems provide conditions for continuously improving the quality of products, processes and services, by controlling the impacts on the environment, health and safety of employees, eliminating waste wherever it can be found, and maintaining a fully integrated value chain. Marcopolo is certified under ISO 14001 - Environment, ISO 9001 - Quality, OHSAS 18001 - Health and Safety and SA 8000 – Social.

22.1 Social Responsibility

Marcopolo and its employees engage in social responsibility under the coordination of the Marcopolo Foundation, through different programs in the areas of Education, Culture, Sports and Leisure. Noteworthy among the projects that focus on the community is the Schools Project, whose purpose is to help improve the educational environment and the relationships of the school community as well as provide training in the area of civic responsibility. The Schools Project provides a variety of activities during off-school hours, such as futsal (indoor five-a-side soccer), chess, choir and a flute orchestra, among others. The Marcopolo Foundation also makes monthly contributions to community institutions in the areas of health and education. In particular, a contribution toward the Bruno Segalla Institute, which serves around 10,000 children and adolescents through different projects.

Marcopolo, Moneo Bank and Marcopolo Rio designate 1% of their Income Tax liability to the Municipal Fund for the Rights of Children and Adolescents in the cities of Caxias do Sul (RS) and Duque de Caxias (RJ), where the manufacturing units operate. Marcopolo Foundation also stimulates and facilitates the destination of 6.0% of individual Income Tax of their employees to the previously mentioned City Funds, generating resources for social projects development focused on children and teenagers of the cities where the companies are established.

In foreign units, specific projects have been implemented, considering needs identified in local communities, with special attention given to the health and educational areas.

22.2 Employee Satisfaction

Employee satisfaction in the company is measured via the Internal Organizational Climate Survey, which takes place every two years and is conducted by the company's Internal Communications team. The last survey was done in October 2012, as a follow-up on the previous one, with results of 69.0% overall satisfaction in the units in Brazil. Improvement initiatives were developed throughout 2013. The company also provides internal ombudsman channels for employees to send comments, criticisms, ideas and suggestions on different issues involving their work, in addition to the ViaPolo communication network, which includes surveys on the Intranet on specific topics.

22.3 Education and Training

Marcopolo believes that the development of its employees is an essential pillar for its sustainable growth. On the basis of this belief, operational training was conducted in 2013, focusing on the processes and quality of its products, with an average of 63 hours per employee. The Training Center in the Ana Rech plant was used, which has specific and independent cells for each area and/or stage of the production process of Marcopolo. The Training Center in the Rio de Janeiro plant was also used. There was also training for customers, with 2,133 participants from the domestic market and 596 from markets abroad.

The development programs for managers included 320 participants, with a focus on the competencies of People Leadership and Development of People and Teams. The company also implemented a Languages Program aimed at training professionals in various areas of work. To further enhance employee development, Marcopolo offered scholarships for high school, technical courses and undergraduate and graduate studies.

In 2013, the Vocational Training School (EFPM) continued its industrial apprenticeship courses for young people in partnership with SENAI, the University of Caxias do Sul and the Social Assistance Foundation (FAS) of Caxias do Sul, training 140 students. EFPM also receives young people in socially vulnerable situations as a way to engage the community and promote employability. In 2013, EFPM held the first Exhibition of Works, with the participation of 27 groups and 84 students, in order to practically and creatively apply the knowledge acquired from the course, resulting in improvements to production processes.

22.4 Quality of Life

The quality of life programs for the employees and their families are adapted to the reality of each country in which the Company has subsidiary or associated companies. In Brazil, several activities were developed by the Marcopolo Foundation, including those related to education, leisure, culture and sports. The units Ana Rech and Planalto, in Caxias do Sul (RS) and Marcopolo Rio (RJ) have their own recreational clubs for the employees and their families. The units in India, Mexico and Colombia offer specific activities such as workshops, tours and tournaments. In India, several recreational, educational and religious events involving employees and their families were held at the Company's facilities.

22.5 Environment

Programs focused on environmental issues are part of Marcopolo's management policy. The company continually invests in training and in new technologies to minimize and control the environmental impacts of its activities. Among the main improvements in 2013, it is worth noting the implementation of the new landfill for non-hazardous solid industrial waste. The landfill was built according to the strictest environmental standards and modern technology. As a result of this project, the company maintains absolute control over the environmental liabilities from the activities of the units in Caxias do Sul.

22.6 Remuneration and Grants under Stock Option Plan

Employee remuneration comprises a fixed amount, linked to competences and skills, and a variable amount, based on achievement of goals of the Profit Sharing Program. Periodic salary surveys are carried out to evaluate whether the salaries paid are within regional standards, so that the Company maintains its competitiveness in the labor market.

At the Extraordinary General Meeting held on December 22, 2005, the stockholders approved the Stock Option Plan. Executives of the Company and its subsidiaries (except for directors of the parent company) participate in this plan, which has the following main objectives: (i) align the interests of participants and stockholders; (ii) encourage the commitment of the participants with the Company's short, medium and long-term results; (iii) encourage and stimulate a sense of ownership; and

(iv) attract and retain talents. The Plan is monitored by the Human Resources and Ethics Committee and it is approved by the Board of Directors.

23. Management Fees

The annual overall fixed remuneration is set by the General Meeting and distributed to management as established by the Board of Directors. The highest individual annual fixed remuneration of the members of the Executive Committee/Board of Directors was R$ 2,110.8 thousand in 2013, the average remuneration was R$ 711.7 thousand and the lowest R$ 325.0 thousand. For the statutory directors, the highest individual fixed remuneration was R$ 1,568.4 thousand in 2013, the average was R$ 1,030.6 thousand and the lowest was R$ 782.2 thousand. For the Fiscal Board, the highest individual fixed was R$ 195.0 thousand in 2013, the average was R$ 169.0 thousand and the lowest was R$ 156.0 thousand.

The highest individual variable remuneration of the members of the Executive Committee/Board of Directors was R$ 1,950.0 thousand in 2013, the average variable remuneration was R$ 440.8 thousand and the lowest was zero. The highest individual variable remuneration of statutory directors in 2013 was R$ 1,414.3 thousand, the average was R$ 948.8 thousand and the lowest R$ 715.0 thousand. The members of the Board of Directors and the Statutory Audit Board do not receive variable remuneration, but the Officers and members of the Executive Committee are entitled to it.

24. Employees

NO. OF EMPLOYEES	2013	2012	2011	2010	2009
Parent Company	8,066	8,212	8,727	8,457	7,040
Subsidiaries in Brazil	3,495	3,504	4,013	3,441	2,656
Subsidiaries Abroad	8,350	4,514	4,491	4,181	4,310
TOTAL (1)	**19,911**	**16,230**	**17,231**	**16,079**	**14,006**
OVERALL TOTAL (2)	**21,002**	**20,508**	**21,993**	**20,393**	**18,303**

Notes: (1) Includes employees of subsidiaries/associates proportionately to the Company's interest; (2) Relates to total interest in subsidiaries/associates.

25. IFRS 10 – CONSOLIDATED FINANCIAL STATEMENTS

IFRS 10 / CPC 36 introduces a single control model to determine whether an investment must be consolidated. As a result, the Company adapted to the new consolidation rule in 2013, changing the form of accounting used until then. In order to maintain transparency, the Company presents a comparative table with the previous consolidation rule in Explanatory Note 30 to the Financial Statements.

26. Expectations for 2014

The scenario of uncertainty in relation to the Brazilian bus market, which began in the second half of last year, still continues at the beginning of 2014. However, the approach of the World Cup, which is driving bus demand in the tourism and intercity transport sectors, coupled with BRT orders already in the pipeline, are partly offsetting the decline in other segments. As far as the tenders for interstate lines, the schedule has still not been established and up until now there is no forecast as to the dates of the auctions.

In the external market, the devaluation of the Brazilian real against the U.S. dollar continues to boost Marcopolo's exports, especially from the 4Q13 on. In addition to its traditional importer markets, Marcopolo is staking out important export business in countries in Central America and Africa, mostly focused on the implementation of new BRT and urban mobility projects in these regions.

With respect to the Federal Government's "Road to School" program, Marcopolo announced on February 4, through a Notice to the Market, that it has been authorized to produce and supply up to 4,100 school buses, whose deliveries will extend throughout this year. The documentation is currently being formalized. Also in 2013, Marcopolo was commissioned to supply up to 1,540 school buses for the state of São Paulo. Most of the deliveries will occur during the first semester of 2014.

The new Volare plant in the state of Espírito Santo is expected to start operating in the second semester of this year, with an initial capacity of 3,000 units per year. During the first stage, unassembled kits to be assembled in the new factory will be shipped from the Planalto plant in Caxias do Sul, and during the second stage, the plant will be able to produce Volares locally.

As far as Marcopolo's subsidiaries abroad, it is important to note the launch of the totally nationalized Generation 7 intercity bus model in Mexico, which was received extremely well by local customers. In South Africa, MASA was successful in two major lots for the renewal of BRT systems in Johannesburg and Pretoria, whose deliveries started in 2013 and will continue until 2015.

According to a statement released by the Company on December 16, 2013, the performance expectations for 2014, provided no changes occur in current market conditions and the economic performance of the countries where the Company operates, are: (i) planned investments of R$ 160 million; (ii) achieve a consolidated net revenue of R$ 3.8 billion (R$ 4.4 billion using the former accounting standard); and (iii) produce 20,850 buses in the units in Brazil and abroad (33,000 units using the former accounting standard).

27. Acknowledgements

Marcopolo is honored to thank its customers, suppliers, representatives, shareholders, financial institutions, government agencies, the community and, in particular, its employees for their effort, dedication and commitment.

Finally, the Company pays posthumous tribute to Valter Gomes Pinto for the legacy that marked and shaped the image of Marcopolo in the world. Among his contributions, it is worth noting that he was one of those responsible for changing the name of the company to Marcopolo, besides decisively helping to expand the business, by improving the customer service policy through expanding the sales network, enhancing the sales process of the products and renewing energies to pursue new markets.

The Management.

Marcopolo S.A.

Financial Statement as of December 31, 2013 and 2012

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil)

KPMG Auditores Independentes
February, 2014

Contents

Independent auditors’ report on the financial statements

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

We have audited the accompanying individual and consolidated financial statements of Marcopolo S.A. ("Parent company"), identified as Parent and Consolidated and which comprise the balance sheet as at December 31, 2013 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

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

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Marcopolo S.A. as at December 31, 2013, and its financial performance and cash flows for the year then ended, in accordance with accounting practices in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marcopolo S.A. and its subsidiaries as at December 31, 2013, and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices in Brazil.

Emphasis of matter

As discussed in note 2.1, item (b) to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Marcopolo S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, while IFRS requires measurement based on cost or fair value. We did not qualify our opinion in relation to this matter.

Other matters

Statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2013, prepared under the responsibility of the Company's management, the presentation of which is required by the Brazilian corporate legislation for listed companies, but is considered as supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Financial statements of prior periods audited by other independent auditor

The examination of the balance sheet, individual and consolidated on January 1, 2012 (derived from the financial statements for the year ended December 31, 2011) originally prepared before adjustments resulting from adoption of IFRS 10/CPC 36 (R3) - "Consolidated Financial Statements" and IFRS 11/CPC 19 (R2) - "Joint Arrangements", described in note 2.2.1, was conducted under the auspices of other independent auditors who issued an unmodified audit report dated February 24, 2012. As part of our audit of the financial statements for the year ended December 31, 2013 we audited the adjustments corresponding values in the balance sheet at January 1, 2012 and, in our opinion, they are appropriate and they have been properly carried out, in all material respects. We were not hired to audit, review or apply any other procedures on the information regarding the balance sheets at January 1, 2012 and therefore, we express no opinion or any form of assurance on them taken altogether.

Porto Alegre, February 21, 2014

KPMG Auditores Independentes
CRC 2SP014428/F-7-RS

(Original report in Portuguese signed by)
Wladimir Omiechuk
Contador CRC 1RS041241/O-2

Marcopolo S.A.

Balance sheet at December 31, 2013 and 2012

All amounts in thousands of reais (A free translation of the original in Portuguese)

		Parent		Consolidated		
Assets	**Note**	**12/31/13**	**12/31/12**	**12/31/13**	**12/31/12**	**01/01/12**
					Restated	Restated
Current assets						
Cash and cash equivalents	7	435,011	233,119	624,717	374,219	887,497
Financial assets at fair value through profit or loss	7	143,475	131,840	143,702	131,840	2,394
Derivative financial instruments	5	577	3,380	978	3,446	-
Trade receivables	8	688,703	668,044	1,166,496	1,069,324	845,839
Inventories	9	284,330	242,204	447,456	364,529	324,182
Taxes and contributions recoverable	10	60,956	73,462	73,320	86,299	39,457
Other receivables		21,901	24,064	68,178	57,671	33,441
		1,634,953	1,376,113	2,524,847	2,087,328	2,132,810
Non-current assets						
Long-term receivables						
Available-for-sale financial assets	7	26,339	36,942	26,037	22,130	135,857
Trade receivables	8	-	-	521,400	471,235	433,825
Taxes and contributions recoverable	10	1,277	1,453	1,974	2,657	1,810
Deferred income tax and social contribution	18	29,772	41,552	52,684	65,176	66,327
Judicial deposits	16	6,119	5,847	12,408	12,048	9,594
Other receivables		15	61	524	428	340
		63,522	85,855	615,027	573,674	647,753
Investments	11	1,164,775	730,522	371,911	155,954	125,407
Property, plant and equipment	12	220,850	190,584	338,056	298,808	237,803
Goodwill and intangible assets	13	5,086	4,781	267,999	213,659	75,504
		1,390,711	925,887	977,966	668,421	438,714
		1,454,233	1,011,742	1,592,993	1,242,095	1,086,467
Total assets		3,089,186	2,387,855	4,117,840	3,329,423	3,219,277

		Parent		Consolidated		
Liabilities and equity	**Note**	**12/31/13**	**12/31/12**	**12/31/13**	**12/31/12**	**01/01/12**
					Restated	Restated
Current						
Trade payables		245,460	261,069	308,165	333,431	275,552
Borrowings	15	57,502	452,445	367,145	722,468	569,690
Derivative financial instruments	5	449	-	467	247	4,690
Salaries and vacation pay		91,901	70,176	117,038	94,328	114,947
Taxes and contributions payable		29,906	23,400	62,271	54,678	55,738
Advances from customers		42,681	27,068	70,119	29,928	34,553
Commissioned representative		30,729	26,327	36,255	30,487	25,107
Interest on capital and dividends	20	20,395	21,620	20,395	21,620	41,016
Management profit sharing		7,241	7,570	7,241	7,570	7,699
Other payables		37,588	41,989	66,122	79,128	56,619
		563,852	931,664	1,055,218	1,373,885	1,185,611
Non-current liabilities						
Borrowings	15	997,559	106,606	1,468,614	527,997	847,213
Provisions	16	11,879	6,603	14,494	16,349	14,716
Employee benefits	17	-	43,057	-	43,368	-
Other payables		-	-	45,523	55,380	245
		1,009,438	156,266	1,528,631	643,094	862,174
Total liabilities		1,573,290	1,087,930	2,583,849	2,016,979	2,047,785
Equity – capital and reserves attributable to owners of the parent	19					
Share capital		1,200,000	700,000	1,200,000	700,000	700,000
Capital reserves		593	(999)	593	(999)	(1,578)
Revenue reserves		294,791	647,440	294,791	647,440	502,512
Carrying value adjustments		38,136	(38,718)	38,136	(38,718)	(26,305)
Treasury shares		(17,624)	(7,798)	(17,624)	(7,798)	(12,485)
		1,515,896	1,299,925	1,515,896	1,299,925	1,162,144
Non-controlling interest		-	-	18,095	12,519	9,348
		1,515,896	1,299,925	1,533,991	1,312,444	1,171,492
Total liabilities and equity		3,089,186	2,387,855	4,117,840	3,329,423	3,219,277

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

Marcopolo S.A.

Statement of income
Years ended December 31, 2013 and 2012
All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Nota	Parent		Consolidated	
		2013	2012	2013	2012 Restated
Operations					
Net sales and services	24	2,623,161	2,422,669	3,659,309	3,369,939
Cost of Sales and services	25	(2,136,101)	(1,951,105)	(2,928,774)	(2,676,953)
Gross profit		487,060	471,564	730,535	692,986
Sales Expense	25	(142,119)	(139,810)	(179,890)	(195,562)
Administrative expenses	25	(103,568)	(90,652)	(173,823)	(150,823)
Other operating income (expenses), net		(14,157)	(12,434)	(6,913)	455
Share of profit of subsidiaries and jointly-controlled entities	11	117,109	94,656	24,984	28,257
Operating profit		344,325	323,324	394,893	375,313
Finance income	26	168,454	179,123	196,141	200,953
Finance costs	26	(178,271)	(150,808)	(200,785)	(175,342)
Finance result		(9,817)	28,315	(4,644)	25,611
Profit before income tax and social contribution		334,508	351,639	390,249	400,924
Tax income and social contribution	18				
Currents		(48,658)	(60,830)	(85,640)	(97,994)
Deferred		2,859	5,176	(12,492)	(573)
Profit for the year from operations		288,709	295,985	292,117	302,357
Attributable to:					
Company's stockholders		288,709	295,985	288,709	300,029
Non-controlling interest		-	-	3,408	2,328
		288,709	295,985	292,117	302,357
Earnings per share from continuing operations attributable to the stockholders of the Company during the year (expressed in R$ per share)					
Basic	27	0,3234	0,3310	0,3272	0,3381
Diluted	27	0,3219	0,3300	0,3257	0,3371

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

Marcopolo S.A.

Statement of comprehensive income
Years ended December 31, 2013 and 2012
All amounts in thousands of reais (A free translation of the original in Portuguese)

		Parent		Consolidated	
	Note	**2013**	**2012**	**2013**	**2012**
Profit for the year		288,709	295,985	292,117	302,357
Foreign currency translation adjustments		48,249	16,192	50,207	17,035
Actuarial (gains) losses over employees benefits	17	43,057	(43,057)	43,368	(43,368)
Deferred tax income and social contribution over actuarial gains/(losses)		(14,639)	14,639	(14,763)	14,763
Result of comprehensive income of subsidiaries		187	(187)	-	-
Non-controlling interests from incorporating a company		-	-	210	-
Total comprehensive income		365,563	283,572	371,139	290,787
Attributable to:					
Company's stockholders		365,563	283,572	365,563	287,616
Non-controlling interests		-	-	5,576	3,171
Total comprehensive income		365,563	283,572	371,139	290,787

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

Marcopolo S.A.

Statement of changes in equity
Years ended December 31, 2013 and 2012
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Attributable to the Company's stockholders														
		Capital reserves	Revenue reserves												
	Share capital	Gain/(loss) from sale of own shares	Legal reserves	For future capital increase	For pay of interim dividends	For purchase of own shares	Proposed additional dividends	Carrying value adjustments	Treasury shares	Retained earnings (accumulated deficit)	Total equity CPC	Reversal of deferred charges	Total equity - IFRS	Non-controlling interests	Total equity
At December 31, 2011	700,000	(1,578)	33,672	263,575	64,555	59,949	84,805	(26,305)	(12,485)	-	1,166,188	(4,044)	1,162,144	9,348	1,171,492
Comprehensive income for the year															
Profit for the year	-	-	-	-	-	-	-	-	-	295,985	295,985	4,044	300,029	2,328	302,357
Unrealized actuarial gains/losses, net of tax effects	-	-	-	-	-	-	-	(28,605)	-	-	(28,605)	-	(28,605)	-	(28,605)
Foreign exchange variation on investment abroad	-	-	-	-	-	-	-	16,192	-	-	16,192	-	16,192	843	17,035
Total comprehensive income	-	-	-	-	-	-	-	(12,413)	-	295,985	283,572	4,044	287,616	3,171	290,787
Contributions by and distributions to owners of the Company															
Purchase of treasury shares	-	579	-	-	-	-	-	-	4,687	-	5,266	-	5,266	-	5,266
Payment of additional dividends	-	-	-	-	-	-	(84,805)	-	-	-	(84,805)	-	(84,805)	-	(84,805)
Allocations															
Legal reserve	-	-	14,799	-	-	-	-	-	-	(14,799)	-	-	-	-	-
Interest on capital	-	-	-	-	-	-	-	-	-	(63,046)	(63,046)	-	(63,046)	-	(63,046)
Proposed dividends	-	-	-	-	-	-	72,790	-	-	(80,040)	(7,250)	-	(7,250)	-	(7,250)
Transfer between reserves	-	-	-	122,604	5,445	10,051	-	-	-	(138,100)	-	-	-	-	-
Total contributions by and distributions to owners of the Company	-	579	14,799	122,604	5,445	10,051	(12,015)	-	4,687	(295,985)	(149,835)	-	(149,835)	-	(149,835)
At December 31, 2012	700,000	(999)	48,471	386,179	70,000	70,000	72,790	(38,718)	(7,798)	-	1,299,925	-	1,299,925	12,519	1,312,444

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

Marcopolo S.A.

Statement of changes in equity
Years ended December 31, 2013 and 2012
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Attributable to the Company's stockholders												
		Capital reserves	Revenue reserves										
	Share capital	Gain/(loss) from sale of own shares	Legal reserves	For future capital increase	For pay of interim dividends	For purchase of own shares	Proposed additional dividends	Carrying value adjustments	Treasury shares	Retained earnings (accumulated deficit)	Total equity	Non-controlling interests	Total equity
At December 31, 2012	700,000	(999)	48,471	386,179	70,000	70,000	72,790	(38,718)	(7,798)	-	1,299,925	12,519	1,312,444
Comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	288,709	288,709	3,408	292,117
Non-controlling interests from incorporating a company	-	-	-	-	-	-	-	-	-	-	-	210	210
Unrealized actuarial gains/losses, net of tax effects	-	-	-	-	-	-	-	28,605	-	-	28,605	-	28,605
Foreign exchange variation on investment abroad	-	-	-	-	-	-	-	48,249	-	-	48,249	1,958	50,207
Total comprehensive income	-	-	-	-	-	-	-	76,854	-	288,709	365,563	5,576	371,139
Contributions by and distributions to owners of the Company													
Capitalization of reserves	500,000	-	(40,000)	(360,000)	(50,000)	(50,000)	-	-	-	-	-	-	-
Sale of treasury shares	-	1,592	-	-	-	-	-	-	1,896	-	3,488	-	3,488
Purchase of treasury shares	-	-	-	-	-	-	-	-	(11,722)	-	(11,722)	-	(11,722)
Payment of additional dividends	-	-	-	-	-	-	(72,790)	-	-	-	(72,790)	-	(72,790)
Allocations													
Legal reserve	-	-	14,435	-	-	-	-	-	-	(14,435)	-	-	-
Minimum mandatory dividend	-	-	-	-	-	-	-	-	-	(68,568)	(68,568)	-	(68,568)
Transfer between reserves	-	-	-	143,994	30,856	30,856	-	-	-	(205,706)	-	-	-
Total contributions by and distributions to owners of the Company	500,000	1,592	(25,565)	(216,006)	(19,144)	(19,144)	(72,790)	-	(9,826)	(288,709)	(149,592)	-	(149,592)
At December 31, 2013	1,200,000	593	22,906	170,173	50,856	50,856	-	38,136	(17,624)	-	1,515,896	18,095	1,533,991

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

Marcopolo S.A.

Statement of cash flows - indirect method
Years ended December 31, 2013 and 2012
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	Parent 2013	Parent 2012	Consolidated 2013	Consolidated 2012 Restated
Cash flows from operating activities					
Net income in the period		288,709	295,985	292,117	302,357
Reconciliation of income (loss) to cash provided by operating activities:					
Depreciation and amortization	12 e 13	21,171	22,034	40,221	37,354
(Loss) on disposal of investments, property, plant and equipment and intangible assets		(4,467)	9,328	13,651	439
Equity in results of investees	11	(117,109)	(94,656)	(24,984)	(28,257)
Allowance for doubtful accounts		(5,531)	(1,857)	(6,820)	12,178
Deferred tax income and social contribution		45,799	55,654	98,132	98,567
Appropriated interest and charges		55,720	9,316	73,454	52,417
Non-controlling interests		-	-	4,157	2,328
Changes in assets and liabilities					
(Increase) in trade receivables		(15,128)	(176,488)	(138,810)	(266,331)
(Increase) decrease in marketable securities		1,771	(33,775)	(13,301)	(19,166)
(Increase) decrease in inventories		(42,126)	9,919	(78,585)	(32,113)
(Increase) decrease in other receivables		26,399	(41,707)	16,580	(72,531)
Increase (decrease) in trade payables		(15,609)	39,685	(27,738)	52,153
Increase (decrease) in actuarial liabilities		(43,057)	43,057	(43,368)	43,368
Increase (decrease) in other payables		73,707	(54,487)	60,902	9,909
Net cash provided by operating activities		270,249	82,008	265,608	192,672
Taxes paid over profit		(48,658)	(60,830)	(85,640)	(97,994)
Net cash provided by operating activities		221,591	21,178	179,968	94,678
Cash flows from investing activities					
Investments		(283,071)	(56,477)	(174,086)	(12,024)
Dividends from subsidiaries, jointly-controlled entities and associated		19,222	29,606	20,966	4,100
Purchases of property, plant and equipment		(50,432)	(48,424)	(77,925)	(85,444)
Purchase of intangible assets		(2,163)	(2,646)	(69,572)	(131,978)
Proceeds from sale of property, plant and equipment		275	1,042	598	1,044
Net cash used in investing activities		(316,169)	(76,899)	(300,019)	(224,302)
Cash flows from financing activities					
Treasury shares		(8,234)	5,266	(8,234)	5,266
Borrowings from third parties		952,157	103,960	1,411,199	443,196
Payment of borrowings – principal		(476,701)	(373,846)	(838,326)	(609,792)
Payment of borrowings – interest		(34,718)	(19,352)	(62,431)	(56,703)
Payment of interest on capital and dividends		(136,034)	(167,137)	(136,034)	(167,137)
Net cash used in financing activities		296,470	(451,109)	366,174	(385,170)
Foreign exchange gains on cash and cash equivalents		-	-	4,375	1,516
Net (decrease) increase in cash and cash equivalents		201,892	(506,830)	250,498	(513,278)
Cash and cash equivalents at the beginning of the year		233,119	739,949	374,219	887,497
Cash and cash equivalents at the end of the year		435,011	233,119	624,717	374,219

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

Marcopolo S.A.

Statement of value added
Years ended December 31, 2013 and 2012
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent		Consolidated (*)	
	2013	**2012**	**2013**	**2012**
				Restated
Statement of value added				
Revenue	**3,029,301**	**2,773,180**	**4,203,794**	**3,826,135**
Sales of goods and services	3,020,229	2,764,332	4,180,102	3,820,490
Other revenue	3,541	6,991	16,872	17,823
Provision for impairment of trade receivables	5,531	1,857	6,820	(12,178)
Inputs acquired from third parties (including ICMS and IPI)	**(2,281,543)**	**(2,076,862)**	**(2,992,365)**	**(2,727,127)**
Cost of sales and services	(1,874,502)	(1,802,541)	(2,463,207)	(2,373,882)
Materials, electricity, outsourced services and others	(389,343)	(254,896)	(505,373)	(335,877)
Impairment/recovery of assets	(17,698)	(19,425)	(23,785)	(17,368)
Gross value added	**747,758**	**696,318**	**1,211,429**	**1,099,008**
Depreciation and amortization	(21,171)	(22,034)	(40,221)	(37,354)
Net value added generated by the entity	**726,587**	**674,284**	**1,171,208**	**1,061,654**
Value added received through transfer	**285,563**	**273,779**	**221,125**	**229,210**
Equity in the results of investees	117,109	94,656	24,984	28,257
Finance income	168,454	179,123	196,141	200,953
Total value added to distribute	**1,012,150**	**948,063**	**1,392,333**	**1,290,864**
Distribution of value added	**1,012,150**	**948,063**	**1,392,333**	**1,290,864**
Personnel	550,043	472,310	781,368	681,751
Direct remuneration	400,161	343,140	585,530	506,360
Benefits	121,486	99,212	159,856	143,126
Government Severance Indemnity Fund for Employees (FGTS)	28,396	29,958	35,982	32,265
Taxes and contributions	(15,266)	21,711	89,453	107,902
Federal	34,414	67,655	116,136	137,382
State	(50,963)	(47,183)	(28,058)	(30,788)
Municipal	1,283	1,239	1,375	1,308
Remuneration of third-party capital	188,664	158,057	229,395	198,854
Finance costs	178,271	150,808	200,785	175,342
Rentals	10,393	7,249	28,610	23,512
Profit for the year, interest on capital and dividends	288,709	295,985	292,117	302,357
Interest on capital	62,612	63,046	62,612	63,046
Dividends	5,956	80,040	5,956	80,040
Profits reinvested	220,141	152,899	223,549	159,271

(*) According to IFRS, the consolidated statement of value added is not part of the consolidated financial statements

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

1 Operations

Marcopolo S.A. ("Marcopolo") is a publicly held company, having its registered office in Caxias do Sul, Rio Grande do Sul state. The Company's individual and consolidated financial statements for the financial year ended December 31, 2013 embrace Marcopolo and its subsidiaries, joint ventures and investments in associated companies (referred to as "Company").

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 under the symbols “POMO3” and “POMO4” on the São Paulo Stock Exchange – BM&FBOVESPA.

2 Description of significant accounting policies

The main accounting policies used to prepare these financial statements are as follows. These accounting policies were applied consistently to all the years presented in these individual and consolidated financial statements,.

2.1 Basis of preparation

a. Statement of compliance with IFRS and CPC standards

These financial statements include:

- Consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices generally accepted in Brazil (BR GAAP); and
- The individual financial statements of the parent company have been prepared in accordance with accounting practices generally accepted in Brazil (BR GAAP).

The parent company's individual financial statements were prepared in accordance with BR GAAP, For the Company these practices differ from the IFRS applicable to the separate financial statements in respect of the valuation of investments in subsidiaries, associated companies and joint ventures, which are valued by the equity method in BR GAAP but at cost or fair value under IFRS.

There is, however, no difference between the consolidated shareholders' equity and net income presented by the Company and the shareholders' equity and net income of the Parent Company in its individual financial statements. The Company's consolidated financial statements and parent company's individual financial statements are therefore being presented side-by-side in a single set of financial statements.

From January 1, 2013, the Company adopted the IFRS 10/CPC 36 (R3) - "Consolidated Financial Statements", IFRS 11/CPC 19 (R2) - "Joint Arrangements" (Note 2.2.1) and IFRS 12/CPC 45 - "Disclosure of interests in Other Entities", As determined by the respective IFRS, its effects should be reflected at the beginning of the earliest period presented.

The Board of Directors approved the issuance of the individual and consolidated financial statements on February 21, 2014.

b. Reporting basis

The individual and consolidated financial statements have been prepared on the historical cost basis, except for the following material items recognized in the balance sheets:

- derivative financial instruments are measured at fair value;
- the non-derivative financial instruments stated at fair value through profit and loss are measured at fair value; and
- available-for-sale financial assets are measured at their fair value.

c. Use of judgment and estimates

Preparing the individual and consolidated financial statements in accordance with IFRS and CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenue and expenses, The actual results may differ from these estimates.

Estimates and assumptions are continually reviewed, Reviews of accounting estimates are recognized in the period in which the estimates are reviewed and any future periods affected.

Information about uncertainties in the assumptions and estimates that pose a significant risk of an adjustment in the next financial year has been included in the following notes:

- Note 16 – contingencies
- Note 17 – measuring employees benefits
- Note 18 – deferred taxes
-

d. 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.

2.2 Basis of consolidation

a. Consolidated financial statements

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

i. Subsidiary

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 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 (Note 2.11).

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 venture - joint operation

Business combination can be classified as a joint operation or the joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement and consequently accounts for the investment by the equity income method (note 2.2.1).

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and accounts for the investment by the equity income method (note 2.2.1).

iii. Loss of control

When control is lost, the Company derecognizes the subsidiary's assets and liabilities, any non-controlling interest and other components recorded under shareholders' equity related to this subsidiary. Any gain or loss generated by the loss of control is recognized in net income. If the Company retained any interest in the former subsidiary, this interest is measured at fair value on the date the control was lost. This interest is subsequently recorded by the equity method in associated companies or at cost or fair value in an available-for-sale asset, depending on the level of influence retained.

iv. Associated companies

Associated companies are all the entities over which the Company exercises significant influence but does not control, in which it generally holds 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 includes the goodwill identified in the acquisition, net of any accumulated impairment loss. See Note 2.11 about impairment of nonfinancial assets, including goodwill.

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 does not recognize additional losses, unless it has 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.

2.2.1 Changes regarding first adoption of IFRS 10 and 11 (CPC 36 – R3 and CPC 19 – R2)

a) IFRS 10/CPC 36 R3 – Consolidated Financial Statements

Effective since January 1, 2013, IFRS 10/CPC 36 R3 - "Consolidated Financial Statements", have extended the concept of control, taking into account the power and the returns an investor has about an investment, In this context, a scenario of shareholding with voting rights is analyzed together with the substantive rights that give power over the relevant activities of the investee, If a control is recognized, the subsidiary is totally consolidated from the date on which control is transferred to the Company and transactions with non-controlling subsidiaries, such as transactions with owners of the Group assets, are presented within equity as "participation of non-controlling shareholders" The Company did not change its statements after adoption of IFRS 10.

b) IFRS 11/CPC 19 R2 – Joint Arrangements

Effective since January 1, 2013, IFRS 11/CPC 19 R2 - " Joint Arrangements " has evidenced more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, instead of its legal form providing two types of joint arrangements: (i) joint operations - usually occurring when investors have rights to the assets and contractual obligations and they consequently accounts for their parts in the assets, liabilities, revenues and expenses (proportional consolidation) and (ii) joint venture - occurring when investors have rights to the net assets of the arrangement and accounts for the investment by the equity income method, In this case the proportional consolidation is no longer permitted.

Based on the new standard aforesaid, the Company conducted an evaluation of their joint operations, reclassifying them to jointly controlled arrangement. So, these joint arrangements are evaluated by the equity income method and no longer evaluated based on the proportional consolidation.

Thus, the comparative amounts disclosed for the periods ended December 31, 2012 no longer reflect the proportional consolidation of its joint arrangements composed by companies: San Marino Ônibus e Implementos Ltda., San Marino Bus de México S.A. de C.V., Rotas do Sul Logística Ltda., FCO Participações Indústria e Comércio de Componentes Ltda., GB Polo Bus Manufacturing S.A.E., Loma Hermosa S.A., Metalpar S.A., Metalsur Carrocerias S.R.L., Marcopolo Argentina S.A., Superpolo S.A., Hanegas S.A.S., Tata Marcopolo Motors Limited.

We reflect below effects on the financial statements originally issued by the Company and the financial statements adjusted regarding application of IFRS 11 for comparative purposes:

Reconciliation of balance statement as for December 31 and January 1, 2012.

	Consolidated			Consolidated		
			12/31/12			01/01/12
	Published Balance	**Adjustment IFRS 11/ CPC 19/R2**	**Adjusted Balance**	**Published Balance**	**Adjustment IFRS 11/ CPC 19/R2**	**Adjusted Balance**
Assets						
Current						
Cash and cash equivalent	393,945	(19,726)	374,219	904,318	(16,821)	887,497
Financial assets stated at fair value	132,167	(327)	131,840	1,803	-	1,803
Derivative financial instruments	3,523	(77)	3,446	591	-	591
Credits	1,127,115	(57,791)	1,069,324	920,217	(74,378)	845,839
Inventory	409,502	(44,973)	364,529	368,330	(44,148)	324,182
Other accounts receivable	170,598	(26,628)	143,970	99,584	(26,686)	72,898
	2,236,850	(149,522)	2,087,328	2,294,843	(162,033)	2,132,810
Noncurrent						
Long Term						
Credit	471,964	(729)	471,235	433,825	-	433,825
Other accounts receivable	88,308	14,131	102,439	199,799	14,129	213,928
Investments	39,198	116,756	155,954	21,802	103,605	125,407
Property, plant and equipment	454,915	(156,107)	298,808	353,567	(115,764)	237,803
Goodwill and intangible	220,840	(7,181)	213,659	77,295	(1,791)	75,504
	1,275,225	(33,130)	1,242,095	1,086,288	179	1,086,467
Total assets	3,512,075	(182,652)	3,329,423	3,381,131	(161,854)	3,219,277
Liabilities						
Current						
Trade payables	382,264	(48,833)	333,431	324,261	(48,709)	275,552
Loans and financing	757,412	(34,944)	722,468	612,529	(42,839)	569,690
Derivative financial instruments	247	-	247	4,690	-	4,690
Other accounts payable	356,856	(39,117)	317,739	379,785	(44,106)	335,679
	1,496,779	(122,894)	1,373,885	1,321,265	(135,654)	1,185,611
Noncurrent						
Financial institutions	583,316	(55,319)	527,997	869,809	(22,596)	847,213
Other accounts payable	119,536	(4,439)	115,097	18,565	(3,604)	14,961
	702,852	(59,758)	643,094	888,374	(26,200)	862,174
Minority Interest	12,519	-	12,519	9,348	-	9,348
Shareholders' equity	1,299,925	-	1,299,925	1,162,144	-	1,162,144
Total liabilities	3,512,075	(182,652)	3,329,423	3,381,131	(161,854)	3,219,277

Reconciliation of income statement as for December 31 and January 1, 2012.

	Consolidated 12/31/12			Consolidated 01/01/12		
	Published Statement	**Adjustment IFRS 11/ CPC 19/R2**	**Adjusted Statement**	**Published Statement**	**Adjustment IFRS 11/ CPC 19/R2**	**Adjusted Statement**
Statement of Income						
Net revenue from Sales and services	3,817,134	(447,195)	3,369,939	3,368,876	(468,617)	2,900,259
Cost of goods sold and services provided	(3,041,141)	364,188	(2,676,953)	(2,627,180)	365,153	(2,262,027)
Gross profit	775,993	(83,007)	692,986	741,696	(103,464)	638,232
Operational expenses(income)						
Sales	(220,223)	24,661	(195,562)	(173,520)	29,849	(143,671)
Administrative expenses	(173,221)	22,398	(150,823)	(144,799)	17,675	(127,124)
Other net operating income (expenses)	(683)	1,138	455	(3,299)	(273)	(3,572)
Equity in net income of subsidiaries	9,390	18,867	28,257	8,404	33,655	42,059
Operating profit before financial income and equity interest	391,256	(15,943)	375,313	428,482	(22,558)	405,924
Financial income						
Financial revenue	209,667	(8,714)	200,953	249,835	(18,719)	231,116
Financial expenses	(191,750)	16,408	(175,342)	(182,357)	26,183	(156,174)
Profit before income and social contribution taxes	409,173	(8,249)	400,924	495,960	(15,094)	480,866
Income and social contribution taxes	(106,816)	8,249	(98,567)	(151,937)	15,094	(136,843)
Net income for the period from continuing operations	302,357	-	302,357	344,023	-	344,023

Reconciliation of statement of cash flow as for December 31 and January 1, 2012.

	Consolidated 12/31/12			Consolidated 01/01/12		
	Published Cash flow	**Adjustment IFRS 11/ CPC 19/R2**	**Adjusted Cash flow**	**Published Cash flow**	**Adjustment IFRS 11/ CPC 19/R2**	**Adjusted Cash flow**
Cash flow from operating activities						
Net income in the period	302,357	-	302,357	344,023	-	344,023
Reconciliation of income (loss) to cash provided by operating activities:						
Depreciation and amortization	48,567	(11,213)	37,354	35,584	(8,708)	26,876
Cost on the Sales of permanent assets	1,625	(1,186)	439	9,742	(1,518)	8,224
Equity in net income of subsidiaries	(9,390)	(18,867)	(28,257)	(8,404)	(33,655)	(42,059)
Allowance for doubtful accounts	12,155	23	12,178	(5,780)	-	(5,780)
Deferred income and social contribution taxes	106,816	(8,249)	98,567	151,937	(15,094)	136,843
Interest and variance appropriated	47,537	4,880	52,417	53,603	(3,603)	50,000
Non-controlling interests	2,328	-	2,328	879	-	879
Changes in assets and liabilities						
(Increase) decrease in accounts receivable	(246,010)	(20,321)	(266,331)	(106,816)	(12,999)	(119,815)
(Increase) decrease in securities	(16,925)	(2,241)	(19,166)	63,424	102	63,526
(Increase) decrease in inventories	(29,628)	(2,485)	(32,113)	(54,468)	8,811	(45,657)
(Increase) decrease in other accounts receivable	(73,197)	666	(72,531)	56,970	7,536	64,506
Increase (decrease) in suppliers	49,585	2,568	52,153	16,391	24,839	41,230
Increase (decrease) in trade payables	43,179	10,098	53,277	1,916	(29,683)	(27,767)
Cash provided in operating activities	**238,999**	**(46,327)**	**192,672**	**559,001**	**(63,972)**	**495,029**
Taxes paid over income	(106,107)	8,113	(97,994)	(177,215)	14,126	(163,089)
Net cash provided by operating activities	**132,892**	**(38,214)**	**94,678**	**381,786**	**(49,846)**	**331,940**
Cash flow from investment activities						
Investments	(12,024)	-	(12,024)	(86)	86	-
Subsidiary dividends	4,100	-	4,100	6,383	4,491	10,874

Purchases of property, plant and equipment	(131,134)	45,690	(85,444)	(67,473)	19,199	(48,274)
Purchase of intangible assets	(139,218)	7,240	(131,978)	(12,651)	323	(12,328)
Proceeds from sale of property, plant and equipment	1,044	-	1,044	(835)	-	(835)
Net cash provided by investment activities	**(277,232)**	**52,930**	**(224,302)**	**(74,662)**	**24,099**	**(50,563)**
Cash flows from financing activities						
Treasury shares	5,266	-	5,266	781	-	781
Borrowings from third parties	538,478	(95,282)	443,196	479,205	(88,619)	390,586
Payment of borrowings – principal	(683,600)	73,808	(609,792)	(342,481)	102,205	(240,276)
Payment of borrowings – interest	(61,284)	4,581	(56,703)	(66,160)	9,860	(56,300)
Payment of interest on capital and dividends	(167,137)	-	(167,137)	(149,376)	-	(149,376)
Net cash used in financing activities	**(368,277)**	**(16,893)**	**(385,170)**	**(78,031)**	**23,446**	**(54,585)**
Exchange variance on cash and cash equivalents	2,244	(728)	1,516	3,102	(1,865)	1,237
Net increase (decrease) in cash and cash equivalent	**(510,373)**	**(2,905)**	**(513,278)**	**232,195**	**(4,166)**	**228,029**
Cash and cash equivalent at beginning of the period	904,318	(16,821)	887,497	672,123	(12,655)	659,468
Cash and cash equivalent at the end of the period	393,945	(19,726)	374,219	904,318	(16,821)	887,497

Reconciliation of statement of value added as for December 31 and January 1, 2012.

			Consolidated			**Consolidated**
			12/31/12			**01/01/12**
	Published Value added	**Adjustment IFRS 11/ CPC 19/R2**	**Adjusted Value added**	**Published Value added**	**Adjustment IFRS 11/ CPC 19/R2**	**Adjusted Value added**
Revenue	**4,335,747**	**(509,612)**	**3,826,135**	**3,915,494**	**(518,211)**	**3,397,283**
Inputs acquired from third parties (including ICMS and IPI)	(3,071,340)	344,213	(2,727,127)	(2,642,878)	335,826	(2,307,052)
Gross value added	**1,264,407**	**(165,399)**	**1,099,008**	**1,272,616**	**(182,385)**	**1,090,231**
Depreciation and amortization	(48,567)	11,213	(37,354)	(35,584)	8,708	(26,876)
Net value added generated by the entity	**1,215,840**	**(154,186)**	**1,061,654**	**1,237,032**	**(173,677)**	**1,063,355**
Equity in the results of investees	9,390	18,867	28,257	8,404	33,655	42,059
Finance income	209,667	(8,714)	200,953	249,835	(18,719)	231,116
Total value added to distribute	**1,434,897**	**(144,033)**	**1,290,864**	**1,495,271**	**(158,741)**	**1,336,530**
Distribution of value added	**1,434,897**	**(144,033)**	**1,290,864**	**1,495,271**	**(158,741)**	**1,336,530**
Personnel	757,989	(76,238)	681,751	681,442	(79,245)	602,197
Taxes and contributions	150,719	(42,817)	107,902	273,786	(51,790)	221,996
Remuneration of third-party capital	223,832	(24,978)	198,854	196,020	(27,706)	168,314
Profit for the year	302,357	-	302,357	344,023	-	344,023

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 statements are presented in Reais (R$), which is Marcopolo's functional currency and the Company's reporting currency.

Each entity's functional currency can be seen below:

Subsidiary	Denomination	Functional currency	Country
Apolo Soluções em Plásticos Ltda.	Apolo	Reais	Brazil
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	Renminbi	China
Marcopolo Austrália Holdings PTY LTD.	MP Austrália	Australian Dollar	Australia
Pologren Austrália PTY LTD.	Pologren	Australian Dollar	Australia
Volgren Austrália PTY LTD.	Volgren	Australian Dollar	Australia
Marcopolo Canada Holdings Corp.	MP Canadá	Canadian Dollar	Canada
Marcopolo International Corp.	MIC	US dollar	Virgin Islands
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	Rouble	Russia
Polomex S.A. de C.V.	Polomex	US dollar	Mexico
Volare Veículos Ltda	Volare Veículos	Reais	Brazil
Volare Comércio e Distribuição de Veículos e Peças Ltda	Volare Comércio	Reais	Brazil

Joint subsidiaries	Denomination	Functional currency	Country
FCO Participações Indústria e Comércio de Componentes Ltda	FCO	Reais	Brazil
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
Metalsur Carrocerias S.R.L.	Metalsur	Argentine Peso	Argentina
Marcopolo Argentina S.A.	Marsa	Argentine Peso	Argentina
New flyer Industries Inc.	New Flyer	Canadian Dollar	Canada
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
Tata Marcopolo Motors Limited.	TMML	Rupee	India

Associated companies	Denomination	Functional currency	Country
Mercobus S.A.C.	Mercobus	Soles	Peru
MVC Componentes Plásticos Ltda.	MVC	Reais	Brazil
Setbus Soluções Automotivas Ltda.	Setbus	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

Subsidiary	Denomination	Functional currency	Country
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,

c. Company 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 statements;

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

(iii) all differences resulting from exchange rate translation are recognized in other comprehensive income and stated in shareholders' equity.

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 Financial instruments

2.5.1 Non-derivative financial assets

The Company initially recognizes loans and receivables on the date they were made. All other financial assets (including assets designated at fair value through profit and loss) are initially recognized on the transaction date on which the Company became party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the asset's cash flows expire or when the Company transfers the rights to receive the contractual cash flows of a financial asset in a transaction where essentially all the risks and rewards of ownership of financial assets are transferred to the buyer, Any interest that is created or retained by the Company in transferred financial assets is recognized as a separate asset or liability,.

Financial assets or liabilities are offset and their net value recorded in the balance sheet only when the Company is legally entitled to offset the amounts and intends to settle on a net basis or realize the asset and settle the liabilities simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets measured at fair value through profit and loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

a. *Financial assets measured at fair value through profit or loss*

A financial asset is classified as measured at fair value through profit or loss if it is held for trading or designated as such upon initial recognition. Financial assets are designated as fair value through profit or loss if the Company manages these investments and makes purchase and sales decisions based on their fair value in accordance with the investment strategy and risk management documented by the Company. Transaction costs are recognized in income/expenses when incurred. Financial assets measured at fair value through profit or losses are measured at fair value, and changes in fair value of the assets are recognized in income/expenses for the year, including any dividend gains.

Financial assets designated at fair value through profit and loss consist of equity instruments which would otherwise be classified as available for sale.

b. *Held-to-maturity financial assets*

These financial assets are classified as held to maturity in the event the Company has the intention and the ability to hold them until maturity. Investments held to maturity are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, financial assets held to maturity are measured at their amortized cost by using the effective interest rate method, less any impairment losses.

Financial assets held to maturity consist of debt securities.

c. *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on the market. These assets are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, loans and receivables are measured at their amortized cost by using the effective interest rate method, less any impairment losses.

Loans and receivables consist of cash and cash equivalents, trade accounts receivable and other receivables.

d. *Cash and cash equivalents*

Cash and cash equivalents consist of cash, bank deposits, other short-term investments of high liquidity, originally maturing within three months or less as from the date they are procured. These are subject to an insignificant risk of impairment in fair value and are used by the Company to manage short-term obligations.

e. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative instruments designated as available for sale or which are not classified in any of the previous categories of financial assets. Financial assets available-for-sale are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, they are measured at fair value and changes, other than impairment losses and foreign exchange differences on available-for-sale debt instruments, are recognized in other comprehensive income and stated in shareholders' equity. When an investment is derecognized, the accumulated gains and losses maintained in other comprehensive income are reclassified to net income.

Financial assets available-for-sale consists of equity instruments and debt securities.

2.5.2 Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date they arise. All other financial liabilities are initially recognized on the transaction date on which the Company and its subsidiaries became party to the contractual provisions of the instrument. The Company ceases recognizing financial liabilities when the contractual obligation is withdrawn, cancelled or expires.

The Company classifies its non-derivative financial liabilities under other financial liabilities. These financial liabilities are initially recognized at their fair value minus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at their amortized cost by using the effective interest rate method.

Other non-derivative financial liabilities consist of loans and financing, debt securities issued, including certain preferred shares, overdrafts, trade payables and other accounts payable.

Bank overdrafts that have to be paid at sight and which are an integral part of the Company's cash management are recorded as a component of cash and cash equivalents in the cash flow statement.

2.5.3 Impairment

a. Non-derivative financial assets (including receivables)

A financial asset not measured at fair value through profit and loss, including the interest in an investee recognized by the equity method, is valued at each reporting date to test for impairment. An asset has incurred impairment if objective evidence indicates impairment has occurred as a result of one or more events after the initial recognition of the asset and this impairment has had a negative effect on the future projected cash flows of that asset that can be estimated reliably.

Objective evidence that the financial assets have incurred impairment can include nonpayment or late payment by the debtor, renegotiation of the amount owed to the Company on terms that it would not normally accept in other transactions, signs that the debtor or issuer is going to enter bankruptcy proceedings or the disappearance of an active market for a security. Furthermore, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment.

b. Financial assets carried at amortized cost

At the end of each year the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. An asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine whether there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or obligor

(ii) a breach of contract, such as a default or delinquency in interest or principal payments

(iii) the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

adverse changes in the payment status of borrowers in the portfolio; and
national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of income.

c. Assets classified as "available-for-sale"

At the end of each year the Company assesses whether there is objective evidence that a financial asset available-for-sale is impaired. The Company uses the criteria mentioned in (a) above for debt securities. For capital investments classified as available-for-sale, a material or prolonged drop in the fair value of a security below cost is also evidence the assets are impaired. If evidence of this type exists for financial assets available-for-sale, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, minus any impairment losses of this financial asset previously recorded in income, is deducted from equity and recognized in the consolidated income statement. Impairment losses recognized in the income statement for equity instruments are not reversed through the consolidated income statement. If the fair value of a debt security available for sale rises in any subsequent period and the increase can be objectively attributed to an event occurring after the impairment had been recognized in the income statement, the impairment is then reversed through the income statement.

d. *Non-financial assets*

The book values of the Company's non-financial assets, inventory and deferred income and social contribution tax assets, are reviewed at each reporting date for signs of impairment. If signs of impairment are detected, the recoverable value of the assets is then estimated, In the case of goodwill and intangible assets with an indefinite useful life, the recoverable value is tested every year.

Impairment losses are recognized in the income statement. Recognized losses on Cash Generating Units (UGC) are initially allocated to reduce any goodwill allocated to this unit (or group of units), and then to the reduction of the book value of other assets of this unit (or group of UGCs), on a *pro rata* basis.

Impairment losses related to goodwill are not reversed. Impairment losses for other assets are only reversed if the book value of the asset does not exceed the book value that would have been determined, net of depreciation or amortization, had the impairment not been recognized.

2.6 Derivatives measured at fair value through profit or loss

Derivative instruments procured do not qualify for hedge accounting. The changes in the fair value of any of the derivative instruments are immediately recognized in the income statement under "financial revenue (expenses)".

2.7 Trade accounts receivable

Trade receivables are amounts due from customers for property sold or services performed in the ordinary course of the Company's business. If collection is expected in one year or less (or other term compatible with the normal cycle of the Company's operations), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less a provision for impairment.

2.8 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.

2.9 Noncurrent assets available-for-sale

Noncurrent assets are classified as "available-for-sale" if their book value can be recovered, primarily through sale, and when this sale is a virtual certainty. They are measured at the lower of the book value and fair value, less sales costs, if the book value will be recovered through a sale and not ongoing use.

2.10 Property, plant and equipment

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 qualifying assets.

The cost of property, plant and equipment can include reclassifications from other comprehensive income of qualifying 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.

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.

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.

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	5-12

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

2.11 Intangible assets and goodwill

a. Goodwill

The goodwill consists of the positive difference between the amount paid or payable and the net amount of the acquired entity's assets and liabilities at fair value. Goodwill resulting from the acquisition of subsidiaries is recorded as intangible assets. If the acquirer determines goodwill, the amount should be recorded as a gain in the net income for the period, on the acquisition date. Goodwill is tested annually to check for probable impairment and recorded at cost value less accumulated impairment losses, which are not reversed. The gains and losses from selling an entity include the book value of the goodwill related to the sold entity.

The goodwill is allocated to the UGCs for impairment testing. This allocation is made to the UGCs or groups of UGCs that should benefit from the business combination generating the goodwill, duly segregated by operational segment.

b. Registered trademarks and licenses

Registered trademarks and licenses acquired separately are stated at historic cost. Registered trademarks and licenses acquired in a business combination are recognized at fair value on the acquisition date, as they have a defined useful live and are recorded at cost value minus accumulated amortization. Amortization is calculated by the straight-line method to allocate the cost of registered trademarks and licenses over their estimated useful life of 10 to 20 years.

c. Software

Software licenses acquired are capitalized based on costs incurred to acquire the software and render it ready for use. These costs are amortized during their estimated useful life of 3 to 5 years.

The costs associated with software maintenance are expensed when incurred, Development costs directly related to the design and tests of identifiable and exclusive software products, controlled by the Company are recognized as intangible assets in the following situations:

it is technically feasible to complete the software so it is available for use;
management intends to conclude the software and use it or sell it;
the software can be sold or used;
the software will generate probable future economic rewards, which can be demonstrated;

technical and financial resources and other suitable resources are available to conclude the development and use or sell the software; and
the expense attributable to the software during development can be measured reliably.

Costs directly attributable, which are capitalized as part of the software product, include costs incurred on employees allocated to software development and a suitable portion of the direct relevant expenses. The costs also include financing costs related to the acquisition of the software.

Other development expenses that do not meet these criteria are expensed, as and when incurred, Development costs previously recognized as expenses are not recognized as an asset in a subsequent period.

Software development costs recognized as assets are amortized during the estimated useful life, not exceeding 5 years.

d. 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.

e. 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.

f. 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.

g. Amortization

Except for goodwill, amortization is recognized in 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.

2.12 Trade accounts payable

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less, (or the normal business cycle, even if it is longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the amount of the related invoice.

2.13 Loans and financing

Borrowings are recognized initially at fair value, net of transaction costs incurred, Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income during the period the loans and financing are in progress, using the effective interest rate method.

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

2.14 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 CDI 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; and

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

2.15 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.

2.16 Warranties

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.

2.17 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$ 240 thousand for income tax and 9% on taxable income for social contribution on net income in the half, and consider the offsetting of tax loss carry forwards 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.

Measuring the deferred tax reflects the tax consequences that arise in the manner expected by the Company at the end of the year it prepares its financial statements and recovers or settles the book value of its assets and liabilities. For investment properties measured at fair value, the assumption that the book value of the investment property will be recovered was not refuted.

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 or substantively decreed at the date of preparation of the financial statements.

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.

2.18 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; and

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.

2.19 Capital

Common shares
Common shares are classified as shareholders' equity, Additional costs directly attributable to the issuance of shares and options are recognized as a deduction from the shareholders' equity, net of tax.

Preferred shares
Preferred shares are classified as shareholders' equity if they are not redeemable or can only be redeemed with the company's consent and any dividends are discretionary. Discretionary dividends are recognized as profit distributions in shareholders' equity when they have been approved by the Company's shareholders.

The minimum mandatory dividends established in the bylaws are recognized as liabilities.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and goods in the ordinary course of the Company's activities. Revenue is stated net of tax, returns, rebates and discounts and after eliminating intercompany sales.

The Company recognizes revenue when its amount can be reliably estimated, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the sale specifics.

a. Sale of bus

Revenue is not recognized until: (i) the vehicles have been delivered to the client; (ii) the risks of obsolescence and loss have been transferred to the client; (iii) the client has accepted the vehicles pursuant to the sale contract; and (iv) the acceptance terms have been agreed, or the Company has objective evidence that all acceptance criteria have been met.

Sales are recorded based on the price specified in the sale contract, and are discounted to present value.

b. Financial revenue

Interest income is recognized on the accrual basis, using the effective interest rate method. When accounts receivable is impaired, the Company reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time goes by, interest is incorporated into receivables against interest income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, i.e., the original rate of the receivables.

2.21 Distribution of minimum dividends and interest on shareholders' equity

Minimum dividends and interest on shareholders' equity paid to Marcopolo's stockholders are recognized as a liability in the Company's financial statements at the end of the year, pursuant to Marcopolo's bylaws. Any amount in excess of the mandatory minimum is only provisioned for on the date they are approved by the shareholders at the annual general meeting.

2.22 New standards, amendments and interpretations of standards that are not yet effective

New standards, amendments to standards and interpretations it will be effective for the annual periods commencing January 01, 2014, and were not used in the preparation of these consolidated financial statements. Those that could be relevant to the Company are mentioned below. The Company is not planning to implement these standards in advance.

IFRS 9 *Financial Instruments* (2010), IFRS 9 *Financial Instruments* (2009)

IFRS 9 (2009) introduces a new requirement for classifying and measuring financial assets. Under IFRS 9 (2009) financial assets are classified and measured based on the business model within which they are held and the contractual cash flow characteristics, IFRS 09 (2010) introduces additions for financial liabilities. The IASB currently has an active project to make limited alterations to the classification and measurement requirements of IFRS 09 and to add new requirements to address the impairment loss of financial assets and hedge accounting.

IFRS 9 (2009 and 2010) is effective for financial years commencing on or after January 01, 2015. The adoption of IFRS 9 (2010) should impact the Company's financial assets but not its financial liabilities.

The Accounting Pronouncements Committee has not yet issued an accounting pronouncement or amended existing pronouncements related to this standard.

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 is testing goodwill for impairment annually, in accordance with the accounting policy presented in Note 2.11. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 13).

b. Income and social contribution taxes and other taxes

The Company is subject to income tax in all the countries it operates in. Significant judgment is required to determine the provision for income tax in these various countries.

c. Pension and post-employment benefits

The Company recognizes its obligations related to employee defined-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; and

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 December 31, 2013 and 2012 the Company had assets, liabilities and forwards denominated in foreign currency in the following amounts (thousands of reais):

				Consolidated 2013
	Accounts Receivable	**Trade payables**	**Loans**	***Forwards***
Currency				
US Dollars	270,694	6,451	272,975	75,712
Australian dollar	45,810	30,617	68,160	13,575
Argentine peso	-	21	-	-
South African rand	23,585	4,208	23	11,783
Chinese renminbi	9,264	3,892	21,360	-
Rouble	94	-	-	-
	349,447	45,189	362,518	101,070

				Consolidated 2012
	Accounts Receivable	**Trade payables**	**Loans**	***Forwards***
Currency				
US dollars	237,312	20,001	85,043	233,238
Australian dollar	10,788	25,708	63,687	3,148
Euro	1	297	-	-
South African rand	12,677	15,802	30	4,858
Chinese renminbi	7,973	3,536	10,846	-
	268,751	65,344	159,606	241,244

(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 29.0% of the projected revenues for 2014, 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% 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$ 20,262 (parent company) and R$ 62,117 (consolidated) as of December 31, 2013 (December 31, 2012 - R$ 25,793 e R$ 68,937) representing 2.9% and 3.6%, respectively, of the outstanding accounts receivable balance of the parent company and consolidated (December 31, 2012 – 3.7% and 4.3%) 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 daily monitored by the Treasury Department.

					Consolidated
					2013
					Contractual cash flow
	Book value	Total	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities					
Loans	1,835,759	2,010,608	376,749	1,573,586	60,273
Trade payables	308,165	308,165	308,165	-	-
Derivative financial liabilities					
Derivative financial instruments	467	467	467	-	-

		Consolidated			
		2012			
		Contractual cash flow			
	Book value	**Total**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**
Non-derivative financial liabilities					
Loans	1,250,465	1,309,460	946,776	336,767	25,917
Trade payables	333,431	333,431	333,431	-	-
Derivative financial liabilities					
Derivative financial instruments	247	247	247	-	-

(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 (scenario I) 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 - %		10.50	13.13	15.75
TJLP - %		6.00	7.50	9.00
Exchange rate - US$		2.40	3.00	3.60
Exchange rate - Euro		3.25	4.06	4.88
LIBOR - %		1.00	1.25	1.50
Cost of advances on foreign exchange contracts (ACC) discount - %		2.25	2.81	3.37
	Short-term investments	66,833	83,535	100,235
	Interbank transactions	62,962	70,461	77,962
	Loans and financing	(81,795)	(150,250)	(219,002)
	Forwards	(3,630)	(15,690)	(23,291)
	Receivables less payables	7,535	85,483	163,431
		51,905	73,539	99,335

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 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% and 12% p.a.
- Net Debt/EBITDA – between 1.50x and 2.50x.
- Debt/Equity ratio – between 25% and 80%.

The financial leverage indexes as of December 31, 2013 and 2012 have been summarized below:

	Consolidated		**Industrial Segment**		**Financial Segment**	
	2013	**2012** Restated	**2013**	**2012** Restated	**2013**	**2012**
Total loans (Note 28)	1,835,759	1,250,465	1,146,345	635,621	689,414	614,844
Less: Cash and cash equivalents (Note 28)	(624,717)	(374,219)	(590,526)	(339,838)	(34,191)	(34,381)
Net debt (A)	1,211,042	876,246	555,819	295,783	655,223	580,463
Total shareholders' equity (B)	1,515,896	1,299,925	1,319,416	1,122,242	196,480	177,683
Financial leverage index - % (A-B)	80	67	42	26	333	327

4.3 Fair value estimative

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); and
- 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 December 31, 2013 and 2012 which were fully classified in level 2:

	Consolidated	
	2013	**2012** Restated
Assets		
Financial assets at fair value through profit or loss		
- Fixed income investment fund	353	1,420
- Trading derivatives	978	3,446
Available-for-sale assets		
- Bank deposit certificates	143,349	130,420
	144,680	135,286
Liabilities		
Financial liabilities at fair value through profit or loss		
- Trading derivatives	467	247
	467	247

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; and

(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 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; and

(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

(i) 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:

	Consolidated		**Consolidated**	
	2013		**2012**	
Nature	**Book value**	**Market Value**	**Book value**	**Market value**
Loans and financing	1,835,759	1,821,142	1,250,465	1,251,780

(ii) 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 (expenses) from exchange variance".

Assets

					Notional value	Fair value		Amounts receivable/payable	
Company	**Counterpart**	**Status**	**Initial**	**Final**	**2013**	**2013**	**2012**	**2013**	**2012**
Marcopolo					USD k				
	BBA	Sale	08.23.13	02.25.14	1,973	124	-	124	-
	BRADESCO	Sale	08.07.13	01.21.14	1,735	123	275	123	275
	BRASIL	Sale	12.18.13	01.28.14	2,500	46	27	46	27
	CITIBANK	Sale			-	-	41	-	41
	JP MORGAN	Sale			-	-	698	-	698
	MERRILL LYNCH	Sale	08.22.13	01.14.14	1,000	151	1,161	151	1,161
	PACTUAL				-	-	150	-	150
	SANTANDER				-	-	486	-	486
	VOTORANTIM	Sale	08.22.13	01.16.14	1,000	133	504	133	504
	SAFRA				-	-	38	-	38
						577	**3,380**	**577**	**3,380**
Ciferal					USD k				
	BRADESCO	Sale			-	-	62	-	62
						-	**62**	**-**	**62**
Masa					USD k				
	ABSA	Purchase	09.30.13	04.15.14	1,375	120	4	120	4
	STD	Purchase	09.30.13	04.30.14	3,655	171	-	171	-
						291	**4**	**291**	**4**
MP Austrália					USD k				
	WESTERN UNION	Purchase	07.03.13	06.05.14	1,100	50	-	50	-
					CHF k				
	WESTERN UNION	Purchase	07.03.13	06.05.14	400	50	-	50	-
					SGD k				
	WESTERN UNION	Purchase	07.03.13	06.05.14	330	10	-	10	-
						110	**-**	**110**	**-**
						978	**3,446**	**978**	**3,446**

Liabilities

					Notional value	Fair value		Amounts receivable/payable	
Company	**Counterpart**	**Status**	**Initial**	**Final**	**2013**	**2013**	**2012**	**2013**	**2012**
Marcopolo					USD k				
	BBA	Sale	11.21.13	02.18.14	4,950	(42)	-	(42)	-
	BRADESCO	Sale	11.18.13	02.27.14	8,220	(175)	-	(175)	
	BRASIL	Sale	11.21.13	01.23.14	2,200	(31)	-	(31)	-
	CITIBANK	Sale	12.09.13	02.20.14	5,000	(159)	-	(159)	-
	MERRILL LYNCH	Sale	12.18.13	02.11.14	1,250	(19)	-	(19)	-
	SAFRA	Sale	12.11.13	02.11.14	2,500	(23)	-	(23)	-
						(449)	**-**	**(449)**	**-**
Masa					USD k				
	ABSA	Purchase			-	-	(27)	-	(27)
	STD	Purchase			-	-	(128)	-	(128)
						-	**(155)**	**-**	**(155)**
MP Austrália					USD k				
	WESTERN UNION	Purchase	08.06.13	02.05.14	150	(6)	(92)	(6)	(92)
					SGD k				
	WESTERN UNION	Purchase	08.06.13	05.03.14	120	(2)	-	(2)	-
					CNY k				
	WESTERN UNION	Purchase	08.20.13	07.31.14	22,645	(10)	-	(10)	-
						(18)	**(92)**	**(18)**	**(92)**
						(467)	**(247)**	**(467)**	**(247)**

The company gain and losses from derivative in the periods ended as of December 31, 2013 and 2012 are demonstrated in the chart below:

	Realized gains/losses			
	Interest over derivatives		**Exchange variance over derivatives**	
	2013	**2012**	**2013**	**2012**
Marcopolo	8,635	14,606	(12,660)	(21,107)
Ciferal	38	2,679	133	(4,260)
Masa	-	-	(1,069)	(268)
MP Austrália	-	-	(388)	-

6 Consolidated financial statement

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

(a) Subsidiaries

	Percentage interest					
			2013			**2012**
	Direct	**Indirect**	**Non-controlling interests**	**Direct**	**Indirect**	**Non-controlling interests**
Apolo	65.00	-	35.00	-	-	-
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	-
MIC	100.00	-	-	100.00	-	-
MIC UY	-	-	-	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	-	-	100.00	-	-
MP Canadá	100.00	-	-	-	-	-
Pologren (1)	-	75.00	25.00	-	75.00	25.00
Volgren (1)	-	75.00	25.00	-	75.00	25.00
PoloRus	100.00	-	-	100.00	-	-
Polomex	3.61	70.39	26.00	3.61	70.39	26.00
Syncroparts	99.99	0.01	-	99.99	0.01	-
Volare Veículos	99.90	0.10	-	99.90	0.10	-
Volare Comércio	99.90	0.10	-	99.90	0.10	-

(1) Consolidated in MP Austrália

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

i. Elimination of inter-company asset and liability account balances;

ii. Elimination of investment in the capital, reserves and retained earnings of the subsidiaries;

iii. 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;

iv. Elimination of tax charges on unearned income and presented as deferred tax in the consolidated balance sheet; and

v. Identification of minority interests in the consolidated financial information.

(b) Joint arrangement (not consolidated)

	Percentage interest			
	2013		2012	
	Direct	Indirect	Direct	Indirect
FCO	-	50.00	-	50.00
GB Polo	49.00	-	49.00	-
Loma	50.00	-	50.00	-
Metalpar (1)	-	50.00	-	50.00
Metalsur (1)	-	51.00	-	51.00
Marsa (1)	-	50.00	-	50.00
New Flyer	-	19.99	-	-
San Marino	45.00	-	45.00	-
Rotas do Sul (2)	-	45.00	-	45.00
San Marino México (2)	-	45.00	-	45.00
Superpolo	20.59	29.41	-	50.00
Hanegas	-	-	49.875	0.125
TMML	49.00	-	49.00	-

(1) Consolidated in joint arrangement (not consolidated) Loma
(2) Consolidated in joint arrangement (not consolidated) San Marino

The main balances of the financial statements of these joint arrangements can be summarized as follows:

	Assets		Liabilities		Net revenue		Profit (loss)	
	2013	2012	2013	2012	2013	2012	2013	2012
FCO	280	348	98	36	-	-	(677)	(141)
GBPolo	73,604	69,979	75,922	62,013	22,910	16,676	(10,076)	(10,419)
Loma	170,876	97,291	117,718	50,704	288,238	134,602	14,200	2,708
San Marino	335,926	280,907	258,365	197,796	376,066	409,393	4,013	27,705
Superpolo	173,884	132,132	93,298	59,765	272,742	180,356	13,976	13,431
Hanegas	-	5,817	-	6,609	-	-	852	(18)
TMML	157,747	142,829	108,422	88,315	183,784	231,079	(5,947)	7,175

(c) Associates (not consolidated)

	Percentage interest			
	2013		2012	
	Direct	Indirect	Direct	Indirect
Mercobus	40.00	-	40.00	-
MVC	26.00	-	26.00	-
Setbus	25.00	20.00	-	-
Spheros	40.00	-	40.00	-
Spheros Colômbia (1)	-	40.00	-	40.00
Spheros México (1)	-	40.00	-	40.00
Wsul	30.00	-	30.00	-

(1) Consolidated in associate (not consolidated) Spheros

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

	Assets		Liabilities		Net revenue		Profit (loss)	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Mercobus	2,132	1,274	743	401	3,406	-	(665)	-
MVC	243,702	138,676	172,735	94,372	270,642	154,085	26,143	9,999
Setbus	12,271	-	17,780	-	6,302	-	(5,258)	-
Spheros	61,539	50,840	42,782	17,875	132,733	124,137	18,187	15,963
WSul	8,955	8,929	1,498	1,465	23,729	21,320	1,293	1,351

Below we present the nature of subsidiaries:

Apolo Soluções em Plásticos Ltda. – Located in Caxias do Sul, State of Rio Grande do Sul, Brazil, with a share of 65% in the capital, The Apolo aims at the plastic injection parts, development, manufacture and sale of products and plastics.

Moneo Investimentos A,S, (Moneo) – Wholly owned subsidiary located in Caxias do Sul, State of Rio Grande do Sul, Brazil, Moneo aims at the participation in other companies exclusively those which are defined to be financial institutions or other institutions authorized to operate by the Central Bank of Brazil and it has the following subsidiary:

- Banco Moneo A,S, – located in Caxias do Sul, State of Rio Grande do Sul, Brazil, is engaged in the banking business in general, in all financial operations Central Bank of Brazil has authorized for in the market of Brazil.

Ciferal Indústria de Ônibus Ltda (Ciferal) –Wholly owned subsidiary located in Duque de Caxias, State of Rio de Janeiro, Brazil, is engaged in manufacturing car bodies for buses and minibuses, besides their parts, components and accessories.

Ilmot International Corporation (Ilmot) - Wholly owned subsidiary, located in Uruguay, Ilmot has a participation in subsidiaries / affiliates as follows:

- Polomex A,S, de C, V, (Polomex) - located in Monterrey, Nuevo León, Mexico, with a share of 70.39% in the capital, Polomex is engaged in manufacturing bus bodies.

- Superpolo S, A, (Superpolo) - located in Cundinamarca, Colombia, with a share of 50% in the capital, Superpolo is engaged in manufacturing bus bodies.

Laureano A.S. - Wholly owned subsidiary, located in Argentina, Currently this subsidiary is not operating.

Marcopolo Auto Componentes Co, (Mac) – Wholly owned subsidiary, located in Changzhou City, China, is engaged in developing and selling buses components.

Marcopolo Australia Holdings PTY LTD, (MP Australia) – Wholly owned subsidiary, located in Melbourne, Australia, MP Australia has a participation in subsidiaries / affiliates as follows:

- Pologren Australia Holdings PTY LTD, (Pologren) – Wholly owned subsidiary, located in Melbourne, Australia, Pologren has participation in subsidiaries / affiliates as follows:

- Volgren Australia PTY Limited (Volgren) – located in Melbourne, Australia, with a share of 75% of the capital, Volgren has engaged in manufacture buses bodies.

Marcopolo Canadá Holdings Corp, (MP Canada) – Wholly owned subsidiary, located in Canada, MP Canada has participation in subsidiaries / affiliates as well as a joint arrangement, as follow:

- New Flyer Industries Inc, (New Flyer) – located in Canada, with a share of 19.99% of the capital, New Flyer has engaged in manufacture buses.

Marcopolo Industria de Carroçarias A.S. (MPC) – Wholly owned subsidiary, located in Portugal, Currently this subsidiary is not operating.

Marcopolo International Corp, (MIC) – Wholly owned subsidiary, located in British Virgin Islands (BVI). Currently this subsidiary is not operating.

Marcopolo Latinoamérica S, A, (Mapla) – Wholly owned subsidiary, located in Argentina, Currently this subsidiary is not operating.

Marcopolo South Africa Pty Ltd, (Masa) – Wholly owned subsidiary, located in Johannesburg, South Africa, Masa has engaged in manufacture buses bodies.

Marcopolo Trading S, A, (Trading) – Wholly owned subsidiary, located in Caxias do Sul, State of Rio Grande do Sul, Brazil, Marcopolo trading has engaged in provide technical services regarding foreign trade.

Superpolo S.A.S, – located in Colombia, with a share of 20.59% of the capital, Superpolo has engaged in manufacture buses bodies.

Syncroparts Com e Distr. de Peças Ltda (Syncroparts) – Wholly owned subsidiary, located in Caxias do Sul, State of Rio Grande do Sul, Brazil, Syncroparts has engaged in trading and distribution of parts for vehicles and has participation in subsidiaries / affiliates as follows:

- FCO Participações Indústria e Comércio de Componentes Ltda (FCO) – Related Company with a share of 50% of capital, located in Joinvile, State of Santa Catarina, Brazil, FCO has engaged in trading and distribution of parts for vehicles.

PoloAutoRus LLC, – Wholly owned subsidiary, located in Moscow, Russia, It has engaged in manufacture bus bodies.

Volare Veículos Ltda - Wholly owned subsidiary, located in São Matheus, State of Espírito Santo, Brazil, has engaged in manufacture bus and minibus bodies, besides their parts, components and accessories.

Volare Comércio e Distribuição de Veículos e Peças Ltda - Wholly owned subsidiary, located in São Paulo, State of São Paulo, Brazil, has engaged in sell vehicle parts and accessories.

GB Polo Bus Manufacturing S, A, E (GB Polo) – Related Company with a share of 50% of capital, located in Suez, Egito, has engaged in manufacture bus bodies.

Loma Hermosa S, A, (Loma) - Related Company with a share of 50% of capital, located in Buenos Aires, Argentina, Loma has participation in subsidiaries / affiliates as follows:

- Metalpar S, A, – Subsidiary with a share of 98% of capital, located in Buenos Aires, Argentina, Metalpar has engaged in manufacture bus bodies.

- Metalsur Carrocerias S.R.L. – Subsidiary with a share of 51% of capital, located in Santa Fé, Argentina, Metalsur has engaged in manufacture bus bodies.

- Marcopolo Argentina S, A, (Marsa)– Wholly owned subsidiary, located in Buenos Aires, Argentina, Marsa has engaged in sell vehicle parts and accessories

San Marino Ônibus e Implementos Ltda (San Marino) - Related Company with a share of 45% of capital, located in Caxias do Sul, State of Rio Grande do Sul, Brazil, San Marino is engaged in manufacturing bus and minibus bodies, besides their parts, components and accessories and has participation in subsidiaries / affiliates as follows:

- San Marino Bus de México A,S, de C, V, – Subsidiary with a share of 99.99% of capital, located in Toluca, State of Mexico, Mexico, has engaged in manufacture bus bodies.

- Rotas do Sul Logística Ltda. – Subsidiary with a share of 99.99% of capital, located in Caxias do Sul, State of Rio Grande do Sul, Brazil, has engaged in provide transportation services.

Tata Marcopolo Motors Limited (TMML) – Related Company with a share of 49% of capital, located in Dharwad, India, has engaged in manufacture bus bodies.

Mercobus S, A, C, – Related Company with a share of 40% of capital, located in Peru, is engaged in commercial representation of bus bodies.

MVC Componentes Plásticos Ltda (MVC) - Related Company with a share of 26% of capital, located in São José dos Pinhais, State of Parana, Brazil, MVC is has engaged in manufacture and sell of parts, components and accessories to vehicles and participation in subsidiaries / affiliates as follows:

Setbus Soluções Automotivas Ltda. (Setbus) – Related Company with a direct and indirect share of 25% and 20%, respectively, of capital, located in Caxias do Sul, State of Rio Grande do Sul, Brazil, Setbus has engaged in automotive solutions.

Spheros Climatização do Brasil A,S, (Spheros) - Related Company with a share of 40% of capital, located in Caxias do Sul, State of Rio Grande do Sul, Brazil, Spheros has engaged in manufacture and sell of refrigeration and air conditioning equipments and has participation in subsidiaries /affiliates as follows:

- Spheros México A.S. de C.V. - Wholly owned subsidiary located in Mexico and has engaged in manufacture and sell of refrigeration and air conditioning equipments.

- Spheros Thermosystems Colombia Ltda - Wholly owned subsidiary located in Colombia and has engaged in manufacture and sell of refrigeration and air conditioning equipments as well.

Wsul Espumas Indústria e Comércio Ltda (Wsul) - Related Company with a share of 30% of capital, located in Caxias do Sul, State of Rio Grande do Sul, Brazil, Wsul has engaged in manufacture and sell molded polyurethane foam and derivatives thereof.

7 Cash and equivalents, financial assets and derivatives

7.1 Cash and cash equivalents

	Parent Company		Consolidated	
	2013	**2012**	**2013**	**2012**
				Restated
Cash and bank				
Brazil	38,186	26,615	47,008	26,992
Foreign	139	146	39,917	43,165
Highly liquid marketable securities				
Brazil (*)	396,686	206,358	537,792	304,062
Total cash and cash equivalents	435,011	233,119	624,717	374,219

(*) Substantially correspond to Bank Deposit Certificates - CDB remunerated at between 100.0% and 103.3% of the Interbank Deposit Certificate (CDI) rate, resulting in a weighted average of 100.7% of CDI as of December 31, 2013.

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

	Parent company		Consolidated	
Current	**2013**	**2012**	**2013**	**2012**
Held for trading				
Fixed-income investment funds	126	1,093	353	1,420
Derivatives – *Non Deliverable Forwards*	577	3,380	978	3,446
Available for sale				
Bank deposits certificates (*)	143,349	130,747	143,349	130,420
	144,052	135,220	144,680	135,286
Non-current				
Available for sale				
Related parties	26,339	36,942	26,037	22,130
	26,339	36,942	26,037	22,130

(*) Substantially correspond to Bank Deposit Certificates - CDB remunerated at between 100.0% and 100.7% of the Interbank Deposit Certificate (CDI) rate, resulting in a weighted average of 100.4% of CDI as of December 31, 2013.

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 Accounts receivable

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012** Restated
Current				
Domestic customers	431,818	463,603	563,522	601,680
Foreign customers	217,420	184,192	356,336	265,924
Related parties	62,449	48,320	-	-
Interbank transactions	-	-	303,604	271,239
Present value adjustment	(2,722)	(2,278)	(3,321)	(2,836)
Allowance for doubtful accounts	(20,262)	(25,793)	(53,645)	(66,683)
	688,703	668,044	1,166,496	1,069,324
Non-current				
Interbank transactions	-	-	529,872	473,489
Allowance for doubtful accounts	-	-	(8,472)	(2,254)
	-	-	521,400	471,235
	688,703	668,044	1,687,896	1,540,559

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	
	2013	**2012**	**2013**	**2012** Restated
Amounts outstanding	505,077	442,930	1,461,531	1,294,553
Overdue:				
- up to 30 days	77,630	109,758	106,848	135,142
- 31 to 60 days	12,054	30,620	21,126	38,461
- 61 to 90 days	11,943	22,642	15,664	28,463
- 91 to 180 days	49,712	22,387	56,102	27,197
- over 181 days	55,271	67,778	92,063	88,516
Adjustment to present value	(2,722)	(2,278)	(3,321)	(2,836)
(-) Allowance for doubtful accounts	(20,262)	(25,793)	(62,117)	(68,937)
	688,703	668,044	1,687,896	1,540,559

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

	Parent company	Consolidated
		Restated
Balance as of January 1, 2012	(27,650)	(56,730)
Allowance made in the period	(6,792)	(30,035)
Reversal of provision for receivables (write-off)	8,649	21,031
Exchange variance	-	(1,230)
Balance as of December 31, 2012	(25,793)	(68,937)
Allowance made in the period	(6,566)	(11,332)
Reversal of provision for receivables (write-off)	12,458	20,386
Exchange variance	(361)	(2,234)
Balance as of December 31, 2013	(20,262)	(62,117)

Accounts receivable are denominated in the following currencies:

	Parent company		Consolidated	
	2013	2012	2013	2012
				Restated
Reais	471,283	483,852	1,338,449	1,281,794
US dollar	217,420	184,192	270,694	227,315
Australian dollar	-	-	45,810	10,718
Argentine Peso	-	-	-	82
Rand	-	-	23,585	12,677
Renminbi	-	-	9,264	7,973
Rouble	-	-	94	-
	688,703	668,044	1,687,896	1,540,559

9 Inventories

	Parent company		Consolidated	
	2013	2012	2013	2012
				Restated
Finished goods	122,546	77,510	149,608	102,751
Goods in process	28,407	29,015	59,254	55,192
Raw materials and storeroom materials	124,539	129,484	217,861	197,009
Advances to suppliers and other	9,530	6,612	26,560	15,319
Provision for inventory losses	(692)	(417)	(5,827)	(5,742)
	284,330	242,204	447,456	364,529

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

	Parent company	Consolidated Restated
Balance as of January 1, 2012	(389)	(2,834)
Reversal of provision against inventory (write-off)	203	1,195
Allowance made in the period	(231)	(4,103)
Balance as of December 31, 2012	(417)	(5,742)
Reversal of provision against inventory (write-off)	662	3,384
Allowance made in the period	(937)	(3,469)
Balance as of December 31, 2013	(692)	(5,827)

10 Taxes and contributions recoverable

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012** Restated
Current				
Corporate Income Tax (IRPJ)	30,886	21,222	31,858	22,796
Social Contribution on Net Income (CSLL)	5,148	5,860	5,509	5,861
Excise Tax (IPI)	11,807	8,283	12,783	9,472
Value added Tax on Sales and services (ICMS)	4,802	20,616	6,009	21,321
Social Integration Program (PIS)	473	2,530	827	2,898
Contribution for Social Security Financing (COFINS)	327	10,695	3,373	14,017
Reintegra	7,513	4,256	7,965	4,330
Value added Tax (IVA)	-	-	4,974	5,066
Other	-	-	22	538
	60,956	73,462	73,320	86,299
Non-current				
Value added Tax on Sales and services (ICMS)	1,277	1,453	1,277	1,877
Value added Tax (IVA)	-	-	697	780
	1,277	1,453	1,974	2,657
	62,233	74,915	75,294	88,956

11 Investments

	Parent Company		Consolidated	
	2013	**2012**	**2013**	**2012** Restated
Subsidiary	961,337	546,344	-	-
Joint subsidiaries	169,378	156,367	336,776	127,098
Associated companies	34,060	27,811	34,060	27,811
Other investments	-	-	1,075	1,045
	1,164,775	730,522	371,911	155,954

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

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

	Subsidiary																	Total	
	Apolo	**Ciferal**	**Ilmot**	**Mac**	**Mapla**	**MP Austrália**	**Masa**	**MIC**	**MPC**	**Moneo**	**PoloRus**	**MP Canadá**	**Polomex**	**Syncro**	**Trading**	**Volare Veículos**	**Volare Comércio**	**2013**	**2012**
			(1)	(1)	(1)	(1)	(1)	(1)	(1,2)		(1)	(1)	(1)						
Investment data																			
Capital	600	20,000	36,067	7,963	719	47,099	6,930	3,279	4,369	100,000	2,424	254,850	20,642	4,000	3,000	37,430	8,000		
Adjusted shareholders' equity	600	252,912	71,938	4,291	258	47,283	34,392	1,146	(11,042)	197,179	936	286,774	68,787	15,007	5,281	37,052	4,128		
Shares or quotas held	1,830	499,953	50,000	1	4,000	75	100,000	1,400,000	1	100,000	1	4,925,530	3,011,659	1	3,450,103	19,980	8,000		
% interest	65.00	99.99	100.00	100.00	99.99	75.00	100.00	100.00	70.00	100.00	100.00	100.00	3.61	99.99	99.99	99.90	99.90		
Net income (loss) for the period	-	57,735	16,175	(3,516)	(183)	477	4,722	1,048	581	24,380	(631)	4,854	13,109	187	249	(269)	(2,548)		
Changes in investments																			
Opening balances:																			
At equity value	-	195,167	70,001	6,616	506	47,375	32,139	216	(6,795)	178,402	1,519	-	1,738	14,820	5,032	(58)	(334)	546,344	434,163
Capital subscription	390	-	-	-	-	-	-	-	-	-	-		-	-	-	37,343	7,002	44,735	2,596
Acquisition of equity interest	-	-	-	-	-	-	-	-	-	-	-	237,899	-	-	-	-	-	237,899	41,553
Dividends received	-	-	(4,470)	-	-	-	-	-	-	(5,790)	-	(1,450)	-	-	(60)	-	-	(11,770)	(11,999)
Equity in net income of subsidiaries and associated companies	-	57,732	16,175	(3,516)	(183)	477	4,722	1,048	390	24,380	(631)	4,854	477	187	249	(269)	(2,544)	103,548	73,058
Accumulated translation adjustments	-	-	6,095	1,191	(65)	(569)	(2,469)	(118)	(1,324)	-	48	45,471	268	-	-	-	-	48,528	16,382
Capital gain/loss in investments	-	-	-	-	-	-	-	-	-	187	-	-	-	-	-	-	-	187	(187)
Transfers		-	(15,863)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,863)	-
Capital reduction	-	-	-	-	-	-	-	-	7,729	-	-	-	-	-	-	-	-	7,729	(9,222)
Final balances:																			
At equity value	390	252,899	71,938	4,291	258	47,283	34,392	1,146	-	197,179	936	286,774	2,483	15,007	5,221	37,016	4,124	961,337	546,344

(1) Overseas, subsidiaries, joint ventures and associated companies
(2) This company was extinguished in December 2013

	GBPolo	Hanegas	Loma	San Marino	Superpolo	TMML	New Flyer	Joint ventures Total 2013	Joint ventures Total 2012
	(1)	(1,3)	(1,2)	(2)	(1)	(1)	(1)		
Investment data									
Capital	33,045	4	35,350	73,480	15,652	64,339	1,379,925		
Adjusted Shareholders' equity	(2,316)	56	53,158	77,561	80,586	49,261	1,048,141		
Share or quotas held	4,803,922	1,800	15,949,948	7,478,482	265,763	24,500	11,087,834		
% interest	49.00	49.875	50.00	45.00	20.59	49.00	19.99		
Net income (loss) for the period	(10,076)	852	14,182	4,013	13,976	6,004	30,514		
Changes in the investments									
Opening balances:									
At equity value	3,903	(394)	53,746	72,400	-	26,712	-	156,367	146,285
Capital subscription	-	-	-	-	-	-	-	-	11,642
Dividends received	-	-	(216)	(1,246)	-	-	-	(1,462)	(13,507)
Equity in net income of subsidiaries and associated companies	(4,937)	424	7,091	1,806	60	(2,942)	-	1,502	12,208
Accumulated translation adjustments	(102)	(2)	(3,805)	7	642	368	-	(2,892)	(261)
Transfers	-	(28)	-	-	15,891	-	-	15,863	-
Closing balance:									
At equity value	(1,136)	-	56,816	72,967	16,593	24,138	-	169,378	156,367
Goodwill on investment	-	-	(30,451)	(35,002)	-	-	-	(65,453)	(65,453)
Indirect interest - Superpolo	-	-	-	-	23,700	-	-	23,700	36,184
Acquisition of interest – New Flyer	-	-	-	-	-	-	209,413	209,413	-
Transfers	-	-	(262)	-	-	-	-	(262)	-
At equity value	(1,136)	-	26,103	37,965	40,293	24,138	209,413	336,776	127,098

(1) Overseas, subsidiaries, joint ventures and associated companies
(2) These balances include investments and goodwill,
(3) Company incorporated by Superpolo S.A.S,

	MVC	Mercobus	Spheros	Setbus	WSul	Associated companies Total 2013	Associated companies Total 2012
		(1)					
Investment data							
Capital	34,011	465	15,000	1,000	6,100		
Adjusted Shareholders' equity	70,967	(1,388)	35,066	(4,836)	7,457		
Share or quotas held	1	232	244,898	25	1,830,000		
% interest	26.00	40.00	40.00	25.00	30.00		
Net income (loss) for the period	26,685	(200)	16,145	(5,836)	1,293		
Changes in the investments							
Opening balances:							
At equity value	11,513	873	13,186	-	2,239	27,811	21,577
Acquisition of equity interest	-	-	-	250	-	250	873
Dividends received	-	-	(5,600)	-	(390)	(5,990)	(4,100)
Equity in net income of subsidiaries and associated companies	6,938	(266)	6,458	(1,459)	388	12,059	9,390
Accumulated translation adjustments	-	(52)	(18)	-	-	(70)	71
Closing balance:							
At equity value	18,451	555	14,026	(1,209)	2,237	34,060	27,811

(1) Overseas, subsidiaries, joint ventures and associated companies

(b) Strategic Investment Contract

Marcopolo informs that it has concluded the strategic investment contract at C$ 116.4 million (Canadian Dollar) to subscribe 11,087,834 new common shares issued by New Flyer Industries Inc, in which it represents 19.99% of its capital.

The common shares were emitted at a price of C$ 10.50 each. In the first step, Marcopolo subscribed 4,925,530 new common shares issued on February 08, 2013 at C$ 51.7 million and the remaining 6,162,304 common shares were subscribed by Marcopolo at the same unit price in one unique payment on June 21, 2013 by C$ 64.7 million.

With the acquisition of the investment, the remaining goodwill converted into Reais at December 31, 2013, was measured at R$ 69,551.

12 Property, plant and equipment

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

	Land	Buildings and constructions	Machinery and equipments	Furniture and fixtures	Computer equipment	Vehicles	Other PPE	PPE in progress	Total
Balance as of January 1, 2012	14,501	53,836	70,510	2,541	3,686	2,156	98	10,575	157,903
Additions	3,370	13,137	14,738	1,046	4,291	500	-	11,342	48,424
Write-offs	-	(68)	(755)	(32)	(206)	(35)	-	(1)	(1,097)
Transfers	-	998	900	348	(7)	-	-	(2,239)	-
Depreciation	-	(1,907)	(10,283)	(433)	(1,553)	(470)	-	-	(14,646)
Balance as of December 31, 2012	17,871	65,996	75,110	3,470	6,211	2,151	98	19,677	190,584
Cost of property, plant and equipment	17,871	130,147	171,498	7,773	14,803	4,643	98	19,677	366,510
Accumulated depreciation	-	(64,151)	(96,388)	(4,303)	(8,592)	(2,492)	-	-	(175,926)
Residual value	17,871	65,996	75,110	3,470	6,211	2,151	98	19,677	190,584
Balance as of December 31, 2012	17,871	65,996	75,110	3,470	6,211	2,151	98	19,677	190,584
Additions	200	9,763	17,808	1,255	2,418	1,275	-	17,713	50,432
Write-offs	-	(53)	(747)	(18)	(10)	(22)	-	-	(850)
Transfers	-	11,504	466	-	4	-	-	(11,974)	-
Depreciation	-	(2,642)	(13,893)	(542)	(1,780)	(459)	-	-	(19,316)
Balance as of December 31, 2013	18,071	84,568	78,744	4,165	6,843	2,945	98	25,416	220,850
Cost of property, plant and equipment	18,071	151,153	186,328	8,933	16,934	5,784	98	25,416	412,717
Accumulated depreciation	-	(66,585)	(107,584)	(4,768)	(10,091)	(2,839)	-	-	(191,867)
Residual value	18,071	84,568	78,744	4,165	6,843	2,945	98	25,416	220,850
Annual depreciation rates - %		2.0	8.3	8.3	20.0	20.0			

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

	Land	Buildings and constructions	Machinery and equipments	Furniture and fixture	Computer equipments	Vehicles	Other PPE	PPE in progress	Total
Balance as of January 1, 2012 (*)	19,239	79,700	94,560	6,318	4,255	3,264	2,131	28,336	237,803
Exchange effect	47	317	2,573	116	(3)	188	245	6	3,489
Additions	3,370	13,658	41,216	1,743	4,614	2,276	1,548	17,019	85,444
Write-offs	-	(289)	(776)	(45)	(208)	(163)	(3)	(19)	(1,503)
Transfers	-	998	900	348	(7)	-	-	(2,239)	-
Depreciation	-	(3,459)	(18,554)	(998)	(1,708)	(921)	(785)	-	(26,425)
Balance as of December 31, 2012 **(*)**	22,656	90,925	119,919	7,482	6,943	4,644	3,136	43,103	298,808
Cost of property, plant and equipment	22,656	170,027	273,819	14,428	16,758	8,886	7,646	43,103	557,323
Accumulated depreciation	-	(79,102)	(153,900)	(6,946)	(9,815)	(4,242)	(4,510)	-	(258,515)
Residual value	22,656	90,925	119,919	7,482	6,943	4,644	3,136	43,103	298,808
Balance as of December 31, 2012 **(*)**	22,656	90,925	119,919	7,482	6,943	4,644	3,136	43,103	298,808
Exchange effect	(75)	(732)	528	(18)	-	187	447	912	1,249
Additions	200	12,642	30,466	2,679	3,122	3,275	863	24,678	77,925
Write-offs	-	(61)	(2,699)	(400)	(310)	(867)	(122)	(1,341)	(5,800)
Transfers	-	27,605	466	-	4	-	-	(28,075)	-
Depreciation	-	(4,686)	(24,155)	(1,009)	(2,022)	(1,267)	(987)	-	(34,126)
Balance as of December 31, 2013	22,781	125,693	124,525	8,734	7,737	5,972	3,337	39,277	338,056
Cost of property, plant and equipment	22,781	209,268	299,034	16,470	19,000	11,206	9,567	39,277	626,603
Accumulated depreciation	-	(83,575)	(174,509)	(7,736)	(11,263)	(5,234)	(6,230)	-	(288,547)
Residual value	22,781	125,693	124,525	8,734	7,737	5,972	3,337	39,277	338,056
Annual depreciation rates - %		2.0	8.3	8.3	20.0	20.0	13.0		

(*) Restated

Land and buildings mainly comprise plants and offices.

13 Goodwill and intangible assets

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

	Software	Registered Trademarks And licenses	Total
Balance as of January 1, 2012	9,480	94	9,574
Additions	2,640	6	2,646
Write-offs	(51)	-	(51)
Amortization	(7,361)	(27)	(7,388)
Balance as of December 31, 2012	4,708	73	4,781
Cost of intangible assets	46,092	1,223	47,315
Accumulated amortization	(41,384)	(1,150)	(42,534)
Residual value	4,708	73	4,781
Balance as of December 31, 2012	4,708	73	4,781
Additions	2,163	-	2,163
Write-offs	(3)	-	(3)
Amortizations	(1,837)	(18)	(1,855)
Balance as of December 31, 2013	5,031	55	5,086
Cost of intangible assets	48,242	1,223	49,465
Accumulated amortization	(43,211)	(1,168)	(44,379)
Residual balance	5,031	55	5,086
Annual amortization rate - %	20.0	7.0	

(b) Summary of changes in the consolidated intangible assets

	Software	Registered Trademarks And licenses	Client Portfolio	Other Intangibles	Goodwill	Total
Balance as of January 1, 2012 (*)	9,958	93	-	-	65,453	75,504
Exchange effects	9	-	433	1,602	15,112	15,564
Additions	3,164	7	-	537	128,270	131,978
Write-offs	(51)	-	-	-	-	(51)
Transfers	-	-	16,947	7,376	(24,323)	-
Amortizations	(7,545)	(27)	(3,234)	(122)	-	(10,929)
Balance as of December 31, 2012 (*)	5,535	73	14,146	9,393	184,512	213,659
Cost of intangible assets	47,750	1,223	17,361	9,516	184,512	260,351
Accumulated amortization	(42,205)	(1,150)	(3,215)	(123)	-	(46,693)
Residual value	5,535	73	14,146	9,393	184,512	213,659
Balance as of December 31, 2012 (*)	5,535	73	14,146	9,393	184,512	213,659
Exchange effects	177	-	(4)	(352)	4,536	4,357
Additions	5,291	-	-	61	64,220	69,572
Write-offs	(5)	-	(597)	-	(12,892)	(13,494)
Amortizations	(2,210)	(18)	(3,418)	(449)	-	(6,095)
Balance as of December 31, 2013	8,788	55	10,127	8,653	240,376	267,999
Cost of intangible assets	53,215	1,222	16,626	9,366	240,376	320,805
Accumulated amortization	(44,427)	(1,167)	(6,499)	(713)	-	(52,806)
Residual value	8,788	55	10,127	8,653	240,376	267,999
Annual amortization rates - %	20.0	8.3	25.0	10.0		

(*) Restated

(c) Goodwill impairment test

(i) Goodwill of joint ventures – San Marino e Loma

Comprises the goodwill generated in the acquisition of San Marino and Loma investments totalizing R$ 65,453, where R$ 35,002 for San Marino and R$ 30,451 for Loma.

The projections were elaborated for a five year period and the premises used for determining the fair value through the discounted cash flow method includes cash flow projections based on management estimative for future flows, discount rates and growth rates.

The average assumptions used in the calculation of the cash-generating unit are as follows:

	San Marino		Loma	
				Percentage
Goodwill impairment test	**2013**	**2012**	**2013**	**2012**
Budgeted Gross Margin	16.80	17.20	21.90	19.60
Expected growth rate	7.20	18.70	3.40	23.70
Discount rate	8.71	9.10	22.95	9.10

(ii) Goodwill of the subsidiary - Volgren

With the acquisition of subsidiary - Volgren Australia Pty Limited, goodwill was measured by R$ 119,059 and in the year 2013 recorded a low impairment in the amount of R$ 12,892 calculated on the premises used for determining the fair value through the discounted cash flow method includes cash flow projections based on management estimative for future flows, discount rates and growth rates.

14 Related parties

(a) Balances and transactions with related parties

The main asset and liability balances at December 31, 2013, as well as the transactions with related parties that influenced the statement of income in the period, are detailed below:

Related parties	Asset balances of loans and current accounts	Liability balances of loans and current accounts	Trade accounts receivable	Trade accounts payables	Sales of goods/ services	Purchase of goods/ services	Financial revenue	Financial expenses
Ciferal	-	-	13,798	90	76,911	1,278	107	-
GB Polo	24,462	-	2,273	-	259	-	443	-
Ilmot	296	-	-	-	-	-	9	-
Loma Hermosa	-	-	15,927	-	22,740	-	-	-
Mac	-	-	4,545	-	4,681	-	-	-
Mapla	-	20	-	160	-	-	-	-
Masa	-	-	12,516	-	26,519	-	-	-
Moneo	6	-	-	-	2	-	1	-
MPT	-	-	-	-	-	-	1	-
MVC	-	-	174	1,266	979	14,808	-	-
Polomex	-	-	17,060	-	64,528	-	-	-
Polorus	478	-	-	-	-	1,026	-	-
San Marino	-	-	-	39	270	-	-	-
Setbus	1,060	-	-	396	-	2,078	53	-
Spheros	-	-	-	2,713	-	51,564	-	-
Superpolo	-	-	1,054	-	9,024	-	-	-
TMML	-	-	6,243	-	3,119	-	-	-
Volare Veículos	-	-	-	-	-	-	1	-
Volare Comércio	1	-	14,279	-	20,173	-	25	-
Wsul	36	-	-	537	-	8,946	-	-
Balance at 2013	26,339	20	87,869	5,201	229,205	79,700	640	-
Balance at 2012	36,942	20	48,549	4,551	154,763	62,150	375	3

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.

(b) 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:

					2013
	Fixed	**Variable**	**Retirement plan**	**Share based payments**	**Total**
Board of Directors and Executive Board	9,256	7,241	206	105	**16,808**
Non-executive officers	6,479	5,195	224	196	**12,094**
	15,735	12,436	430	301	**28,902**

As of December 31, 2013 the company exercised the purchase option of 159,705 preferred shares of management and employees of Marcopolo per R$ 11.05 per share, using treasury shares, according to Marcopolo's share purchase option plan.

					2013
	Fixed	**Variable**	**Retirement plan**	**Share based payments**	**Total**
Board of Directors and Executive Board	9,420	7,570	153	256	**17,399**
Non-executive officers	5,870	4,718	187	506	**11,281**
	15,290	12,288	340	762	**28,680**

As of December 31, 2012 the company exercised the purchase option of 388,800 preferred shares of management and employees of Marcopolo per R$ 6.75 per share, using treasury shares, according to Marcopolo's share purchase option plan.

15 Loans and financing

	Weighted Average Rate	Due date	Parent company 2013	Parent company 2012	Consolidated 2013	Consolidated 2012 Restated
Local currency						
FINAME	6.67	2014 to 2023	11,349	12,067	13,110	13,112
Bank loans	9.37	2014 to 2021	68	929	68	1,323
FINEP	4.49	2014 to 2020	167,527	118,034	167,527	118,034
Special pre-shipment financing (*)	5.50	2016	200,836	360,282	200,836	360,282
Export prepayments - compulsory	5.50	2016	402,286	-	402,286	-
Foreign currency						
Advances on export contracts	1.48	2018	14,088	52,883	14,088	53,471
Export prepayments in US dollar	2.89	2018	211,994	14,836	211,994	14,836
Export prepayments in US dollar	3.00	2018	46,893	-	46,893	-
Financing in rands	8.50	2014	-	-	23	30
Financing in renminbi	5.95	2014	-	-	21,360	10,846
Financing in Australian dollar	3.55	2014 to 2015	-	-	68,160	63,687
Related parties	Libor + 3.00	-	20	20	-	-
Subtotal of local and foreign currency			1,055,061	559,051	1,146,345	635,621
Open market funding						
Local currency						
BNDES – Pre-fixed operations	1.51	2021	-	-	511,833	333,559
BNDES – Post-fixed operations	TJLP + 1.48	2021	-	-	177,581	281,285
Subtotal of open market funding			-	-	689,414	614,844
Total loans and financing			1,055,061	559,051	1,835,759	1,250,465
Current liabilities			(57,502)	(452,445)	(367,145)	(722,468)
Non-current liabilities			997,559	106,606	1,468,614	527,997

(*) BNDES credit line used for producing exportation goods, where the shipment must occur no later than 3 years after the initial contract.

The long-term installments have the following payment schedule:

	Parent company 2013	Parent company 2012	Consolidated 2013	Consolidated 2012 Restated
From 13 to 24 months	47,895	22,895	227,543	187,352
From 25 to 36 months	911,115	62,047	1,188,619	318,980
After 36 months	38,549	21,664	52,452	21,665
	997,559	106,606	1,468,614	527,997

(a) Loans and financing

The FINAME (Government Agency for Machinery and Equipment Financing) loans are guaranteed by liens on the financed assets, totaling R$ 13,110 as of December 31, 2013 (R$ 13,112 as of December 31, 2012) and the FINEP (Fund for Financing Studies and Projects) loan is guaranteed by real estate of R$ 15,800.

The Company has financing agreements that contain negative covenants which are being complied with.

(b) 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.

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

	Face value (future)		**Fair value (present)**	
	2013	**2012**	**2013**	**2012**
From 1 to 12 months	234,053	217,468	219,636	194,334
From 13 to 24 months	187,765	179,057	179,165	164,158
From 25 to 36 months	148,997	126,375	145,070	118,264
After 36 months	146,908	142,365	145,543	138,088
	717,723	665,265	689,414	614,844

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 December 31, 2013 and December 31, 2012, 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			
	2013		**2012**	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Civil	964	133	181	147
Labor	4,757	9,131	2,314	4,628
Tax	6,158	68,219	4,108	151,888
	11,879	77,483	6,603	156,663

Nature	Consolidated 2013 Probable	Possible	2012 Restated Probable	Possible
Civil	964	595	181	609
Labor	7,178	9,131	4,503	4,628
Tax	6,352	96,780	11,665	170,818
	14,494	106,506	16,349	176,055

	Parent company		Consolidated	Restated
Judicial deposits	**2013**	**2012**	**2013**	**2012**
Civil	981	964	981	964
Labor	496	319	1,886	1,749
Tax	4,642	4,564	9,541	9,335
	6,119	5,847	12,408	12,048

(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	
	2013	**2012**	**2013**	**2012**
ICMS – Transfer of credits (i)	3,145	3,144	3,145	3,144
COFINS – increase in rate (ii)	-	-	-	7,362
INSS – On imported services provided fully abroad (iii)	3,013	-	3,013	-
Other contingent liabilities of lesser amounts	-	964	194	1,159
	6,158	4,108	6,352	11,665

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

(ii) Contingencies relating to the increase in the Social Contribution on Revenues (COFINS) introduced by Law 9.718/98. Provision reversed due to legal opinion and decisions of the courts, whose perspective of loss of this contingency is considered as possible.

(iii) Contingencies regarding the incidence of INSS on services provided by employees abroad.

- **Not provisioned for:**

	Parent company		Consolidated	
	2013	2012	2013	2012
PIS, COFINS e FINSOCIAL - offset	5,575	5,156	5,575	5,156
IRPJ – understated inflationary profit	2,200	2,035	2,200	2,035
IRPJ e CSLL on exports intermediated by export companies (i)	20,954	114,083	20,954	114,083
IRPJ e CSLL – overseas profit (ii)	20,293	12,089	20,293	12,089
ICMS – shipment of goods with reduced tax rate to non-taxpayers (iii)	-	-	16,122	13,866
ICMS – disreputable documents (iv)	11,071	10,808	11,071	10,808
ISS – services received from third parties	3,425	3,168	3,425	3,168
INSS – services taken from legal entities	4,701	4,549	4,701	4,549
Other contingent liabilities of less amounts	-	-	12,439	5,064
	68,219	151,888	96,780	170,818

(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. In July 2012 the above decision was upheld by the Superior Chamber of Tax Appeals of the Board of Tax Appeals. The process with respect to the calendar year of 2001-2007 had become final.

(ii) Contingency whose perspective of loss is considered possible related to the consolidation of overseas results from indirect subsidiaries, prior to offer profits to taxation in Brazil. The disputes are in progress at the Brazilian Internal Revenue Service.

(iii) 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.

(iv) Contingency, deemed as possible loss, regarding ICMS liabilities for alleged issue tax documents with error in rate application to non-taxpayers established out of the state. The disputes are in progress at the Taxpayers Council of the State of São Paulo.

There are other contingent liabilities, with lower values, totaling R$ 28,340 (R$ 19,972 in December 31, 2012 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			
	2013		2012	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Contingent				
Tax	9,677	9,040	9,605	8,550
Social Security	-	2,006	-	1,855
	9,677	11,046	9,605	10,405

(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 Social Security (INSS) contribution.

The Company has not recorded contingency gains, since they only recognized once the lawsuit has became final or the financial asset is effectively received.

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 as of December 31, 2013 is R$ 10,695 (R$ 9,670 in 2012). 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, 2013 and 2012, 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 balance booked in the financial statement is as follows:

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Present value of actuarial liabilities	(182,605)	(231,722)	(184,084)	(233,440)
Fair value of active plans	185,614	188,665	187,111	190,072
Surplus not subject to refund or reduction in future contributions	(3,009)	-	(3,027)	-
Liability to be recognized	-	(43,057)	-	(43,368)

According to the retirement plan statute and the installment recorded for the supplementary retirement plan it is not possible to reimburse the amounts, increase the benefit or reduce future contributions. Therefore, the asset originated from the plan surplus was not recorded as of December 31, 2013.

The changes over the benefit liability occurred during the year is described as follows:

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
As of January 1	(43,057)	388	(43,368)	388
Plan participants contributions	9,668	8,497	9,788	8,602
Actuarial (gains) / losses	33,389	(51,586)	33,580	(51,871)
Recognized net (expenses)/revenue	-	(356)	-	(487)
As of December 31	-	(43,057)	-	(43,368)

Changes in the fair value of the employee benefit plan are demonstrated below:

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
As of January 1	188,665	160,291	190,072	160,291
Sponsors contribution	9,668	8,497	9,788	8,602
Employees contribution	517	559	525	569
Benefits paid	(8,061)	(6,475)	(8,061)	(6,475)
Expected return of active plans	(5,175)	26,578	(5,213)	27,870
Actuarial gains (losses)	-	(785)	-	(785)
As of December 31	185,614	188,665	187,111	190,072

Changes in the actuarial liability are demonstrated below:

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
As of January 1	231,722	159,903	233,440	159,903
Actuarial gains (losses)	(67,386)	57,873	(68,007)	59,352
Current service costs	6,107	4,134	6,333	4,283
Financial costs	19,706	15,728	19,854	15,808
Employees contribution	517	559	525	569
Benefits paid	(8,061)	(6,475)	(8,061)	(6,475)
As of December 31	182,605	231,722	184,084	233,440

Amounts recorded in the income statement are:

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Current service costs	6,107	4,134	6,333	4,283
Financial costs	3,282	15,728	3,303	15,808
Expected return over plan assets	-	(19,894)	-	(19,997)
Total included as personal cost	9,389	(32)	9,636	94

The mains actuarial assumptions are:

- **Economic hypothesis**

	Percentage p.a.			
	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Discount rate (*)	12.27	8.64	12.27	8.64
Return rate expected over plan’s assets	12.27	8.64	12.27	8.64
Future salary increments	8.56	7.63	8.56	7.63
Inflation	5.40	4.50	5.40	4.50

(*) The discount rate is: inflation 5.40% p.a. plus interests of 6.52% p.a. for 2013 (inflation 4.50% p.a. plus interests of 3.96% p.a. for 2012).

- **Demographic hypothesis**

	Percentual p.a.			
	Parent company		Consolidated	
	2013	2012	2013	2012
Mortality table	AT 2000	AT 2000	AT 2000	AT 2000
Invalid and mortality table	RRB 1983	RRB 1983	RRB 1983	RRB 1983
Invalid entrance table	RRB 1944	RRB 1944	RRB 1944	RRB 1944

- **Actuarial hypothesis and sensitivity analyzes**

The table below, of sensitivity analysis of benefit plan obligations, demonstrates the impact on actuarial exposure (12.27% p.a.) by changing the premises on the discount rate by 1 p.p.:

(i) the present value of the obligation at December 31, 2013.

- Total	182,605

(ii) Significant actuarial hypothesis at December 31, 2013.

		Sensitivity analyzes	Effect on PVO
Discount rate	13.27%	1% of increase	(19,099)
Discount rate	11.27%	1% of decrease	23,487

(iii) Methods and hypothesis used in sensitivity analyzes.

The results presented were prepared by modifying only the real hypothesis mentioned in each row.

18 Income and social contribution taxes

(a) Deferred income and social contribution taxes

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

	Parent company		Consolidated	
	2013	2012	2013	2012 Restated
Assets				
Provision for technical assistance	17,925	19,753	20,547	23,877
Provision for commission	30,871	26,595	34,784	30,422
Allowance for doubtful accounts	1,852	1,004	33,644	37,461
Provision for profit sharing	31,935	26,636	37,233	30,973
Provision for contingencies	10,915	6,603	17,012	16,349
Provision for sureties with third parties	-	704	-	704
Provision for inventory losses	692	417	692	5,742
Provisions for outsourced services	15,114	16,583	15,114	16,583
Employees benefit	-	43,057	-	43,368
Appropriation of (gains) losses on derivatives	(128)	(3,380)	(128)	(3,442)
Adjustment to present value	1,596	2,908	1,975	2,908
Tax depreciation	(27,212)	(21,255)	(34,428)	(25,078)
Other provisions	4,005	2,587	28,508	11,795

Tax loss/negative social contribution base	-	-	-	32
Calculation basis	87,565	122,212	154,953	191,694
Standard rate - %	34	34	34	34
Deferred income and social contribution taxes	29,772	41,552	52,684	65,176

(b) Estimative of realization of income taxes

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	
	2013	**2012**	**2013**	**2012** Restated
From 13 to 24 months	29,772	41,552	52,684	65,176
	29,772	41,552	52,684	65,176

(c) Reconciliation of current income taxes and social contribution

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012** Restated
Reconciliation				
Net income before income tax and social contribution	334,508	351,639	390,249	400,924
Standard rate - %	34	34	34	34
	113,733	119,557	132,685	136,314
Permanent addition and exclusions				
Equity in net income of subsidiaries	(39,817)	(32,183)	(8,495)	(9,607)
Interest on equity	(21,288)	(21,436)	(21,288)	(21,436)
PDI tax incentive (i)	(11,220)	(9,078)	(11,220)	(9,078)
Management profit sharing	(2,462)	(2,574)	(2,462)	(2,574)
IR/CS over foreign income	(566)	(578)	(566)	(578)
Other additions (exclusions)	7,419	1,946	9,478	5,526
	45,799	55,654	98,132	98,567
Income and social contribution taxes				
Current	(48,658)	(60,830)	(85,640)	(97,994)
Deferred	2,859	5,176	(12,492)	(573)
	45,799	55,654	98,132	98,567

(i) Incentive – Industrial development program

19 Equity

(a) Capital social

The authorized Parent Company's capital is 2,100,000,000 share, where 700,000,000 are common shares and 1,400,000 are preferred shares, nominal and with no nominal value.

As of December 31, 2013, subscribed and paid-in capital consisted of 869,900,084 (869,900,084 as of December 31, 2012) registered shares with no par value, of which 341,625,744 are common shares and 555,274,340 are preferred shares.

Of the total subscribed capital, 292,982,086 (294,485,400 as of December 31, 2012) preferred shares are held by stockholders abroad.

(b) Reserves

(i) Legal reserves
Constituted at the rate of 5% of the net income determined in each financial year pursuant to article 193 of Law 6.404/76 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 4,134,874 preferred nominative shares, purchased at the average cost of R$ 6.2623 per share. The market value of the treasury stock, calculated at the closing date for the period, was R$ 17,624. 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 and dividends

As permitted by Law 9.249/95, the Company approved, calculated interest on shareholders' equity based on Long Term Interest Rate (TJLP) of the current period total gross amount of R$ 62,612 (December 31, 2012 - R$ 63,046), being paid R$ 15,661 after June 28, 2013, with the ratio of R$ 0.017 per share, R$ 15,661 after September 30, 2013, with the ratio of R$ 0.017 per share, R$ 15,662 after December 28, 2013, with the ratio of R$ 0.017 per share and R$ 15,628 after March 31, 2014, with the ratio of R$ 0.017 per share, for common shares and the same for preferred shares, which were recorded as a financial expense, as requested per local applicable fiscal law, For financial statement purposes, the interests were eliminated from the financial expense and are presented in accumulated profit account again cash and cash equivalent account,

The Income and social contribution tax were reduced per R$ 21,288 (R$ 21,436 in 2012), approximately, due to the reduction of those taxes per the interest on shareholders' equity guaranteed to the shareholders.

Additionally, as of December 31, 2013, Marcopolo proposed to pay dividends base on the current exercise, in a total amount of R$ 5,956 (R$ 80,040 in 2012) to be paid after March 31, 2014.

Minimum dividends calculation:

	2013	2012
Net income (Parent company)	288,709	295,985
Legal Reserve (5%)	(14,435)	(14,799)
Dividends base	274,274	281,186
Minimum mandatory dividends (25%)	68,568	70,296
Additional dividends proposed	-	72,790
Total dividends proposed per Management	68,568	143,086
Intermediate dividends paid	48,173	48,676
Minimum dividends to be paid – current liability	20,395	21,620
Additional dividends proposed	-	72,790
Interest on shareholders' equity allocated to dividends		
Gross value	62,612	63,046
Withholding Income Tax (15%)	(9,392)	(9,457)
Suspended Withholding income tax	2,496	2,540
Net value of credited interests	55,716	56,129
Anticipated dividends credited	-	80,040
Net value of interest, credited dividends and proposed dividends	61,672	136,169

The amount of the referred interests were allocated to mandatory dividends declared in advance, since the current exercise is according to item V of CVM deliberation number 207/96.

21 Insurance coverage

As of December 31, 2013, 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.

The main insurance policies cover:

		Consolidated	
Asset's nature	**Valor patrimonial**	**2013**	**2012**
			Restated
Inventories and warehouses	Fire and sundry risks	332,129	288,907
Buildings and contents	Fire and sundry risks	572,257	419,864
Vehicles	Collision, civil liability	9,148	6,501
		913,534	715,272

22 Sureties and Guarantees

As of December 31, 2013, the Company had issued sureties and/or guarantees of R$ 21,583 (December 31, 2012 - R$ 11,047), in connection with the financing of customers by banks, which has as a counter-guarantee the respective assets financed.

23 Employee profit sharing

During 2013, according to Law number 10.101 of December 19, 2000, Management opted to pay the employee profit sharing semiannually, being paid in July 2013 one part, and the rest in February 2014.

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 25, 2013, which was approved by the employee union.

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

	Parent company		**Consolidated**	
	2013	**2012**	**2013**	**2012** Restated
Cost of goods sold and services provided	31,804	28,236	37,996	33,158
Sales expenses	4,952	4,075	4,969	4,088
Administrative expenses	4,886	3,557	7,706	4,967
	41,642	35,868	50,671	42,213

24 Revenue

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

	Parent company		**Consolidated**	
	2013	**2012**	**2013**	**2012** Restated
Gross Sales	3,280,840	3,062,488	4,464,320	4,149,157
Sales taxes and returns	(657,679)	(639,819)	(805,011)	(779,218)
Net revenue	2,623,161	2,422,669	3,659,309	3,369,939

25 Expenses by nature

	Parent company		**Consolidated**	
	2013	**2012**	**2013**	**2012** Restated
Raw material and consumables	1,874,502	1,802,541	2,463,207	2,373,882
Direct remuneration	331,582	280,116	507,845	437,778
Management remuneration	16,244	17,436	16,244	17,436
Employee profit sharing	41,642	35,868	50,671	42,213
Depreciation and amortization charges	21,171	22,034	40,221	37,354
Private pension plan expenses	10,693	9,670	10,770	9,670
Other expenses	85,954	13,902	193,529	105,005
Total Sales costs, distribution costs and administrative expenses	2,381,788	2,181,567	3,282,487	3,023,338

26 Financial income

	Parent company		Consolidated	
	2013	2012	2013	2012
				Restated
Financial revenue				
Interest earnings	9,567	12,563	14,232	15,203
Derivative operation income	8,635	14,606	8,686	17,285
Income on short-term investments	49,015	54,118	57,473	59,203
Exchange variance	61,052	48,478	68,330	50,198
Exchange variance over derivatives	16,618	25,941	16,816	28,121
Present value adjustment of accounts receivable	23,567	23,417	30,604	30,943
	168,454	179,123	196,141	200,953
Financial expenses				
Interest on loans and financing	(46,674)	(35,464)	(55,488)	(41,839)
Exchange variance	(75,606)	(46,801)	(82,080)	(53,626)
Exchange variance over derivatives	(29,278)	(47,048)	(30,800)	(53,756)
Banks expenses	(3,162)	(4,327)	(4,705)	(5,242)
Present value adjustment of accounts payable	(23,551)	(17,168)	(27,712)	(20,879)
	(178,271)	(150,808)	(200,785)	(175,342)
Financial income, net	(9,817)	28,315	(4,644)	25,611

27 Earning 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	
	2013	2012	2013	2012
Profit attributable to Marcopolo's shareholders				
From continuing operations	288,709	295,985	292,117	302,357
Weighted average number of shares outstanding (in thousands)	892,765	894,304	892,765	894,304
Earnings per share – from continuing operations	0.3234	0.3310	0.3272	0.3381

(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	
	2013	**2012**	**2013**	**2012**
Profit attributable to Marcopolo's shareholders				
From continuing operations	288,709	295,985	292,117	302,357
Weighted average number of shares outstanding (in thousands)	892,765	894,304	892,765	894,304
Adjustments:				
- Exercising of share call options	4,135	2,596	4,135	2,596
Earnings per share – from continuing operations	0.3219	0.3300	0.3257	0.3371

28 Balance sheets and statement 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 sheet

	Consolidated		Industrial Segment		Financial Segment	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
		Restated		Restated		
Assets						
Current						
Cash and cash equivalent	624,717	374,219	590,526	339,838	34,191	34,381
Financial assets stated at fair value	143,702	131,840	143,702	131,840	-	-
Derivative financial instruments	978	3,446	978	3,446	-	-
Credits	1,166,496	1,069,324	863,361	809,130	302,865	260,194
Inventory	447,456	364,529	447,456	364,529	-	-
Other accounts receivable	141,498	143,970	99,989	106,208	41,509	37,762
	2,524,847	2,087,328	2,146,282	1,754,991	378,565	332,337
Non-current						
Long Term						
Financial assets stated at fair value	26,037	22,130	26,037	22,130	-	-
Credit	521,400	471,235	-	-	521,400	471,235
Other accounts receivable	67,590	80,309	63,421	73,871	4,169	6,438
Investments	371,911	155,954	371,911	155,954	-	-
Property, plant and equipment	338,056	298,808	337,364	298,411	692	397
Goodwill and intangible	267,999	213,659	267,431	213,317	568	342
	1,592,993	1,242,095	1,066,164	763,683	526,829	478,412
Total assets	4,117,840	3,329,423	3,212,446	2,518,674	905,394	810,749
Liabilities						
Current						
Trade payables	308,165	333,431	308,165	333,431	-	-
Loans and financing	367,145	722,468	147,509	528,134	219,636	194,334
Derivative financial instruments	467	247	467	247	-	-
Other accounts payable	379,441	317,739	359,941	299,828	19,500	17,911
	1,055,218	1,373,885	816,082	1,161,640	239,136	212,245

	Consolidated		Industrial Segment		Financial Segment	
	2013	2012	2013	2012	2013	2012
		Restated		Restated		
Noncurrent						
Financial institutions	1,468,614	527,997	998,836	107,487	469,778	420,510
Other accounts payable	60,017	115,097	60,017	114,786	-	311
	1,528,631	643,094	1,058,853	222,273	469,778	420,821
Minority Interest	18,095	12,519	18,095	12,519	-	-
Shareholders' equity	1,515,896	1,299,925	1,319,416	1,122,242	196,480	177,683
Total liabilities	4,117,840	3,329,423	3,212,446	2,518,674	905,394	810,749

Statement of Income

	Consolidated		Industrial Segment		Financial Segment	
	2013	2012	2013	2012	2013	2012
		Restated		Restated		
Continued operations						
Net revenue from Sales and services	3,659,309	3,369,939	3,603,489	3,308,766	55,820	61,173
Cost of goods sold and services provided	(2,928,774)	(2,676,953)	(2,928,774)	(2,676,953)	-	-
Gross profit	730,535	692,986	674,715	631,813	55,820	61,173
Operational expenses(income)						
Sales	(179,890)	(195,562)	(179,890)	(192,615)	-	(2,947)
Administrative expenses	(173,823)	(150,823)	(159,593)	(138,247)	(14,230)	(12,576)
Other net operating income (expenses)	(6,913)	455	(6,427)	2,080	(486)	(1,625)
Equity in net income of subsidiaries	24,984	28,257	24,984	28,257	-	-
Operating profit before financial income and equity interest	394,893	375,313	353,789	331,288	41,104	44,025
Financial income						
Financial revenue	196,141	200,953	196,141	200,953	-	-
Financial expenses	(200,785)	(175,342)	(200,785)	(175,342)	-	-
Profit before income and social contribution taxes	390,249	400,924	349,145	356,899	41,104	44,025
Income and social contribution taxes	(98,132)	(98,567)	(81,435)	(80,296)	(16,697)	(18,271)
Net income for the period from continuing operations	292,117	302,357	267,710	276,603	24,407	25,754

29 Statement of cash flow by business segment – indirect method

	Consolidated		Industrial Segment		Financial Segment	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
		Restated		Restated		
Cash flow from operating activities						
Net income in the period	**292,117**	**302,357**	**267,710**	**276,603**	**24,407**	**25,754**
Reconciliation of income (loss) to cash provided by operating activities:						
Depreciation and amortization	40,221	37,354	39,915	37,115	306	239
Cost on the Sales of permanent assets	13,651	439	13,651	439	-	-
Equity in net income of subsidiaries	(24,984)	(28,257)	(24,984)	(28,257)	-	-
Allowance for doubtful accounts	(6,820)	12,178	(2,732)	12,794	(4,088)	(616)
Deferred income and social contribution taxes	98,132	98,567	81,435	80,296	16,697	18,271
Interest and variance appropriated	73,454	52,417	50,001	19,215	23,453	33,202
Non-controlling interests	4,157	2,328	4,157	2,328	-	-
Changes in assets and liabilities						
(Increase) decrease in accounts receivable	(138,810)	(266,331)	(50,062)	(214,530)	(88,748)	(51,801)
(Increase) decrease in inventories	(13,301)	(19,166)	(13,301)	(19,166)	-	-
(Increase) decrease in other accounts receivable	(78,585)	(32,113)	(78,585)	(32,113)	-	-
(Increase) decrease in securities	16,580	(72,531)	18,058	(52,079)	(1,478)	(20,452)
Increase (decrease) in trade payables	(27,738)	52,153	(27,738)	52,153	-	-
Increase (decrease) in actuarial liabilities	(43,368)	43,368	(43,057)	43,057	(311)	311
Increase (decrease) in trade payables and provisions	60,902	9,909	60,627	24,774	275	(14,865)
Cash provided in operating activities	**265,608**	**192,672**	**295,095**	**202,629**	**(29,487)**	**(9,957)**
Taxes paid over income	(85,640)	(97,994)	(71,085)	(83,926)	(14,555)	(14,068)
Net cash provided by operating activities	**179,968**	**94,678**	**224,010**	**118,703**	**(44,042)**	**(24,025)**
Cash flow from investment activities						
Investments	(174,806)	(12,024)	(174,806)	(12,024)	-	-
Subsidiary dividends	20,966	4,100	20,966	4,100	-	-
Permanent purchases	(77,925)	(85,444)	(77,455)	(85,356)	(470)	(88)
Intangible purchases	(69,572)	(131,978)	(69,216)	(131,831)	(356)	(147)
Receipt on sale of property, plant and equipment	598	1,044	598	1,044	-	-
Net cash provided by investment activities	**(300,019)**	**(224,302)**	**(299,193)**	**(223,475)**	**(826)**	**(235)**
Cash flows from financing activities						
Treasury shares	(8,234)	5,266	(8,234)	5,266	-	-
Borrowings from third parties	1,411,199	443,196	1,123,885	196,081	287,314	247,115
Payment of borrowings – principal	(838,326)	(609,792)	(625,954)	(407,101)	(212,372)	(202,691)
Payment of borrowings – interest	(62,431)	(56,703)	(38,606)	(22,859)	(23,825)	(33,844)
Payment of interest on equity and dividends	(136,034)	(167,137)	(129,596)	(161,137)	(6,438)	(6,000)
Net cash used in financing activities	**366,174**	**(385,170)**	**321,495**	**(389,750)**	**44,679**	**4,580**
Exchange variance on cash and cash equivalents	4,375	1,516	4,375	1,516	-	-
Net increase (decrease) in cash and cash equivalent	**250,498**	**(513,278)**	**250,688**	**(493,006)**	**(190)**	**(19,680)**

	Consolidated		Industrial Segment		Financial Segment	
	2013	2012	2013	2012	2013	2012
Cash and cash equivalent at beginning of the period	374,219	887,497	339,838	833,436	34,381	54,061
Cash and cash equivalent at the end of the period	624,717	374,219	590,526	339,838	34,191	34,381

30 Consolidated financial statement and by segment, according to the new standards and interpretations

Considering the implementation of IFRS10/CPC 36 (R3) and IFRS 11/CPC 19 (R2) after 2013, the company is demonstrating the effects before the adoption of such new standards on consolidated financial statement for 2013.

Balance sheet

	Consolidated		Industrial Segment		Financial Segment	
	2013		2013		2013	
	Current	Before adoption	Current	Before adoption	Current	Before adoption
Assets						
Current						
Cash and cash equivalent	624,717	649,418	590,526	615,227	34,191	34,191
Financial assets stated at fair value	143,702	145,167	143,702	145,167	-	-
Derivative financial instruments	978	978	978	978	-	-
Credits	1,166,496	1,248,762	863,631	945,897	302,865	302,865
Inventory	447,456	516,357	447,456	516,357	-	-
Other accounts receivable	141,498	183,994	99,989	142,485	41,509	41,509
	2,524,847	2,744,676	2,146,282	2,366,111	378,565	378,565
Noncurrent						
Long Term						
Financial assets stated at fair value	26,037	-	26,037	-	-	-
Credit	521,400	522,140	-	740	521,400	521,400
Other accounts receivable	67,590	78,385	63,421	74,216	4,169	4,169
Investments	371,911	244,040	371,911	244,040	-	-
Property, plant and equipment	338,056	511,573	337,364	510,881	692	692
Goodwill and intangible	267,999	279,130	267,431	278,562	568	568
	1,592,993	1,635,268	1,066,164	1,108,439	526,829	526,829
Total assets	4,117,840	4,379,944	3,212,446	3,474,550	905,394	905,394
Liabilities						
Current						
Trade payables	308,165	349,644	308,165	349,644	-	-
Loans and financing	367,145	416,478	147,509	196,842	219,636	219,636
Derivative financial instruments	467	467	467	467	-	-
Other accounts payable	379,441	446,732	359,941	427,232	19,500	19,500
	1,055,218	1,213,321	816,082	974,185	239,136	239,136
Noncurrent						
Financial institutions	1,468,614	1,561,012	998,836	1,091,234	469,778	469,778
Other accounts payable	60,017	71,620	60,017	71,620	-	-

	Consolidated		Industrial Segment		Financial Segment	
	2013		2013		2013	
	Current	Before adoption	Current	Before adoption	Current	Before adoption
	1,528,631	1,632,632	1,058,854	1,162,854	469,778	469,778
Minority Interest	18,095	18,095	18,095	18,095	-	-
Shareholders' equity	1,515,896	1,515,896	1,319,416	1,319,416	196,480	196,480
Total liabilities	4,117,840	4,379,944	3,212,446	3,474,550	905,394	905,394

Statement of Income

	Consolidated		Industrial segment		Financial segment	
	2013		2013		2013	
	Current	Before adoption	Current	Before adoption	Current	Before adoption
Continued operations						
Net revenue from Sales and services	3,659,309	4,174,895	3,603,489	4,119,075	55,820	55,820
Cost of goods sold and services provided	(2,928,774)	(3,356,525)	(2,928,774)	(3,356,525)	-	-
Gross profit	730,535	818,370	674,715	762,550	55,820	55,820
Operational expenses(income)						
Sales	(179,890)	(207,629)	(179,890)	(207,629)	-	-
Administrative expenses	(173,823)	(200,552)	(159,593)	(186,322)	(14,230)	(14,230)
Other net operating income (expenses)	(6,913)	(5,939)	(6,427)	(5,453)	(486)	(486)
Equity in net income of subsidiaries	24,984	16,553	24,984	16,553	-	-
Operating profit before financial income and equity interest	394,893	420,803	353,789	379,699	41,104	41,104
Financial income						
Financial revenue	196,141	204,373	196,141	204,373	-	-
Financial expenses	(200,785)	(225,555)	(200,785)	(225,555)	-	-
Profit before income and social contribution taxes	390,249	399,621	349,145	358,517	41,104	41,104
Income and social contribution taxes	(98,132)	(107,504)	(81,435)	(90,807)	(16,697)	(16,697)
Net income for the period from continuing operations	292,117	292,117	267,710	267,710	24,407	24,407

31 Additional information

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

(a) Net revenue by geographic area

	Consolidated	
	2013	**2012**
		Restated
Brazil	3,062,634	2,863,990
África	82,245	72,506
Australia	304,404	259,732
China	41,972	35,414
Russia	1,025	619
Mexico	167,029	137,678
	3,659,309	3,369,939

(b) Fixed assets, goodwill and intangible by geographic area

	Consolidated	
	2013	**2012**
		Restated
Brazil	366,894	321,678
África	12,244	14,493
Australia	137,933	159,331
China	4,021	3,631
Virgin Islands	1	3
Mexico	84,916	13,242
Portugal	-	8
Russia	4	45
Uruguay	42	36
	606,055	512,467

32 Provisional Measure No. 627

Management performed an initial evaluation of the provisions included in Provisional Measure No. 627 of November 11, 2013 ("MP 627") and Normative Instruction (IN) 1.397, of September 16, 2013, amended by IN 1.422 of December 19, 2013 ("IN 1397").

Although the MP 627 takes effect from January 1, 2015 on, there is the possibility of an option (on an irreversible basis) for its implementation from January 1, 2014. Management does not intend to make the option for early adoption.

According to the analysis of management and its consultants, no relevant impacts of the MP 627 and IN 1397 in the financial statements for the year ended December 31, 2013 were identified.

33 Subsequent events

Strategic investment contract

According to the Meeting of Board of Directors held on February 21, 2014, it was approved the payment of dividends for the financial year 2013, in the amount of R$ 66,670, to be paid with the ratio of R$ 0.075 per share starting from March 31, 2014. The dividends will be deducted from the profit reserves designed in year 2013.

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