Marcopolo S.A.

Quarterly Information at March 31, 2014 and Report on Review of Quarterly Information

(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)

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2014 - MARCOPOLO SA

Contents

(A free translation of the original in Portuguese)

Company Information / Capital Composition

Number of shares (units)	Current quarter 3/31/2014
Paid-up capital	
Common shares	341,625,744
Preferred shares	555,274,340
Total	896,900,084
Treasury shares	
Common shares	0
Preferred shares	7,095,615
Total	7,095,615

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

Event	Date approved	Amount	Date of payment	Type of share	Class of share	Amount per share (Reais / Share)
Board of Directors' Meeting	11/04/2013	Interest on capital	3/31/2013	Common		0.0175
Board of Directors' Meeting	11/04/2013	Interest on capital	3/31/2013	Preferred		0.0175
Board of Directors' Meeting	02/21/2014	Dividend	3/31/2013	Common		0.075
Board of Directors' Meeting	02/21/2014	Dividend	3/31/2013	Preferred		0.075
Board of Directors' Meeting	02/21/2014	Interest on capital	6/30/2013	Common		0.0175
Board of Directors' Meeting	02/21/2014	Interest on capital	6/30/2013	Preferred		0.0175

Parent Company Financial Statements / Balance Sheet - Assets

(Thousands of Reais)

1 – Account Code	2 – Account Description	Current quarter 3/31/2014	Previous year 12/31/2013
1	Total assets	2,928,613	3,089,186
1.01	Current assets	1,494,129	1,634,953
1.01.01	Cash and cash equivalents	437,239	435,011
1.01.02	Short-term investments	166,437	144,052
1.01.02.01	Short-term investments valued at Fair Value	166,437	144,052
1.01.02.01.01	Marketable Securities	166,437	144,052
1.01.03	Accounts Receivable	551,968	688,703
1.01.03.01	Trade accounts receivable	551,968	688,703
1.01.04	Inventory	256,325	284,330
1.01.06	Recoverable Taxes	60,110	60,956
1.01.06.01	Current taxes recoverable	60,110	60,956
1.01.08	Other current assets	22,050	21,901
1.01.08.03	Other	22,050	21,901
1.02	Noncurrent Assets	1,434,484	1,454,233
1.02.01	Long-term Assets	51,886	63,522
1.02.01.01	Short-term investments valued at Fair Value	24,934	26,339
1.02.01.01.02	Available-for-sale securities	24,934	26,339
1.02.01.03	Accounts Receivable	7,313	7,411
1.02.01.03.02	Other Accounts Receivable	7,313	7,411
1.02.01.06	Deferred taxes	19,639	29,772
1.02.01.06.01	Deferred income tax and social contribution	19,639	29,772
1.02.02	Investments	1,151,051	1,164,775
1.02.02.01	Equity interests	1,151,051	1,164,775
1.02.02.01.01	Interests in Associated Companies	36,169	34,060
1.02.02.01.02	Interests in subsidiaries	956,169	961,337
1.02.02.01.03	Interests in Joint Ventures	158,713	169,378
1.02.03	Property, plant and equipment	226,814	220,850
1.02.03.01	Property, plant and equipment in operation	226,814	220,850
1.02.04	Intangible assets	4,733	5,086
1.02.04.01	Intangible assets	4,733	5,086

Parent Company Financial Statements / Balance Sheet - Liabilities and Equity

(Thousands of Reais)

1 – Account Code	2 – Account Description	Current quarter 3/31/2014	Previous year 12/31/2013
2	Total liabilities	2,928,613	3,089,186
2.01	Current liabilities	473,956	563,852
2.01.01	Social and labor obligations	60,061	91,901
2.01.01.02	Labor obligations	60,061	91,901
2.01.02	Trade payables	215,005	245,460
2.01.02.01	Domestic Trade payables	211,270	234,234
2.01.02.02	Foreign Trade payables	3,735	11,226
2.01.03	Tax obligations	29,126	29,906
2.01.03.01	Federal tax liabilities	22,668	21,668
2.01.03.01.01	Income taxes and contribuitions payable	22,668	21,668
2.01.03.02	State tax liabilities	5,687	8,148
2.01.03.03	Municipal tax liabilities	771	90
2.01.04	Loans and Financing	59,105	57,951
2.01.04.01	Loans and Financing	59,105	57,951
2.01.04.01.01	In local currency	31,110	28,108
2.01.04.01.02	Foreign currency	27,995	29,843
2.01.05	Other obligations	110,659	138,634
2.01.05.02	Other	110,659	138,634
2.01.05.02.01	Dividends and interest on Shareholder's Equity Payable	14,352	-
2.01.05.02.02	Minimum mandatory dividend payable	-	20,395
2.01.05.02.04	Advances from customers	32,841	42,681
2.01.05.02.05	Representatives on commission	26,970	30,729
2.01.05.02.06	D&O profit shares	1,470	7,241
2.01.05.02.07	Other current accounts payable	35,026	37,588
2.02	Noncurrent liabilities	1,007,723	1,009,438
2.02.01	Loans and financing	994,040	997,559
2.02.01.01	Loans and financing	994,040	997,559
2.02.01.01.01	In local currency	758,072	754,427
2.02.01.01.02	Foreign currency	235,968	243,132
2.02.04	Provisions	13,683	11,879
2.02.04.01	Tax, welfare and civil contingencies	13,683	11,879
2.02.04.01.01	Tax provisions	6,193	6,158
2.02.04.01.02	Social security and labor provisions	5,721	5,721
2.02.04.01.03	Pension plan and retirement benefits for employees provision	1,769	-
2.03	Shareholders' equity	1,446,934	1,515,896
2.03.01	Realized capital	1,200,000	1,200,000
2.03.02	Capital reserves	325	593
2.03.02.04	Goodwil on share issuance	325	593
2.03.04	Profit reserves	201,169	277,167
2.03.04.01	Legal reserve	22,906	22,906
2.03.04.02	Statutory reserve	211,172	271,885
2.03.04.09	Treasury shares	(32,909)	(17,624)
2.03.05	Retained earnings/accumulated losses	38,766	-
2.03.06	Equity valuation adjustments	6,674	38,136

(A free translation of the original in Portuguese)

Parent Company Financial Statements / Statement of Income

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2014 to 3/31/2014	Accrued value of the prior year 1/1/2013 to 3/31/2013
3.01	Revenue from goods sold and services provided	528,995	561,520
3.02	Cost of goods and/or services sold	(435,348)	(468,609)
3.03	Gross profit	93,647	92,911
3.04	Operating (expenses) income	(32,600)	(33,119)
3.04.01	Sales expenses	(25,782)	(32,615)
3.04.02	General and administrative expenses	(18,773)	(20,213)
3.04.05	Other operating expenses	(1,387)	(1,113)
3.04.06	Equity in net income of subsidiaries	13,342	20,822
3.05	Net income (loss) from operations	61,047	59,792
3.06	Financial Income/loss	6,031	2,205
3.06.01	Financial revenue	44,256	46,343
3.06.02	Financial expenses	(38,225)	(44,138)
3.07	Profit before income tax and social contribution	67,078	61,997
3.08	Income taxes and social contribution	(12,740)	(6,605)
3.08.01	Current	(2,005)	(5,298)
3.08.02	Deferred charges	(10,735)	(1,307)
3.09	Net income from continued operations	54,338	55,392
3.11	Net income/loss for the period	54,338	55,392
3.99	Earnings per share - (reais/share)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	Common	0.0611	0.0619
3.99.01.02	Preferred	0.0611	0.0619
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common	0.0606	0.0618
3.99.02.02	Preferred	0.0606	0.0618

Parent Company Financial Statements / Statement of Comprehensive Income

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2014 to 3/31/2014	Accrued value of the prior year 1/1/2013 to 3/31/2013
4.01	Net income for the period	54,338	55,392
4.02	Other comprehensive income/loss	(31,462)	(11,381)
4.02.01	Exchange variance on foreign investments	(30,285)	(6,296)
4.02.02	Actuarial losses over employees benefits	(1,769)	(7,645)
4.02.03	Deferred tax income and social contribution over actuarial gains/losses	601	2,600
4.02.04	Result of comprehensive income of subsidiaries	(9)	(40)
4.03	Comprehensive income for the period	22,876	44,011

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

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2014 to 3/31/2014	Accrued value of the prior year 1/1/2013 to 3/31/2013
6.01	Cash flows from operating activities	115,853	79,899
6.01.01	Cash flows from operating activities	60,152	58,714
6.01.01.01	Net income for the year	54,338	55,392
6.01.01.02	Depreciation and amortization	5,503	4,700
6.01.01.03	Earnings on disposal of investments, property, plant and equipment and intangible assets	247	81
6.01.01.04	Equity in net income of subsidiaries	(13,342)	(20,822)
6.01.01.05	Allowance for doubtful accounts	(4)	1,671
6.01.01.06	Current and deferred income tax and social contribution	12,740	6,605
6.01.01.07	Interest and exchange variance appropriated	670	11,087
6.01.02	Changes in assets and liabilities	55,701	21,185
6.01.02.01	(Increase) decrease in trade accounts receivable	136,739	115,992
6.01.02.02	(Increase) decrease in inventories	28,005	(92,486)
6.01.02.03	(Increase) decrease in other accounts receivable	10,928	(14,365)
6.01.02.04	(Increase) decrease in assets stated at fai value	(20,980)	(24,499)
6.01.02.05	Increase (decrease) in trade payables	(30,455)	66,989
6.01.02.06	Increase (decrease) in actuarial benefits	1,769	7,645
6.01.02.07	Increase (decrease) in other accounts and provisions	(68,300)	(32,793)
6.01.02.08	Tax paid	(2,005)	(5,298)
6.02	Cash flow from investment activities	(14,580)	(116,138)
6.02.01	Investments	(3,624)	(102,353)
6.02.02	Dividends from subsidiaries, jointly-controlled entities and associates	405	4,861
6.02.03	Purchases of property, plant and equipment	(11,277)	(18,193)
6.02.04	Purchases of intangible assets	(84)	(479)
6.02.05	Receipt on sale of property, plant and equipment	-	26
6.03	Cash flow from financing activities	(99,045)	586,674
6.03.02	Loans secured from unrelated parties	12,744	722,463
6.03.03	Payment of loans – principal	(5,625)	(39,341)
6.03.04	Payment of loans – interest	(10,154)	(7,434)
6.03.05	Payment of interest in shareholders’ equity and dividends	(80,457)	(92,502)
6.03.06	Treasury shares	(15,553)	3,488
6.05	Increase (decrease) in cash and cash equivalents	2,228	550,435
6.05.01	Opening balance of cash and cash equivalents	435,011	233,119
6.05.02	Closing balance of cash and cash equivalents	437,239	783,554

(A free translation of the original in Portuguese)

Parent Company Financial Statements /Statement of Changes in Equity / 1/1/2014 to 3/31/2014

(Thousands of Reais)

1 – Account Code	2 – Account Description	Paid-up share capital	Capital reserves, options awarded and treasury shares	Profit reserves	Retained earnings / accumulated losses	Other comprehensive income / loss	Shareholders' equity
5.01	Opening balances	1,200,000	(17,031)	294,791	-	38,136	1,515,896
5.03	Adjusted opening balances	1,200,000	(17,031)	294,791	-	38,136	1,515,896
5.04	Capital transactions with partners	-	(15,553)	(60,713)	(15,572)	-	(91,838)
5.04.04	Treasury stock acquired	-	(19,324)	-	-	-	(19,324)
5.04.05	Treasury stock sold	-	3,771	-	-	-	3,771
5.04.07	Interest in shareholders' equity	-	-	(60,713)	(15,572)	-	(76,285)
5.05	Total comprehensive income/loss	-	-	-	54,338	(31,462)	22,876
5.05.01	Net income for the period	-	-	-	54,338	-	54,338
5.05.02	Other comprehensive income/loss	-	-	-	-	(31,462)	(31,462)
5.05.02.04	Translation adjustments in the period	-	-	-	-	(31,462)	(31,462)
5.07	Closing balances	1,200,000	(32,584)	234,078	38,766	6,674	1,446,934

Parent Company Financial Statements /Statement of Changes in Equity / 1/1/2013 to 3/31/2013

(Thousands of Reais)

1 – Account Code	2 – Account Description	Paid-up share capital	Capital reserves, options awarded and treasury shares	Profit reserves	Retained earnings / accumulated losses	Other comprehensive income / loss	Shareholders' equity
5.01	Opening balances	700,000	(8,797)	647,440	-	(38,718)	1,299,925
5.03	Adjusted opening balances	700,000	(8,797)	647,440	-	(38,718)	1,299,925
5.04	Capital transactions with partners	-	3,488	(72,790)	(15,661)	-	(84,963)
5.04.05	Treasury stock sold	-	3,488	-	-	-	3,488
5.04.07	Interest in shareholders' equity	-	-	(72,790)	(15,661)	-	(88,451)
5.05	Total comprehensive income/loss	-	-	-	55,392	(11,481)	43,911
5.05.01	Net income for the period	-	-	-	55,392	-	55,392
5.05.02	Other comprehensive income/loss	-	-	-	-	(11,481)	(11,481)
5.05.02.04	Translation adjustments in the period	-	-	-	-	(11,481)	(11,481)
5.07	Adjusted opening balances	700,000	(5,309)	574,650	39,731	(50,199)	1,258,873

Parent Company Financial Statements / Statement of Value Added

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2014 to 3/31/2014	Accrued value of the prior year 1/1/2013 to 3/31/2013
7.01	Revenue	617,076	650,891
7.01.01	Sales of goods, products and services	614,123	652,236
7.01.02	Other revenue	2,949	326
7.01.04	Allowance/(reversal of allowance) for doubtful accounts	4	(1,671)
7.02	Consumables acquired from third parties	(448,775)	(507,597)
7.02.01	Cost of goods and services sold	(388,661)	(426,383)
7.02.02	Materials, energy, outsourced services and other	(55,778)	(79,776)
7.02.03	Loss/recovery of assets	(4,336)	(1,438)
7.03	Gross value added	168,301	143,294
7.04	Retentions	(5,503)	(4,700)
7.04.01	Depreciation, amortization and depletion	(5,503)	(4,700)
7.05	Net added value produced	162,798	138,594
7.06	Transferred added value	57,598	67,165
7.06.01	Equity in net income of subsidiaries	13,342	20,822
7.06.02	Financial revenue	44,256	46,343
7.07	Total added value to be distributed	220,396	205,759
7.08	Distribution of added value	220,396	205,759
7.08.01	Personnel	112,677	119,743
7.08.01.01	Direct remuneration	77,826	85,730
7.08.01.02	Benefits	27,592	26,532
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	7,259	7,481
7.08.02	Taxes, duties and contributions	13,143	(15,464)
7.08.02.01	Federal	15,795	(1,758)
7.08.02.02	State	(3,016)	(15,063)
7.08.02.03	Municipal	364	1,357
7.08.03	Interest expenses	40,238	46,088
7.08.03.01	Interest	38,225	44,138
7.08.03.02	Rent	2,013	1,950
7.08.04	Interest earnings	54,338	55,392
7.08.04.01	Interest on shareholders' equity	15,572	15,661
7.08.04.03	Retained earnings / loss for the period	38,766	39,731

(A free translation of the original in Portuguese)

Consolidated Financial Statements / Balance Sheet - Assets

(Thousands of Reais)

1 – Account Code	2 – Account Description	Current quarter 3/31/2014	Previous year 12/31/2013
1	Total assets	4,017,362	4,117,840
1.01	Current assets	2,405,681	2,524,847
1.01.01	Cash and cash equivalents	653,747	624,717
1.01.02	Short-term investments	166,505	144,680
1.01.02.01	Short-term investments valued at Fair Value	166,505	144,680
1.01.02.01.01	Marketable Securities	166,505	144,680
1.01.03	Accounts Receivable	991,145	1,166,496
1.01.03.01	Trade accounts receivable	991,145	1,166,496
1.01.04	Inventory	442,213	447,456
1.01.06	Recoverable Taxes	76,743	73,320
1.01.06.01	Current taxes recoverable	76,743	73,320
1.01.08	Other current assets	75,328	68,178
1.01.08.03	Other	75,328	68,178
1.02	Noncurrent Assets	1,611,681	1,592,993
1.02.01	Long-term Assets	640,426	615,027
1.02.01.01	Short-term investments valued at Fair Value	24,627	26,037
1.02.01.01.02	Available-for-sale securities	24,627	26,037
1.02.01.03	Accounts Receivable	573,773	536,306
1.02.01.03.01	Trade accounts Receivable	558,422	521,400
1.02.01.03.02	Other Accounts Receivable	15,351	14,906
1.02.01.06	Deferred taxes	42,026	52,684
1.02.01.06.01	Deferred income tax and social contribution	42,026	52,684
1.02.02	Investments	351,673	371,911
1.02.02.01	Equity interests	351,673	371,911
1.02.02.01.01	Interests in Associated Companies	351,091	370,836
1.02.02.01.04	Interests in subsidiaries	582	1,075
1.02.03	Property, plant and equipment	357,633	338,056
1.02.03.01	Property, plant and equipment in operation	357,633	338,056
1.02.04	Intangible assets	261,949	267,999
1.02.04.01	Intangible assets	261,949	267,999

Consolidated Financial Statements / Balance Sheet - Liabilities and Equity

(Thousands of Reais)

1 – Account Code	2 – Account Description	Current quarter 3/31/2014	Previous year 12/31/2013
2	Total liabilities and equity	4,017,362	4,117,840
2.01	Current liabilities	980,067	1,055,218
2.01.01	Social and labor obligations	83,370	117,038
2.01.01.01	Payroll obrigations	83,370	117,038
2.01.02	Trade payables	304,075	308,165
2.01.02.01	Domestic trade payables	255,391	262,976
2.01.02.02	Foreign trade payables	48,684	45,189
2.01.03	Tax obligations	52,975	62,271
2.01.03.01	Federal tax liabilities	45,023	51,743
2.01.03.01.01	Income taxes and contributions payable	45,023	51,743
2.01.03.02	State tax liabilities	6,852	10,223
2.01.03.03	Municipal tax liabilities	1,100	305
2.01.04	Loans and financing	383,991	367,612
2.01.04.01	Loans and financing	383,991	367,612
2.01.04.01.01	In local currency	255,672	248,231
2.01.04.01.02	Foreign currency	128,319	119,381
2.01.05	Other obligations	155,656	200,132
2.01.05.02	Other	155,656	200,132
2.01.05.02.01	Dividends and interest on capital payable	14,352	-
2.01.05.02.02	Minimum mandatory dividend payable	-	20,395
2.01.05.02.04	Advances from customers	45,689	70,119
2.01.05.02.05	Representatives on commission	28,904	36,255
2.01.05.02.06	D&O profit shares	1,470	7,241
2.01.05.02.07	Other current accounts payable	65,241	66,122
2.02	Noncurrent liabilities	1,571,938	1,528,631
2.02.01	Loans and financing	1,509,400	1,468,614
2.02.01.01	Loans and financing	1,509,400	1,468,614
2.02.01.01.01	In local currency	1,273,303	1,225,459
2.02.01.01.02	Foreign currency	236,097	243,155
2.02.02	Other obligations	46,168	45,523
2.02.02.02	Other	46,168	45,523
2.02.02.02.03	Obligations to purchase equity interests	46,168	45,523
2.02.04	Provisions	16,370	14,494
2.02.04.01	Tax, welfare and civil contingencies	16,370	14,494
2.02.04.01.01	Tax provisions	6,387	6,352
2.02.04.01.02	Social security and labor provisions	8,199	8,142
2.02.04.01.03	Pension plan and retirement benefits for employees provision	1,784	-
2.03	Consolidated shareholders' equity	1,465,357	1,533,991
2.03.01	Realized capital	1,200,000	1,200,000
2.03.02	Capital reserves	325	593
2.03.02.04	Options awarded	325	593
2.03.04	Profit reserves	201,169	277,167
2.03.04.01	Legal reserve	22,906	22,906
2.03.04.02	Statutory reserve	211,172	271,885
2.03.04.09	Treasury stock	(32,909)	(17,624)
2.03.05	Retained earnings/accumulated losses	38,766	-
2.03.06	Equity valuation adjustments	6,674	38,136
2.03.09	Non-controlling interests	18,423	18,095

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2014 - MARCOPOLO SA

Consolidated Financial Statements / Statement of Income

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2014 to 3/31/2014	Accrued value of the prior year 1/1/2013 to 3/31/2013
3.01	Revenue from goods sold and services provided	741,794	766,970
3.02	Cost of goods and/or services sold	(612,688)	(617,200)
3.03	Gross profit	129,106	149,770
3.04	Operating (expenses) income	(65,042)	(77,625)
3.04.01	Sales expenses	(32,409)	(40,984)
3.04.02	General and administrative expenses	(38,552)	(36,604)
3.04.05	Other operating expenses	525	(4)
3.04.06	Equity in net income of subsidiaries	5,394	(33)
3.05	Net income (loss) from operations	64,064	72,145
3.06	Financial Income/loss	9,218	2,504
3.06.01	Financial revenue	48,919	50,405
3.06.02	Financial expenses	(39,701)	(47,901)
3.07	Profit before income tax and social contribution	73,282	74,649
3.08	Income taxes and social contribution	(18,947)	(18,938)
3.08.01	Current	(8,289)	(18,571)
3.08.02	Deferred charges	(10,658)	(367)
3.09	Net income from continued operations	54,335	55,711
3.11	Consolidated net income/loss for the period	54,335	55,711
3.11.01	Attributed to partners of the parent Company	54,338	55,392
3.11.02	Attributed to non-controlling interests	(3)	319
3.99	Earnings per share (Reais / Share)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	Common	0.0611	0.0623
3.99.01.02	Preferred	0.0611	0.0623
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common	0.0606	0.0621
3.99.02.02	Preferred	0.0606	0.0621

Consolidated Financial Statements / Statement of Comprehensive Income

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2014 to 3/31/2014	Accrued value of the prior year 1/1/2013 to 3/31/2013
4.01	Consolidated net income for the period	54,335	55,711
4.02	Other comprehensive income/loss	(31,462)	(11,520)
4.02.01	Exchange variance on foreign investments	(30,285)	(6,448)
4.02.02	Actuarial losses over employees benefits	(1,784)	(7,712)
4.02.03	Deferred tax income and social contribution over actuarial gains/losses	607	2,640
4.03	Consolidated comprehensive income for the period	22,873	44,191
4.03.01	Attributed to partners of the parent Company	22,545	44,024
4.03.02	Attributed to non-controlling interests	328	167

(A free translation of the original in Portuguese)

Consolidated Financial Statements / Statement of Cash Flows - Indirect Method

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2014 to 3/31/2014	Accrued value of the prior year 1/1/2013 to 3/31/2013
6.01	Cash flows from operating activities	105,081	88,137
6.01.01	Cash flows from operating activities	84,579	102,171
6.01.01.01	Net income for the year	54,335	55,711
6.01.01.02	Depreciation and amortization	10,713	8,806
6.01.01.03	Earnings on disposal of investments, property, plant and equipment and intangible assets	485	952
6.01.01.04	Equity in net income of subsidiaries	(5,394)	33
6.01.01.05	Allowance for doubtful accounts	(3,457)	(2,676)
6.01.01.06	Current and deferred income tax and social contribution	18,947	18,938
6.01.01.07	Interest and exchange variance appropriated	7,973	20,088
6.01.01.08	Non-controlling interests	977	319
6.01.02	Changes in assets and liabilities	20,502	(14,034)
6.01.02.01	(Increase) decrease in trade accounts receivable	140,350	98,431
6.01.02.02	(Increase) decrease in inventories	1,634	(107,002)
6.01.02.03	(Increase) decrease in other accounts receivable	(1,386)	(22,502)
6.01.02.04	(Increase) decrease in assets stated at fai value	(20,414)	(21,782)
6.01.02.05	Increase (decrease) in trade payables	(2,722)	72,318
6.01.02.06	Increase (decrease) in actuarial benefits	1,784	7,712
6.01.02.07	Increase (decrease) in other accounts and provisions	(90,455)	(22,638)
6.01.02.08	Tax paid	(8,289)	(18,571)
6.02	Cash flow from investment activities	(28,909)	(125,737)
6.02.01	Investments	(2,116)	(101,993)
6.02.02	Dividends from subsidiaries, jointly-controlled entities and associates	3,725	390
6.02.03	Purchases of property, plant and equipment	(30,363)	(23,678)
6.02.04	Purchases of intangible assets	(155)	(494)
6.02.05	Receipt on sale of property, plant and equipment	-	38
6.03	Cash flow from financing activities	(45,811)	579,784
6.03.02	Loans secured from unrelated parties	139,567	789,602
6.03.03	Payment of loans – principal	(73,855)	(99,589)
6.03.04	Payment of loans – interest	(15,513)	(14,777)
6.03.05	Payment of interest in shareholders' equity and dividends	(80,457)	(98,940)
6.03.06	Treasury shares	(15,553)	3,488
6.04	Foreign exchange gains/(losses) on cash equivalents	(1,331)	(988)
6.05	Increase (decrease) in cash and cash equivalents	29,030	541,196
6.05.01	Opening balance of cash and cash equivalents	624,717	374,219
6.05.02	Closing balance of cash and cash equivalents	653,747	915,415

Consolidated Financial Statements /Statement of Changes in Equity / 1/1/2014 to 3/31/2014

(Thousands of Reais)

1 – Account Code	2 – Account Description	Paid-up share capital	Capital reserves, options awarded and treasury shares	Profit reserves	Retained earnings / accumulated losses	Other comprehensive income / loss	Shareholders' equity	Non-controlling interests	Consolidated Shareholders equity
5.01	Opening balances	1,200,000	(17,031)	294,791	-	38,136	1,515,896	18,095	1,533,991
5.03	Adjusted opening balances	1,200,000	(17,031)	294,791	-	38,136	1,515,896	18,095	1,533,991
5.04	Capital transactions with partners	-	(15,553)	(60,713)	(15,572)	-	(91,838)	-	(91,838)
5.04.04	Treasury stock acquired	-	(19,324)	-	-	-	(19,324)	-	(19,324)
5.04.05	Treasury stock sold	-	3,771	-	-	-	3,771	-	3,771
5.04.07	Interest in shareholders' equity	-	-	(60,713)	(15,572)	-	(76,285)	-	(76,285)
5.05	Total comprehensive income	-	-	-	54,338	(31,462)	22,876	328	23,204
5.05.01	Net income for the period	-	-	-	54,338	-	54,338	(3)	54,335
5.05.02	Other comprehensive income/loss	-	-	-	-	(31,462)	(31,462)	331	(31,131)
5.05.02.04	Translation adjustments in the period	-	-	-	-	(31,462)	(31,462)	(649)	(32,111)
5.05.02.06	Non-controlling interests from paid-up capital	-	-	-	-	-	-	980	980
5.07	Closing balances	1,200,000	(32,584)	234,078	38,766	6,674	1,446,934	18,423	1,465,357

Consolidated Financial Statements / Statement of Changes in Equity / 1/1/2013 to 3/31/2013

(Thousands of Reais)

1 – Account Code	2 – Account Description	Paid-up share capital	Capital reserves, options awarded and treasury shares	Profit reserves	Retained earnings / accumulated losses	Other comprehensive income / loss	Shareholders' equity	Non-controlling interests	Consolidated Shareholders equity
5.01	Opening balances	700,000	(8,797)	647,440	-	(38,718)	1,299,925	12,519	1,312,444
5.03	Adjusted opening balances	700,000	(8,797)	647,440	-	(38,718)	1,299,925	12,519	1,312,444
5.04	Capital transactions with partners	-	3,488	(72,790)	(15,661)	-	(84,963)	-	(84,963)
5.04.05	Treasury stock sold	-	3,488	-	-	-	3,488	-	3,488
5.04.07	Interest in shareholders' equity	-	-	(72,790)	(15,661)	-	(88,451)	-	(88,451)
5.05	Total comprehensive income	-	-	-	55,392	(11,481)	43,911	167	44,078
5.05.01	Net income for the period	-	-	-	55,392	-	55,392	319	55,711
5.05.02	Other comprehensive income/loss	-	-	-	-	(11,481)	(11,481)	(152)	(11,633)
5.05.02.04	Translation adjustments in the period	-	-	-	-	(11,481)	(11,481)	(152)	(11,633)
5.07	Closing balances	700,000	(5,309)	574,650	39,731	(50,199)	1,258,873	12,686	1,271,559

(A free translation of the original in Portuguese)

Consolidated Financial Statements / Statement of Value Added

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2014 to 3/31/2014	Accrued value of the prior year 1/1/2013 to 3/31/2013
7.01	Revenue	864,766	895,322
7.01.01	Sales of goods, products and services	855,475	889,730
7.01.02	Other revenue	5,834	2,916
7.01.04	Allowance/(reversal of allowance) for doubtful accounts	3,457	2,676
7.02	Consumables acquired from third parties	(611,435)	(653,508)
7.02.01	Cost of goods and services sold	(522,376)	(559,391)
7.02.02	Materials, energy, outsourced services and other	(83,750)	(92,011)
7.02.03	Loss/recovery of assets	(5,309)	(2,106)
7.03	Gross value added	253,331	241,814
7.04	Retentions	(10,713)	(8,806)
7.04.01	Depreciation, amortization and depletion	(10,713)	(8,806)
7.05	Net added value produced	242,618	233,008
7.06	Transferred added value	54,313	50,372
7.06.01	Equity in net income of subsidiaries	5,394	(33)
7.06.02	Financial revenue	48,919	50,405
7.07	Total added value to be distributed	296,931	283,380
7.08	Distribution of added value	296,931	283,380
7.08.01	Personnel	170,627	162,228
7.08.01.01	Direct remuneration	125,393	118,267
7.08.01.02	Benefits	36,331	35,237
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	8,903	8,724
7.08.02	Taxes, duties and contributions	25,529	9,400
7.08.02.01	Federal	26,074	18,185
7.08.02.02	State	(1,252)	(10,200)
7.08.02.03	Municipal	707	1,415
7.08.03	Interest expenses	46,440	56,041
7.08.03.01	Interest	39,701	47,901
7.08.03.02	Rent	6,739	8,140
7.08.04	Interest earnings	54,335	55,711
7.08.04.01	Interest on shareholders’ equity	15,572	15,661
7.08.04.03	Retained earnings/loss for the period	38,763	40,050

Caxias do Sul, May 12, 2014 - Marcopolo S.A. (BM&FBOVESPA: POMO3; POMO4), hereby announces its earnings figures for the first quarter of 2014 (1Q14). The financial statements are presented in accordance with accounting practices adopted in Brazil and with IFRS - International Financial Reporting Standards.

HIGHLIGHTS OF THE 1st QUARTER 2014

- Net Revenue amounted to R$ 741.8 million.
- Gross Profit totaled R$ 129.1 million, with a margin of 17.4%.
- EBITDA was R$ 74.8 million and a margin of 10.1%.
- Net Income totaled R$ 54.3 million and a margin of 7.3%.
- Operating Cash Flow of the industrial segment amounted R$ 145.2 million.
- Marcopolo's Production in Brazil reached 3,238 units and 3,719 units including overseas operations.

(R$ million, unless stated otherwise).

Selected Information	**1Q14**	**1Q13**	**Var. %**
Net operating revenue	741.8	767.0	(3.3)
Revenue in Brazil	531.2	587.0	(9.5)
Revenues from exports and abroad	210.6	180.0	17.0
Gross Profit	129.1	149.8	(13.8)
EBITDA (1)	74.8	81.0	(7.7)
Net Income	54.3	55.7	(2.5)
Earnings per Share	0.061	0.062	(1.6)
Return on Invested Capital (ROIC) (2)	16.1%	17.3%	(1.2)pp
Return on shareholders' equity (ROE) (3)	23.1%	24.3%	(1.2)pp
Investments	28.9	125.7	(77.0)
Gross Margin	17.4%	19.5%	(2.1)pp
EBITDA Margin	10.1%	10.6%	(0.5)pp
Net Margin	7.3%	7.3%	-
BALANCE SHEET DATA	**3/31/14**	**12/31/13**	**Var. %**
Shareholders' Equity	1.446.9	1.515.9	(4.6)
Cash and cash equivalents and short-term investments	844.9	795.4	6.2
Current financial liabilities	384.0	367.6	4.5
Noncurrent financial liabilities	1.509.4	1.468.6	2.8
Net financial liability (asset) - Industrial Segment	(342.7)	(385.6)	11.1

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

BRAZILIAN BUS INDUSTRY PERFORMANCE

In 1Q14, Brazilian production of buses amounted 6,976 units, a decrease of 9.2% in relation to 1Q13.

a) Domestic Market. 6,147 units were produced for the domestic market in 1Q14, 11.2% less than the 6,923 units produced in 1Q13.

b) Forein Market. Exports totaled 829 units in 1Q14, 9.4% above the 758 units exported in the first quarter last year.

BRAZILIAN BUS PRODUCTION (in units)

PRODUCTS [1]	1Q14			1Q13			Var.
	DM	OM [2]	TOTAL	DM	OM [2]	TOTAL	%
Intercity	1,279	492	**1,771**	1,793	453	**2,246**	(21.1)
Urban	3,726	282	**4,008**	4,347	88	**4,435**	(9.6)
Micros	1,142	55	**1,197**	783	217	**1,000**	19.7
TOTAL	**6,147**	**829**	**6,976**	**6,923**	**758**	**7,681**	**(9.2)**

Sources: FABUS (National Association of Bus Manufacturers) and SIMEFRE (Interstate Syndicate of the Industrial of Rail and Road Materials and Equipment).
Notes: (1) DM = Domestic Market; OM = Overseas Market; (2) Includes units exported as KD (Knockdown)

MARCOPOLO'S OPERATING AND FINANCIAL

Units Recorded in Net Revenue

4,114 units were recorded in net revenue in 1Q14. Of this volume, 3,610 units were registered in Brazil representing 87.7% of the total, and 504 units abroad representing the remaining 12.3%, as shown in the table below:

OPERATIONS	1Q14	1Q13	Var. %
BRAZIL:			
- Domestic Sales	3,403	4,013	(15.2)
- Overseas Sales	256	334	(23.4)
SUBTOTAL	**3,659**	**4,347**	**(15.8)**
Exclusion of exported KDs [1]	49	22	122.7
TOTAL IN BRAZIL	**3,610**	**4,325**	**(16.5)**
INTERNATIONAL:			
- South Africa	112	54	107.4
- Australia	107	105	1.9
- Mexico	285	236	20.8
TOTAL INTERNATIONAL	**504**	**395**	**27.6**
OVERALL TOTAL	**4,114**	**4,720**	**(12.8)**

Notes: [1] Bodies partially or completely knocked down.

PRODUCTION

Marcopolo's consolidated production was 3,719 units in 1Q14, 19.3% less than the 4,608 units produced in 1Q13. In Brazil production reached 3,238 units in 1Q14, 23.2% less than 1Q13, while overseas production was 481 units, 22.4% above than the production of the same period last year.

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

MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION

OPERATIONS	1Q14	1Q13	Var. %
BRAZIL: (1)			
- Domestic Sales	3,021	3,911	(22.8)
- Foreign Sales	286	342	(16.4)
SUBTOTAL	**3,307**	**4,253**	**(22.2)**
Exclusion of exported KDs (2)	69	38	81.6
TOTAL IN BRAZIL	**3,238**	**4,215**	**(23.2)**
INTERNATIONAL:			
- South Africa	89	52	71.2
- Australia	107	105	1.9
- Mexico	285	236	20.8
TOTAL INTERNATIONAL	**481**	**393**	**22.4**
OVERALL TOTAL	**3,719**	**4,608**	**(19.3)**

Notes: (1) Includes the production of the Volare model as well as the Marcopolo Rio production (1,003 units in 1Q14 and 1,288 units in 1Q13) (2) Bodies partially or completely knocked down.

MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION BY MODEL

PRODUCTS/MARKETS (in units)	1Q14			1Q13		
	DM	OM (1)	TOTAL	DM	OM (1)	TOTAL
Intercity	700	230	930	1,128	158	**1,286**
Urban	1,157	409	1,566	1,359	398	**1,757**
Micros	181	34	215	225	123	**348**
SUBTOTAL	**2,038**	**673**	**2,711**	**2,712**	**679**	**3,391**
Volares (2)	983	25	1,008	1,199	18	**1,217**
TOTAL PRODUCTION	**3,021**	**698**	**3,719**	**3,911**	**697**	**4,608**

Notes: (1) Total production of OM includes units exported in KD (bodies partially or completely knocked down), which totaled 69 units in 1Q11 and 38 units in 1Q13; (2) The production of Volares is not part of the data from SIMEFRE and from FABUS, Marcopolo's market share or the sector's production.

MARCOPOLO - PRODUCTION IN BRAZIL

PRODUCTS/MARKETS (in units)	1Q14			1Q13		
	DM	OM (1)	TOTAL	DM	OM (1)	TOTAL
Intercity	700	238	938	1,128	189	**1,317**
Urban	1,157	19	1,176	1,359	12	**1,371**
Micros	181	4	185	225	123	**348**
SUBTOTAL	**2,038**	**261**	**2,299**	**2,712**	**324**	**3,036**
Volares (2)	983	25	1,008	1,199	18	**1,217**
TOTAL PRODUCTION	**3,021**	**286**	**3,307**	**3,911**	**342**	**4,253**

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

MARKET SHARE IN BRAZILIAN PRODUCTION

The Company's market share in Brazil was 33.0% in 1Q14. The learning curve in the introduction of the new urban bus model (Torino G7) in Marcopolo Rio, the high volumes of BRTs and articulated buses produced in Ana Rech, as well as the collective vacations in the beginning of the the year, affected the market share of the Company in 1Q14. It is worth highlighting, however, that even with the uncertainties regarding interstate lines that follow affecting significantly the demand for intercity buses, Marcopolo's market share in these models increased 2.8% compared to 4Q13. Marcopolo believes that the reduction in overall market share is specific and the participation should return to normal levels in the coming quarters.

MARKET SHARE IN BRAZILIAN PRODUCTION (%)

PRODUCTS (1)	1Q14	2013	4Q13	1Q13
Intercity	53.0	56.0	50.2	58.6
Urban	29.3	34.7	33.9	30.9
Micros	15.5	24.9	21.0	34.8
TOTAL (2)	**33.0**	**39.8**	**36.9**	**39.5**

Source: FABUS and SIMEFRE

Notes: (1) Includes 100.0% of Marcopolo Rio; (2) The Volare is not counted for purposes of market share.

NET REVENUE

The consolidated net revenue reached R$ 741.8 million in 1Q14, 3.3% less than R$ 767.0 million recorded in 1Q13. In the domestic market, revenue totaled R$ 531.2 million, or 71.6% of the total, while overseas market totaled R$ 210.6 million, comprising the remaining 28.4% of the consolidated net revenue. Sales of units in inventories and the increase in revenue with the overseas units combined with the positive foreign exchange impact on exports from Brazil and the specific pass through of prices offset part of the reduction in the units recorded in net income.

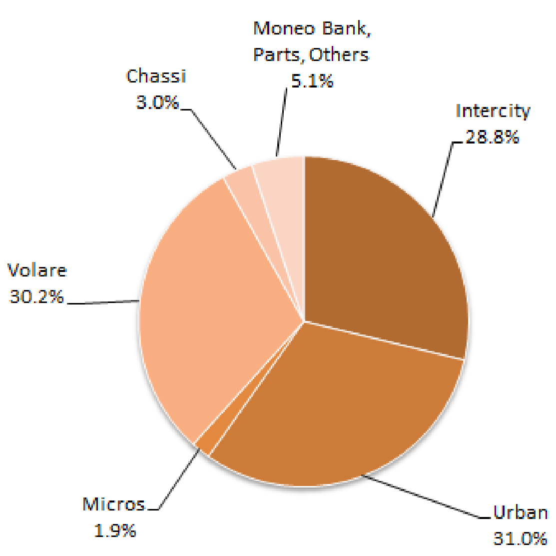
The table and graphs below show the breakdown of the net revenue by products and markets:

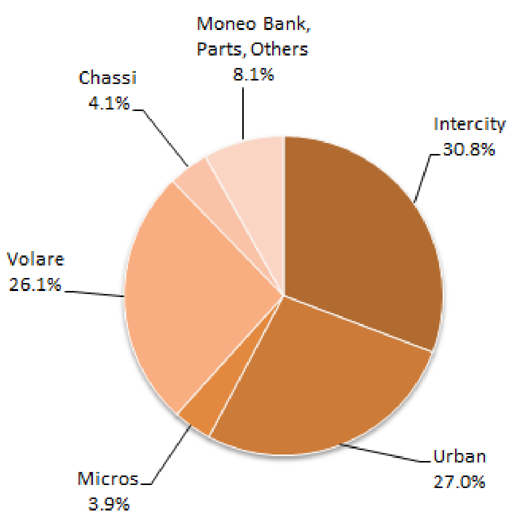
CONSOLIDATED TOTAL NET REVENUE
By Products and Markets (R$ million)

PRODUCTS / MARKETS (1)	1Q14			1Q13		
	DM	OM (1)	TOTAL	DM	OM (1)	TOTAL
Intercity	137.6	75.8	**213.4**	187.7	48.2	**235.9**
Urban	130.1	100.1	**230.2**	128.4	78.7	**207.1**
Micros	13.6	0.4	**14.0**	20.8	9.3	**30.1**
Subtotal bodies	**281.3**	**176.3**	**457.6**	**336.9**	**136.2**	**473.1**
Volares (2)	218.6	5.3	**223.9**	198.6	1.3	**199.9**
Chassis	7.2	15.1	**22.3**	25.5	5.9	**31.4**
Bco. Moneo Bank, Parts & Others	24.1	13.9	**38.0**	26.0	36.6	**62.6**
OVERALL TOTAL	**531.2**	**210.6**	**741.8**	**587.0**	**180.0**	**767.0**

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

BREAKDOWN OF CONSOLIDATED NET REVENUE (%)





GROSS PROFIT AND MARGINS

Consolidated gross profit in 1Q14 reached R$ 129.1 million, with margin of 17.4%, compared with R$ 149.8 million in 1Q13, with a margin of 19.5%. This decrease is explained by Sales mix and a lower volume of production in Brazil. Which was affected by the learning curve in the introduction of the new urban bus model (Torino G7) in Marcopolo Rio. And also the learning curve due to the nationalization of intercity models in Polomex, combined with non-recurring costs regarding the implementing of the Transformation Program in Volgren also impacted margins in the quarter.

SELLING EXPENSES

Selling expenses totaled R$ 32.4 million in 1Q14 comparing to R$ 41.0 million in 1Q13, corresponding to 4.4% and 5.3% of net revenue, respectively. The decrease in these expenses is mostly explained by lower provisions and product allocation of other expenses.

GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses totaled R$ 38.6 million in 1Q14, or 5.2% of net revenue, while these expenses in 1Q13 totaled R$ 36.6 million, or 4.8% of revenue. This increase is explained mainly by non-recurring costs regarding the implementing of the Transformation Program in Volgren

OTHER OPERATING INCOME/EXPENSES

In 1Q14, R$ 0.5 million was recorded as "Other Operating Expenses".

EQUITY IN NET INCOME

The equity in net income in 1Q14 was R$ 5.4 million against a loss of R$ 33.0 thousand in 1Q13. The equity in net income is presented detailed in Note 11 to the Financial Statements.

NET FINANCIAL RESULTS

The net financial result in 1Q14 was positive in R$ 9.2 million versus the R$ 2.5 million in 1Q13, also positive. This result is mostly explained by lower expense with the exchange rate of United states dollar against the Brazilian real, as described in note 26 to the Financial Statements.

EBITDA

The EBITDA reached R$ 74.8 million in 1Q14 with a margin of 10.1% versus R$ 81.0 million and a margin of 10.6% in 1Q13. This decrease in the EBITDA margin is explained by the same factors of gross profit. The table below highlights the accounts that are part of EBITDA:

R$ millions	1Q14	1Q13	Var. %
Operating Income	73.3	74.7	(1.9)
Financial Revenue	(48.9)	(50.4)	3.0
Financial Expenses	39.7	47.9	(17.1)
Depreciation / Amortization	10.7	8.8	21.6
EBITDA	**74.8**	**81.0**	**(7.7)**

NET PROFIT

The consolidated net income in 1Q14 totaled R$ 54.3 million, with margin of 7.3%. Net income in 1Q13 was R$ 55.7 million with a margin of 7.3% as well.

FINANCIAL DEBT

The net financial debt amounted to R$ 1,048.5 million as of 3/31/2014 (R$ 1,040.8 million as of 12/31/2013). Of this total, R$ 705.8 million came from the financial sector (Banco Moneo) and R$ 342.7 million from the industrial sector.

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

On March 31, 2014 the net financial liabilities from industrial sector represented 0.8x EBITDA of twelve last months.

CASH GENERATION

In 1Q14, the amount of R$ 105.0 million were generated by operating activities (R$ 145.2 million were generated in the industrial segment and R$ 40.2 million absorbed by the financial segment). Investing activities required R$ 28.9 million and financing activities consumed R$ 45.8 million, in which R$ 50.2 million generated in contracting and repayments of loans and financing, R$ 80.5 million consumed in payments of interest in shareholders' equity and dividends and R$ 15.5 million used to shares repurchase. As a result, the opening balance of cash, discounted R$ 1.3 million of foreign exchange variation, increased from R$ 624.7 million at the end of December to R$ 653.7 million at the end of March 2014. Whereas short-term investments, the cash balance at March 31, 2014 was R$ 844.9 million. Cash generation by segment is presented in Note 29 to the Financial Statements.

INVESTMENTS IN PERMANENT ASSETS

In 1Q14 Marcopolo invested R$ 28.9 million in capital goods, of which R$ 11.4 million was spent by the parent company and invested as follows: R$ 5.1 in machinery and equipment, R$ 3.7 million in buildings and improvements, R$ 1.5 million in computing equipment and R$ 1.1 million in other fixed assets. In subsidiaries and associated companies, were invested: R$ 4.6 million in machinery and equipment, R$ 9.7 million in Volare Espírito Santo, R$ 3.1 million in Marcopolo Rio, R$ 1.2 million in Volgren and R$ 2.6 million on the other plants. The net balance of investments in subsidiaries and associated companies, discounted R$ 3.7 million received as dividends, was R$ 17.5 million.

CAPITAL MARKETS

Preferred shares of Marcopolo - POMO4 and the Bovespa index depreciated 35.0% and 10.5% in the last 12 months, respectively. In 1Q14, 296.4 thousand transactions were made, an increase of 40.7% over the 210.6 thousand made in 1Q13, and traded 155.1 million shares. Trades with shares issued by Marcopolo totaled R$ 741.7 million in 1Q14, a volume 19.9% lower than 1Q13. The interest held by foreign investors in the capital of Marcopolo totaled on 3/31/2014, 53.1% of preferred shares and 35.2% of the total share capital. The following table shows the evolution of the main indicators related to the capital market:

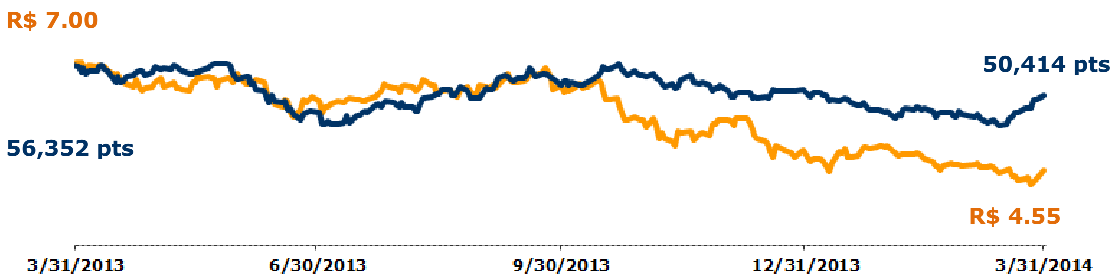
Marcopolo's preferred shares - POMO4 and	1Q14	1Q13
Number of transactions	296.4	210.6
Shares Traded (million)	155.1	69.7
Trading volume (R$ million)	741.7	925.9
Market Value (R$ millions) (1)(2)	4.080.9	6.278.3
Existing shares (thousands) (*)	896.9	896.9
Book value per share (R$) (*)	1.61	1.40
POMO4 price at end of period (*)	4.55	7.00

Notes: (1) Price of the last transaction of the period for a Book Entry Preferred (PE) share multiplied by the total shares (OE+PE) from the same period; (2) Of this total, 7,095,615 were preferred shares in the treasury at 3/31/2014. *The data are adjusted to reflect the bonus of 100.0% granted as per Board of Directors Meeting held on 8/05/2013.

Performance of Marcopolo Shares on BM&FBovespa

Marcopolo PN x Ibovespa – Base 100

POMO4: -35.0%
IBOV: -10.5%



* Amounts adjusted for bonus of 100.0% approved on 8/05/2013

OUTLOOK

After the first quarter of 2014, the scenario for the industry of bus bodies in Brazil presents important challenges for the remaining of the year. Still, the highlight of the quarter was the resumption of 2.8 percentage points of market share of Marcopolo in the intercity segment in Brazil compared to 4Q13 and cash generation in the industrial segment in the amount of R$ 145.2 million, as per Note 29 to the Financial Statements.

It is important to mention that Marcopolo is focused on cost reducing and improving of operational efficiency, mainly through investments in automation, training and productivity programs.

As mentioned previously, the difficulties arising from the learning curves in Marcopolo Rio and Mexico should be overcome in the second half of this year, while in Australia the results of the transformation program will be seen starting from 2015.

Despite the uncertainties regarding interstate lines, which continues to affect the demand for intercity buses, and despite the lower demand for city buses due to failure to pass through fares in some major cities of the Country, the Company believes that the prospects for medium and long term for the bus industry are positive. This expectation is based on the need to improve the public transportation system in Brazil and the movement that some cities have done in order to pass through the fare and require, however, a more renewed fleet and, in some cases, the installation of air conditioning systems. BRT systems which is already in place, combined with the numerous urban mobility projects in the country corroborate to this expectation as well.

About the “Caminho da Escola” program, Marcopolo delivered school vehicles troughout the 1Q14 regarding the previous phase (Phase 5). About the new lot where Marcopolo bid to produce and deliver up to 4,100 school buses, as per Notice to the Market held on February 4 this year, the Company remains pending confirmation by the Federal Government of the release of funds to then start the production of the vehicles.

The new Volare plant, in the state of Espírito Santo, is expected to start operation in the fourth quarter of this year. At first, the unit will receive disassembled kits sent from Caxias do Sul for assembly and, from the second phase on, it will produce locally. The development of the project of Volare 5 tons follows the planned pace, to be launched in mid-2015.

In the overseas market, we highlight the improvement in production units in Mexico and South Africa, which increased in 20.8% and 71.2%, respectively. The revenue from foreign operations increased in 17.0%.

Following the announcement published by the Company on December 16, 2013, performance expectations for 2014, provided that the current market conditions and the economic performance of the countries where the Company operates remain unchanged, are: (i) capital expenditures in the amount of R$ 160.0 million; (ii) achieve consolidated net revenues of R$ 3.8 billion; and (iii) produce 20,850 units of buses in Brazil and abroad.

The Management

1 Operations

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

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

Marcopolo's stock is traded 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 quarterly financial statements are as follows. These policies were consistently applied to all the periods presented, unless stipulated otherwise.

2.1 Basis of preparation

a. Statement of compliance with IFRS and CPC standards

The financial information includes:

- Consolidated financial information have been 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 information of the parent company have been prepared in accordance with accounting practices generally accepted in Brazil (BR GAAP).

The parent company's individual financial information 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 information. The Company's consolidated financial informatin and parent company's individual financial information are therefore being presented side-by-side in a single set of financial information.

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 have been included in the following notes:

- Note 16 – Provisions
- Note 17 – Pension plan and retirement benefits for employees
- Note 18 – Income and social contribution 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 informations.

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 use 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 their parts in the assets, liabilities, revenues and expenses (proportional consolidation).

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 the investment by the equity income method.

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 an equity interest of between 20% and 50% of the voting rights.

Investments in associated companies are recorded by the equity income method and recognized initially at cost. The Company's investment in associated companies include the goodwill identified in the acquisition, net of any accumulated impairment loss. 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.

2.3 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 informations are presented in R$, which is Marcopolo's functional currency and the Company's reporting currency.

Each entity's functional currency can be seen below:

Subsidiary	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
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 loss 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 consist 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 qualificable assets.

The cost of property, plant and equipment can include reclassifications from other comprehensive income of qualificable 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 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$ 60 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.
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. The recoverable amounts of Cash Generating Units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates.

b. Income and social contribution taxes

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

c. Pension and post-employment benefits

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

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

ii. Pension plan assets are stated at market value

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

iv. Actuarial gains and losses are immediately recognized in comprehensive income for the year; 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 March 31, 2014 and December 31, 2013 the Company had assets, liabilities and forwards denominated in foreign currency in the following amounts (thousands of reais):

				Consolidated
				March 31, 2014
	Accounts Receivable	**Trade payables**	**Loans**	***Forwards***
Currency				
US dollars	208,828	6,700	263,965	32,805
Australian dollar	54,405	34,133	82,531	10,519
Argentinian pesos	-	17	-	-
South African rand	22,478	3,152	129	11,382
Chinese renminbi	9,818	4,682	17,450	-
Rubles	111	-	-	-
	295,640	48,684	364,075	54,706

	Consolidated			
	December 31, 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
Euros	-	21	-	-
South African rand	23,585	4,208	23	11,783
Chinese renminbi	9,264	3,892	21,360	-
Rubles	94	-	-	-
	349,447	45,189	362,518	101,070

(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$ 20,258 (parent company) and R$ 58,660 (consolidated) as of March 31, 2014 (R$ 20,262 and R$ 62,117 on December 31, 2013) representing 3.5% and 3.7%, respectively, of the outstanding accounts receivable balance of the parent company and consolidated (2.9% and 3.6% on December 31,2013) which was recorded to cover credit risk.

(c) Liquidity risk

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

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

		3/31/2014			
		Contractual cash flow			
	Book value	**Total**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**
Non-derivative financial liabilities					
Loans	1,893,048	2,050,723	393,567	1,578,342	78,814
Trade payables	304,075	304,075	304,075	-	-
Derivative financial liabilities					
Derivative financial instruments	343	343	343	-	-

		12/31/2013			
		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	-	-

(d) Additional sensitivity analysis required by CVM

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

Premisses	**Effects on results**	**Probable scenario (Scenario I)**	**(Scenario II)**	**(Scenario III)**
CDI - %		11,00	13,75	16,50
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	83,248	104,054	124,859
	Interbank transactions	61,455	68,211	74,968
	Loans and financing	(93,112)	(163,608)	(234,413)
	Forwards	(2,624)	(5,443)	(4,927)
	Receivables less payables	15,020	80,514	146,008
		63,987	83,728	106,495

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 March 31, 2014 and December 31, 2013 have been summarized below:

	Consolidated		**Industrial Segment**		**Financial Segment**	
	3/31/14	**3/31/13**	**3/31/14**	**3/31/13**	**3/31/14**	**3/31/13**
Total Loans (Nota 28)	1,893,048	1,835,759	1,167,927	1,146,345	725,121	689,414
Less: Cash ans cash equivalents and financial assets stated at fair value through profit or loss (Note 28)	(819,101)	(768,419)	(799,731)	(734,228)	(19,370)	(34,191)
Net debt (A)	1,073,947	1,067,340	368,196	412,117	705,751	655,223
Total shareholders’ equity (B)	1,446,934	1,515,896	1,245,286	1,319,416	201,648	196,480
Financial leverage index - % (A/B)	74	70	30	31	350	333

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); e

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

The following table presents the Company's assets and liabilities that are measured at fair value at March 31, 2014 and December 31,2013 which were fully classified in level 2:

	Consolidated	
	3/31/2014	**12/31/2013**
Level 2		
Assets		
Financial assets at fair value through profit or loss		
- Fixed income investment fund	402	353
- Trading derivatives	1,151	978
Available-for-sale assets		
- Bank deposit certificates		
	164,952	143,349
	166,505	144,680
Liabilities		
Financial liabilities at fair value through profit or loss		
- Trading derivatives	343	467
	343	467

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; e

(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; e

(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:

Nature of liability	3/31/2014 Book value	3/31/2014 Market Value	12/31/2013 Book value	12/31/2013 Market value
Loans and financing	1,893,048	1,877,872	1,835,759	1,821,142

(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 (costs) from exchange variance".

Assets

					Notional value	Fair value		Amounts receivable	
Company	**Counterpart**	**Status**	**Initial**	**Final**	**3/31/2014**	**3/31/2014**	**12/31/2013**	**3/31/2014**	**12/31/2013**
Marcopolo					USD mil				
	BBA	Sale				-	124	-	124
	BRADESCO	Sale				-	123	-	123
	BRASIL	Sale	03.19.14	05.20.14	8.500	593	46	593	46
	JP MORGAN	Sale	03.21.14	05.13.14	1.500	127	-	127	-
	MERRILL LYNCH	Sale	03.19.14	04.29.14	3.000	251	151	251	151
	SANTANDER	Sale	03.19.14	04.23.14	1.500	112	133	112	133
						1,083	**577**	**1,083**	**577**
Masa					USD mil				
	ABSA	Purchase	11.20.13	07.31.14	610	24	120	24	120
	STD	Purchase	10.31.13	04.30.14	425	29	171	29	171
						53	**291**	**53**	**291**
MP Australia					USD mil				
	WESTERN UNION	Purchase	04.04.13	12.04.13	-	-	50	-	50
					CHF mil				
	WESTERN UNION	Purchase	10.04.13	05.03.14	150	10	50	10	50
					CNY mil				
	WESTERN UNION	Purchase	08.20.13	07.31.14	12.352	5	10	5	10
						15	**110**	**15**	**110**
						1,151	**978**	**1,151**	**978**

Liabilities

					Notional value	Fair value		Amounts payable	
Company	**Counterpart**	**Status**	**Initial**	**Final**	**3/31/2014**	**3/31/2014**	**12/31/2013**	**3/31/2014**	**12/31/2013**
Marcopolo					USD mil				
	BBA	Sale				-	(42)	-	(42)
	BRADESCO	Sale				-	(175)	-	(175)
	BRASIL	Sale				-	(31)	-	(31)
	CITIBANK	Sale				-	(159)	-	(159)
	MERRILL LYNCH	Sale				-	(19)	-	(19)
	SAFRA	Sale				-	(23)	-	(23)
						-	**(449)**	**-**	**(449)**

Masa					USD mil				
	ABSA	Purchase	02.25.14	06.26.14	676	(25)	-	(25)	-
	STD	Purchase	01.17.14	07.21.14	2.700	(199)	-	(199)	-
						(224)	**-**	**(224)**	**-**
MP Austrália					USD mil				
	WESTERN UNION	Purchase	11.12.13	09.04.14	1.000	(69)	(6)	(69)	(6)
					SGD mil				
	WESTERN UNION	Purchase	09.04.13	09.04.14	517	(26)	(2)	(26)	(2)
					CNY mil				
	WESTERN UNION	Purchase	08.20.13	09.04.14	5.147	(5)	(10)	(5)	(10)
					CHF mil				
	WESTERN UNION	Purchase	12.05.13	09.04.14	225	(19)	-	(19)	-
						(119)	**(18)**	**(119)**	**(18)**
						(343)	**(467)**	**(343)**	**(467)**

The company earned gain and losses from derivative in the periods ended as of March 31, 2014 and 2013 as follows.

				Gains / losses
	Interest on derivatives		**Foreign Exchange on derivatives**	
	3/31/2014	**12/31/2013**	**3/31/2014**	**3/31/2013**
Marcopolo	706	2,700	484	1,450
Ciferal	(6)	38	(23)	198
Masa	-	-	(38)	(378)

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
			March 31, 2014			**December 31, 2013**
Subsidiary	**Direct**	**Indirect**	**Minority Interest**	**Direct**	**Indirect**	**Minority Interest**
Apolo	65.00	-	35.00	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	-	-
MIC	100.00	-	-	100.00	-	-
Mapla	99.99	0.01	-	99.99	0.01	-
Masa	100.00	-	-	100.00	-	-
Trading	99.99	-	-	99.99	-	-
Moneo	100.00	-	-	100.00	-	-
MP Austrália	100.00	-	-	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			
	March 31, 2014		December 31, 2013	
	Direct	Indirect	Direct	Indirect
Joint arrangements				
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	-	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	20.59	29.41
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 arrangement can be summarized as follows:

	Assets		Liabilities		Net revenue		Profit(loss)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	3/31/2013	3/31/2014	3/31/2013
FCO	328	280	399	98	78	25	(253)	(141)
GBPolo	71,035	73,604	75,814	75,922	7,808	7,278	(2,629)	(1,651)
Loma	127,344	170,876	84,128	117,718	50,430	41,552	1,530	(578)
San Marino	337,311	335,926	256,356	258,365	101,700	76,046	(3,404)	(1,785)
Superpolo	182,212	173,884	100,920	93,298	81,268	38,890	5,228	1,376
TMML	166,394	157,747	124,367	108,422	38,024	43,388	(7,198)	(412)

(c) Associates (not consolidated)

	Percentage interest			
	3/31/2014		12/31/2013	
	Direct	Indirect	Direct	Indirect
Associates				
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

	Percentage interest			
	3/31/2014		12/31/2013	
	Direct	Indirect	Direct	Indirect
Spheros México (1)	-	40.00	-	40.00
Wsul	30.00	-	30.00	-

(1) Consolidated in associate Spheros.

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

	Assets		Liabilities		Net revenue		Profit (loss)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Mercobus	2,727	2,132	864	743	1,480	-	190	-
MVC	306,527	243,702	231,395	172,735	77,162	39,695	4,526	1,283
Setbus	13,539	12,271	19,660	17,780	3,221	-	(616)	-
Spheros	68,600	61,539	30,086	42,782	36,510	35,273	3,677	4,418
Wsul	7,424	8,955	1,256	1,498	4,490	5,303	60	284

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 Industria 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 29.41% 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) – localizada em Melbourne, Australia, com participação de 75% no capital. A Volgren tem por objeto fabricar carrocerias para ônibus.

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 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 foreing 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 Industria 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 Veiculos Ltda - Wholly owned subsidiary, located in São Matheus, State of Espirito 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 sellvehicle 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 Industria 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	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
Cash and bank				
Brazil	22,520	38,186	24,581	47,008
Foreign	92	139	28,819	39,917
Highly liquid marketable securities (*)				
Brazil	414,627	396,686	600,347	537,792
Total cash and cash equivalents	437,239	435,011	653,747	624,717

(*) Substantially correspond to Bank Deposit Certificates - CDB remunerated at between 99% and 103.3% of the Interbank Deposit Certificate (CDI) rate, resulting in a weighted average of 100.5% of CDI as of March 31, 2014.

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

	Parent company		Consolidated	
Current	**3/31/14**	**12/31/13**	**3/31/14**	**12/31/13**
At fair value through profit or loss				
Fixed-income investment funds	129	126	129	353
Non Deliverable Forwards (*)	1,083	577	1,151	978
Available for sale				
Bank deposits certificates	165,225	143,349	165,225	143,349
	166,437	**144,052**	**166,505**	**144,680**
Non-current				
Available for sale				
Related parties	24,934	26,339	24,627	26,037
	24,934	**26,339**	**24,627**	**26,037**

(*) Substantially correspond to Bank Deposit Certificates - CDB remunerated at between 100% and 100,7% of the Interbank Deposit Certificate (CDI) rate, resulting in a weighted average of 100,4% of CDI as of March 31, 2014.

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	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
Current				
Domestic customers	358,712	431,818	429,431	563,522
Foreign customers	166,023	217,420	302,304	356,336
Related parties	50,625	62,449	-	-
Interbank transactions	-	-	312,856	303,604
Present value adjustment	(3,134)	(2,722)	(3,558)	(3,321)
Allowance for doubtful accounts	(20,258)	(20,262)	(49,888)	(53,645)
	551,968	688,703	991,145	1,166,496
Non-current	-	-	567,194	529,872
Interbank transactions	-	-	(8,772)	(8,472)
Allowance for doubtful accounts				
	-	-	558,422	521,400
	551,968	688,703	1,549,567	1,687,896

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

See below the aging list of trade accounts receivable:

	Parent company		Consolidated	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
Amounts outstanding	410,453	505,077	1,367,686	1,461,531
Overdue:				
- up to 30 days	40,404	77,630	50,409	106,848
- 31 to 60 days	38,189	12,054	52,070	21,126
- 61 to 90 days	11,606	11,943	19,917	15,664
- 91 to 180 days	12,602	49,712	25,633	56,102
- over 181 days	62,106	55,271	96,070	92,063
Adjustment to present value	(3,134)	(2,722)	(3,558)	(3,321)
(-) Allowance for doubtful accounts	(20,258)	(20,262)	(58,660)	(62,117)
	551,968	688,703	1,549,567	1,687,896

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

	Parent company	Consolidated
Balance as of December 31, 2013	**(20,262)**	**(62,117)**
Allowance made in the period	(404)	(7,301)
Reversal of provision for receivables (write-off)	408	7,292
Exchange variance	-	3,466
Balance as of March 31, 2014	**(20,258)**	**(58.660)**

Accounts receivable are denominated in the following currencies:

	Parent company		Consolidated	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
Reais	385,945	471,283	1,253,927	1,338,449
US dollar	166,023	217,420	208,828	270,694
Australian dollar	-	-	54,405	45,810
Rand	-	-	22,478	23,585
Renminbi	-	-	9,818	9,264
Rubles	-	-	111	94
	551,968	688,703	1,549,567	1,687,896

9 Inventories

	Parent company		Consolidated	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
Finished goods	84,194	122,546	105,036	149,608
Goods in process	36,357	28,407	81,053	59,254
Raw materials and storeroom materials	132,145	124,539	241,160	217,861
Advances to suppliers and other	4,321	9,530	19,699	26,560
Provision for inventory losses	(692)	(692)	(4,735)	(5,827)
	256,325	284,330	442,213	447,456

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

	Parent company	Consolidated
Balance as of December 31, 2013	**(692)**	**(5,827)**
Reversal of provision against inventory (write-off)	-	-
Allowance made in the period	-	650
Exchange Variation	-	442
Balance as of March 31, 2014	**(692)**	**(4,735)**

10 Taxes and contributions recoverable

	Parent company		Consolidated	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
Current				
Corporate Income Tax (IRPJ)	22,630	30,886	26,158	31,858
Social Contribution on Net Income (CSLL)	6,492	5,148	7,950	5,509
Excise Tax (IPI)	12,183	11,807	12,828	12,783
Value added Tax on Sales and services (ICMS)	4,914	4,802	7,450	6,009
Social Integration Program (PIS)	635	473	1,000	827
Contribution for Social Security Financing (COFINS)	2,205	327	5,273	3,373
National Institute of Social Security (INSS)	2,270	-	2,859	-
Reintegra	8,781	7,513	8,781	7,965
Value added Tax (IVA)	-	-	4,432	4,974
Other	-	-	12	22
	60,110	60,956	76,743	73,320
Non-current				
Value added Tax on Sales and services (ICMS)	1,093	1,277	1,093	1,277
Value added Tax (IVA)	-	-	132	697
	1,093	1,277	1,225	1,974
	61,203	62,233	77,968	75,294

11 Investments

	Parent company		Consolidated	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
Subsidiary	956,169	961,337	-	-
Joint subsidiaries	158,713	169,378	314,922	336,776
Associated companies	36,169	34,060	36,169	34,060
Other investments	-	-	582	1,075
	1,151,051	1,164,775	351,673	371,911

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

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

	Apolo	Ciferal	llmot	Mac	Mapla	MP Australia	Masa	MIC	Moneo	PoloRus	MP Canada	Polomex	Syncro	Trading	Volare Veículos	Volare Comércio	Subsidiary Total 3/31/14	Subsidiary Total 12/31/13
			(1)	(1)	(1)	(1)	(1)	(1)		(1)	(1)	(1)						
Investment data																		
Capital	3,400	20,000	34,841	7,491	565	47,203	6,677	3,167	100,000	2,188	236,812	19,940	4,000	3,000	39,245	8,000		
Adjusted shareholders’ equity	3,400	258,225	70,449	2,340	181	44,988	34,676	1,127	202,313	469	273,135	66,288	15,026	5,351	39,108	4,230		
Shares or quotas held	1,830	499,953	50,000	1	4,000	100	100,000	1,400,000	100,000	1	4,925,530	3,011,659	1	3,450,103	19,980	999		
% interest	65.00	99.99	100.00	100.00	99.99	100.00	100.00	100	100.00	100.00	100.00	3.61	99.99	99.99	99.90	99.90		
Net income (loss) for the period	(4)	5,322	1,487	(1,794)	(23)	(2,409)	1,553	21	5,143	(398)	5,929	(5)	18	130	241	102		
Changes in investments																		
Opening 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
Capital subscription	1,820	-	-	-	-	-	-	-	-	-					1,813	-	3,633	44,735
Acquisition of equity interest	-	-	-	-	-	-	-	-	-	-	-				-	-	-	237,899
Dividends received	-	-	-	-	-	-	-	-	-	-	-				-	-	-	(11,770)
Equity in net income of subsidiaries and associated companies	(4)	5,322	1,487	(1,794)	(23)	(2,409)	1,553	21	5,143	(398)	5,929	-	18	130	240	102	15,317	103,548
Accumulated translation adjustments	-	-	(2,976)	(157)	(54)	114	(1,269)	(40)		(69)	(19,568)	(90)	-	-	-	-	(24,109)	48,528
Capital gain/loss in investments	-	-	-	-	-	-	-	-	(9)	-	-	-	-	-		-	(9)	187
Transfers																		(15,863)
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	7,729
Final balances:																		
At equity value	2,206	258,221	70,449	2,340	181	44,988	34,676	1,127	202,313	469	273,135	2,393	15,025	5,351	39,069	4,226	956,169	961,337

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

	GBPolo	Loma	San Marino	Superpolo	TMML	New Flyer	Joint Ventures Total 3/31/14	Joint Ventures Total 12/31/13
	(1)	(1), (2)	(2)	(2)	(1)	(1)		
Investment data								
Capital	31,835	27,786	73,480	14,822	64,096	1,333,024		
Adjusted Shareholders' equity	(4,777)	43,220	74,148	81,292	41,124	1,029,799		
Share or quotas held	4,803,922	15,949,948	7,478,482	265,763	24,500	11,087,834		
% interest	49.00	50.00	45.00	20.59	49.00	19.99		
Net income (loss) for the period	(2,629)	1,530	(3,404)	5,228	(7,048)	31,067		
Changes in the investments								
Opening balances:								
At equity value	(1,136)	56,816	72,967	16,593	24,138	-	169,378	156,367
Capital subscription	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	(1,462)
Equity in net income of subsidiaries and associated companies	(1,288)	765	(1,532)	1,047	(3,524)	-	(4,532)	1,502
Accumulated translation adjustments	82	(5,258)	(4)	(901)	(52)	-	(6,133)	(2,892)
Transfers						-		15,863
Closing balance:								
At equity value	(2,342)	52,323	71,431	16,739	20,562	-	158,713	169,378
Goodwill on investment	-	(30,451)	(35,002)	-	-	-	(65,453)	(65,453)
Indirect interest - Superpolo	-	-	-	23,907	-	-	23,907	23,700
Acquisition of interest – New Flyer	-	-	-	-	-	198,017	198,017	209,413
Transfers	-	(262)	-	-	-	-	(262)	(262)
At equity value	(2,342)	21,610	36,429	40,646	20,562	198,017	314,922	336,776

(1) Overseas, subsidiaries, joint ventures and associated companies
(2) These balances include investments and goodwill,

	MVC	Mercobus	Spheros	Setbus	WSul	Associated companies Total 3/31/14	Associated companies Total 12/31/13
		(1)					
Investment data							
Capital	34,011	467	15,000	1,000	6,100		
Adjusted Shareholders' equity	75,132	1,863	38,514	(5,452)	6,167		
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	4,526	570	3,677	(616)	60		
Changes in the investments							
Opening balances:							
At equity value	18,451	555	14,026	(1,209)	2,237	34,060	27,811
Acquisition of equity interest	-	-	-	-	-	-	250
Dividends received	-	-	-	-	(405)	(405)	(5,990)
Equity in net income of subsidiaries and associated companies	1,083	226	1,384	(154)	18	2,557	12,059
Accumulated translation adjustments	-	(38)	(5)		-	(43)	(70)
Closing balance:							
At equity value	19,534	743	15,405	(1,363)	1,850	36,169	34,060

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

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 December 31, 2013	18,071	84,568	78,744	4,165	6,843	2,945	98	25,416	220,850
Additions	-	199	5,069	186	1,461	661	-	3,701	11,277
Write-offs	-	-	(190)	(4)	(1)	(52)	-	-	(247)
Transfers	-	-	-	-	-	-	-	-	-
Depreciation	-	(769)	(3,501)	(142)	(498)	(156)	-	-	(5,066)
Balance as of March 31, 2014	18,071	83,998	80,122	4,205	7,805	3,398	98	29,117	226,814
Cost of property, plant and equipment	18,071	151,353	190,778	9,100	18,250	6,363	98	29,117	423,130
Accumulated depreciation	-	(67,355)	(110,656)	(4,895)	(10,445)	(2,965)	-	-	(196,316)
Residual value	18,071	83,998	80,122	4,205	7,805	3,398	98	29,117	226,814
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 December 31, 2013	22,781	125,693	124,525	8,734	7,737	5,972	3,337	39,277	338,056
Exchange effect	(44)	(260)	(471)	(81)	-	(27)	(161)	1	(1,043)
Additions	-	1,103	13,607	283	1,540	784	59	12,987	30,363
Write-offs	-	(13)	(209)	(5)	(1)	(82)	(63)	(112)	(485)
Transfers	-	-	-	-	-	-	-	-	-
Depreciation	-	(935)	(6,393)	(330)	(566)	(371)	(663)	-	(9,258)
Balance as of March 31, 2014	22,737	125,588	131,059	8,601	8,710	6,276	2,509	52,153	357,633
Cost of property, plant and equipment	22,737	209,997	309,117	16,695	20,396	11,911	10,588	52,153	653,594
Accumulated depreciation	-	(84,409)	(178,058)	(8,094)	(11,686)	(5,635)	(8,079)	-	(295,961)
Residual value	22,737	125,588	131,059	8,601	8,710	6,276	2,509	52,153	357,633
Annual depreciation rates - %		2.0	8.3	8.3	20.0	20.0	13.0		

Land and buildings mainly comprise plants and offices.

13 Goodwill and intangible assets

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

	Softwares	Registered Trademarks And licenses	Total
Balance as of December 31, 2013	5,031	55	5,086
Additions	84	-	84
Write-offs	-	-	-
Amortization	(433)	(4)	(437)
Balance as of March 31, 2014	4,682	51	4,733
Cost of intangible assets	48,327	1,222	49,549
Accumulated amortization	(43,645)	(1,171)	(44,816)
Residual value	4,682	51	4,733
Annual amortization rate - %	20.0	7.0	

(b) Summary of changes in the consolidated intangible assets

	Softwares	Registered Trademarks And licenses	Client Portfolio	Other Intangibles	Goodwill	Total
Balance as of December 31, 2013	8,788	55	10,127	8,653	240,376	267,999
Exchange effects	(102)	-	275	-	(4,923)	(4,750)
Additions	155	-	-	-	-	155
Write-offs	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Amortizations	(583)	(4)	(868)	-	-	(1,455)
Balance as of March 31, 2014	8,258	51	9,534	8,653	235,453	261,949
Cost of intangible assets	53,254	1,222	16,899	9,383	235,453	316,211
Accumulated amortization	(44,996)	(1,171)	(7,365)	(730)	-	(54,262)
Residual value	8,258	51	9,534	8,653	235,453	261,949
Annual amortization rates - %	2.0	8.3	25	10		

Company performs at the end of each year Goodwill impairment test.

14 Related parties

The main asset and liability balances at March 31, 2014, 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	-	2	16,009	211	17,067	473	-	-
GB Polo	23,478	-	2,230	-	103	-	117	-
Ilmot	288	-	-	-	-	-	2	-
Loma Hermosa	-	-	6,361	-	-	253	-	-
Mac	-	-	5,173	-	1,108	-	-	-
Mapla	-	20	-	126	-	-	-	-
Masa	-	-	10,852	-	9,705	-	-	-
Moneo	-	29	-	-	-	-	1	-
MPT	19	-	-	-	-	-	1	-
MVC	-	-	181	1,581	180	2,777	-	-
Polomex	-	-	9,102	-	12,551	-	-	-
Polorus	-	-	-	-	-	239	-	-
San Marino	-	-	-	20	-	-	-	-
Setbus	1,087	-	-	16	-	327	24	-
Spheros	-	-	-	2,926	-	10,623	-	-
Superpolo	-	-	3,314	-	3,125	-	-	-
TMML	-	-	6,711	-	713	-	-	-
Volare Veículos	-	-	-	-	-	-	-	-
Volare Comércio	-	-	9,489	108	4,743	-	-	-
Wsul	62	-	-	616	-	1,667	-	-
Balance at 2014	24,934	51	69,422	5,604	49,295	16,359	145	-
Balance at 2013	26,339	20	87,869	5,201	229,205	79,700	640	-

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

Compensation of key management personnel

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

					3/31/2014
	Fixed	**Variable**	**Retirement plan**	**Share based payments**	**Total**
Board of Directors and Executive Board	2,083	1,580	48	90	**3,801**
Non-executive officers	1,674	1,249	55	150	**3,128**
	3,757	2,829	103	240	**6,929**

	12/31/2013				
	Fixed	Variable	Retirement plan	Share based payments	Total
Board of Directors and Executive Board	2,347	1,701	43	105	**4,196**
Non-executive officers	1,528	1,377	51	196	**3,152**
	3,875	3,078	94	301	**7,348**

15 Loans and financing

	Weighted Average Rate	Due date	Parent company 2014	Parent company 2013	Consolidated 2014	Consolidated 2013
Local currency						
FINAME	5.52	2015 to 2022	10,995	11,349	12,766	13,110
Bank loans	11.00	2014 to 2021	70	68	130	68
FINEP	4.46	2014 to 2020	162,468	167,527	162,468	167,527
Special Development Fund (SDF)			-	-	12,892	-
Special pre-shipment financing (*)	5.50	2014	200,807	200,836	200,807	200,836
Export prepayments - compulsory	5.58	2016	414,791	402,286	414,791	402,286
Foreign currency						
Advances on export contracts	1.50	2014	13,659	14,088	13,659	14,088
Pre-export finance agreement in US dollar	2.47	2014	204,731	211,994	204,731	211,994
Export prepayments in US dollar	2.98	2014	45,573	46,893	45,573	46,893
Financing in rands	10.35	2014	-	-	129	23
Financing in renminbi	5.71	2014	-	-	17,450	21,360
Financing in Australian dollar	3.58	2014 to 2015	-	-	82,531	68,160
Related parties	Libor + 3.00	-	51	20	-	-
Subtotal of local and foreign currency			1,053,145	1,055,061	1,167,927	1,146,345
Open market funding						
Local currency						
BNDES – Pre-fixed operations	1.51	2021	-	-	563,806	511,833
BNDES – Post-fixed operations	TJLP + 1.48	2021	-	-	161,315	177,581
Subtotal of local and foreign currency			-	-	725,121	689,414
Total loans and financing			1,053,145	1,055,061	1,893,048	1,835,759
Current liabilities			(59,105)	(57,502)	(383,648)	(367,145)
Non-current liabilities			994,040	997,559	1,509,400	1,468,614

(*) 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		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
From 13 to 24 months	664,963	70,479	855,851	250,127
From 25 to 36 months	139,742	703,826	294,461	849,277
From 37 to 48 months	129,619	129,104	229,704	226,724
From 49 to 60 months	25,818	55,601	63,989	90,034
After 60 months	33,898	38,549	65,395	52,452
	994,040	997,559	1,509,400	1,468,614

(a) Loans and financing

The FINAME (Government Agency for Machinery and Equipment Financing) loans are guaranteed by liens on the financed assets, totaling R$ 12,766 as of March 31, 2014 (R$ 13,110 as of December 31, 2013) 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. These liabilities incur financial charges of 1% per annum in addition to TJLP.

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

	Face value (future)		Fair value (present)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
From 1 to 12 months	238,512	234,053	224,048	219,636
From 13 to 24 months	198,204	187,765	189,413	179,165
From 25 to 36 months	157,163	148,997	153,000	145,070
After 36 months	161,010	146,908	158,660	145,543
	754,889	717,723	725,121	689,414

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

16 Provisions

(a) Civil, labor and tax contingencies

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

The contingencies as of March 31, 2014 and December 31, 2013, 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
	3/31/2014		**12/31/2013**	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Civil	964	133	964	133
Labor	4,757	9,131	4,757	9,131
Tax	6,193	69,015	6,158	68,219
	11,914	78,279	11,879	77,483

				Consolidated
	3/31/2014		**12/31/2013**	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Civil	964	595	964	595
Labor	7,235	9,131	7,178	9,131
Tax	6,387	97,653	6,352	96,780
	14,586	107,379	14,494	106,506

	Parent company		**Consolidated**	
Judicial deposits	**3/31/2014**	**12/31/2013**	**3/31/2014**	**12/31/2013**
Civil	980	981	980	981
Labor	568	496	1,984	1,886
Tax	4,665	4,642	9,603	9,541
	6,213	6,119	12,567	12,408

(i) Civil and labor claims

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

(ii) Tax contingencies

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

. Provisioned for:

	Parent company		**Consolidated**	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
ICMS – Transfer of credits (i)	3,145	3,145	3,145	3,145
COFINS – increase in rate (ii)	-	-	-	-
INSS – On imported services provided fully abroad (iii)	3,048	3,013	3,048	3,013
Other contingent liabilities of lesser amounts	-	-	194	194
	6,193	6,158	6,387	6,352

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

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

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

. Not provisioned for:

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
PIS, COFINS e FINSOCIAL - offset	5,722	5,575	5,722	5,575
IRPJ – understated inflationary profit	2,258	2,200	2,258	2,200
IRPJ e CSLL on exports intermediated by export companies (i)	21,198	20,954	21,198	20,954
IRPJ e CSLL – overseas profit (ii)	20,508	20,293	20,508	20,293
ICMS – shipment of goods with reduced tax rate to non-taxpayers (iii)	-	-	16,122	16,122
ICMS – disreputable documents (iv)	11,071	11,071	11,071	11,071
ISS – services received from third parties	3,515	3,425	3,515	3,425
INSS – services taken from legal entities	4,743	4,701	4,743	4,701
Other contingent liabilities of lesses amounts	-	-	12,516	12,439
	69,015	68,219	97,653	96,780

(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$ 28,754 (R$ 28,340 in December 31, 2013) for which unfavorable outcomes are assessed as possible.

(b) Contingent assets

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

	Consolidated			
	3/31/2014		12/31/2013	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Contingent				
Tax	9,932	9,279	9,677	9,040
Social Security	-	2,059	-	2,006
	9,932	11,338	9,677	11,046

(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 March 31, 2014 is R$ 2,770 (R$ 2,607 in March 31, 2013). 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 March 31, 2014 and 2013, 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	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
Present value of actuarial liabilities	(188,543)	(182,605)	(190,064)	(184,084)
Fair value of active plans	186,774	185,614	188,280	187,111
Surplus not subject to refund or reduction in future contributions	-	(3,009)	-	(3,027)
Liability to be recognized	(1,769)	-	(1,784)	-

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.

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

	Parent company		Consolidated	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
At the beginning of the period	-	(43,057)	-	(43,368)
Plan participants contributions	2,502	9,668	2,535	9,788
Actuarial (gains) / losses	(907)	33,389	(947)	33,580
Recognized net (expenses)/revenue	(3,364)	-	(3,372)	-
At the end of the period	(1,769)	-	(1,784)	-

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

	Parent company		Consolidated	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
At the beginning of the period	185,614	188,665	187,111	190,072
Sponsors contribution	2,502	9,668	2,535	9,788
Employees contribution	127	517	129	525
Benefits paid	(1,715)	(8,061)	(1,715)	(8,061)
Expected return of active plans	246	(5,175)	220	(5,213)
Actuarial gains (losses)	-	-	-	-
At the end of the period	186,774	185,614	188,280	187,111

Changes in the actuarial liability are demonstrated below:

	Parent company		Consolidated	
	3/31/2014	**12/31/2013**	**3/31/2014**	**12/31/2013**
At the beginning of the period	182,605	231,722	184,084	233,440
Actuarial gains (losses)	972	(67,386)	925	(68,007)
Current service costs	1,083	6,107	1,125	6,333
Financial costs	5,471	19,706	5,516	19,854
Employees contribution	127	517	129	525
Benefits paid	(1,715)	(8,061)	(1,715)	(8,061)
At the end of the period	188,543	182,605	190,064	184,084

Amounts recorded in the income statement are:

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Current service costs	-	6,107	-	6,333
Financial costs	5	3,282	(42)	3,303
Expected return over plan assets	(5)	-	50	-
Total included as personal cost	-	9,389	8	9,636

The mains actuarial assumptions are:

- **Economic hypothesis**

	Percentage p.a.			
	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Discount rate (*)	12.27	12.27	12.27	12.27
Return rate expected over plan's assets	12.27	12.27	12.27	12.27
Future salary increments	8.56	8.56	8.56	8.56
Inflation	5.40	5.40	5.40	5.40

(*) The discount rate is: inflation 5.40% p.a. plus interests of 6.52% p.a as of March 31, 2014 (inflation 5.40% p.a. plus interests of 6.52% p.a. as of December 31, 2013).

- **Demographic hypothesys**

	Percentage p.a.			
	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
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

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	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Assets				
Provision for technical assistance	17,201	17,925	19,593	20,547
Provision for commission	27,119	30,871	28,769	34,784
Allowance for doubtful accounts	557	1,852	26,969	33,644
Provision for profit sharing	4,738	31,935	6,331	37,233
Provision for contingencies	10,950	10,915	17,105	17,012
Provision for sureties with third parties	70	-	129	-
Provision for inventory losses	692	692	692	692

Provisions for outsourced services	13,397	15,114	13,397	15,114
Employees benefit	1,769	-	1,784	-
Appropriation of (gains) losses on derivatives	(1,083)	(128)	(1,083)	(128)
Adjustment to present value	252	1,596	383	1,975
Tax depreciation	(28,270)	(27,212)	(36,109)	(34,428)
Other provisions	10,370	4,005	45,646	28,508
Calculation basis	57,762	87,565	123,606	154,953
Standard rate - %	34	34	34	34
Deferred income and social contribution taxes	19,639	29,772	42,026	52,684

(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	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
From 13 to 24 months	19,639	29,772	42,026	52,684
	19,639	29,772	42,026	52,684

(c) Reconciliation of current income taxes and social contribution

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Reconciliation				
Net income before income tax and social contribution	67,078	61,997	73,282	74,649
Standard rate - %	34	34	34	34
	22,807	21,079	24,916	25,381
Permanent addition and exclusions				
Equity in net income of subsidiaries	(4,536)	(7,079)	(1,834)	11
Management profit sharing	(500)	(625)	(500)	(625)
Interest on shareholders' equity	(5,294)	(5,325)	(5,294)	(5,325)
Other additions (exclusions)	263	(1,445)	1,659	(504)
	12,740	6,605	18,947	18,938
Income and social contribution taxes				
Current	(2,005)	(5,298)	(8,289)	(18,571)
Deferred	(10,735)	(1,307)	(10,658)	(367)
	12,740	6,605	18,947	18,938

19 Equity

(a) Capital social

The authorized Parent Company's capital is 869,900,084 shares (869,900,084 as of December 31, 2013), where 341,625,744 are common shares and 555,274,340 are preferred shares, nominal and with no nominal value.

Of the total subscribed capital, 294,791,636 (292,982,086 as of December 31, 2013) 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 7,095,615 preferred nominative shares, purchased at the average cost of R$ 4.6379 per share. The market value of the treasury stock, calculated at the closing date for the period, was R$ 32,909. According to article 168 (3) of Brazilian Corporation Law and CVM Instruction No. 390/03, the shares will be utilized to grant managers and employees share purchase options, pursuant to the Stock Option Plan approved by the Extraordinary General Meeting held on December 22, 2005.

20 Interest on shareholders' equity – Law 9249/95

As permitted by Law 9249/95, the Company approved calculated interest on shareholders' equity based on Long Term Interest Rate (TJLP) of the current period total gross amount of R$ 15,572 (March 31, 2013 - R$ 15,661), to be imputed as part of the mandatory dividends declared in advance for the current year of 2014, at the net amount. The approved interest, calculated on stockholders' equity as per the balance sheet at 12/31/2013, will be paid at R$ 0.0175 per share, less the withholding income tax, pursuant to the applicable legislation. Interest on capital was credited to the individual accounts of stockholders on March 21, 2014, based on their holdings as of March 21, 2014, and will be paid as from June 30, 2014.

21 Insurance coverage

As of March 31, 2014, 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:

Asset's nature	Patrimonial value	Consolidated 3/31/2014	Consolidated 12/31/2013
Inventories and warehouses	Fire and sundry risks	329,780	332,129
Buildings and contents	Fire and sundry risks	570,303	572,257
Vehicles	Collision, civil liability	8,989	9,148
		909,072	913,534

22 Sureties and Guarantees

As of March 31, 2014, the Company had issued sureties and/or guarantees of R$ 18,611 (December 31, 2013 - R$ 21,583), in connection with the financing of customers by banks, which has as a counter-guarantee the respective assets financed.

23 Employee profit sharing

The employee profit sharing was calculated in accordance with the terms established in the Instrument for the Agreement of the Marcopolo Targets/Efficiency Program (EFIMAR), dated January 08, 2014, which was approved by the employee union.

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

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Cost of goods sold and services provided	681	7,812	2,395	9,316
Sales expenses	98	1,227	110	1,231
Administrative expenses	21	1,125	478	1,821
	800	10,164	2,983	12,368

24 Revenue

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

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Gross Sales	668,630	699,167	913,461	938,581
Sales taxes and returns	(139,635)	(137,647)	(171,667)	(171,611)
Net revenue	528,995	561,520	741,794	766,970

25 Expenses by nature

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Raw material and consumables	388,661	426,383	522,376	559,391
Direct remuneration	72,846	68,839	116,089	99,173
Management remuneration	3,510	4,120	3,510	4,120
Employee profit sharing	800	10,164	2,983	12,368
Depreciation and amortization charges	5,503	4,700	10,713	8,806
Private pension plan expenses	2,770	2,607	2,811	2,607
Other expenses	5,813	4,624	25,167	8,323
Total Sales costs, distribution costs and administrative expenses	**479,903**	**521,437**	**683,649**	**694,788**

26 Financial income

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Financial revenue				
Interest earnings	1,546	1,607	1,944	2,217
Derivative operation income	706	2,700	706	2,738
Income on short-term investments	13,599	10,351	16,607	11,518
Exchange variance	20,778	19,759	20,375	19,969
Exchange variance over derivatives	1,802	6,240	1,802	6,438
Present value adjustment of accounts receivable	5,825	5,686	7,485	7,525
	44,256	46,343	48,919	50,405
Financial expenses				
Interest on loans and financing	(11,211)	(10,256)	(13,033)	(12,276)
Exchange variance	(20,190)	(23,094)	(18,655)	(23,723)
Exchange variance over derivatives	(1,318)	(4,790)	(1,318)	(4,790)
Banks expenses	(881)	(635)	(925)	(931)
Present value adjustment of accounts payable	(4,625)	(5,363)	(5,770)	(6,181)
	(38,225)	(44,138)	(39,701)	(47,901)
Financial income, net	6,031	2,205	9,218	2,504

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	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Profit attributable to Marcopolo's shareholders				
From continuing operations	54,338	55,392	54,335	55,711
Weighted average number of shares outstanding (in thousands)	889,904	894,934	889,904	894,934

Earnings per share – from continuing operations	0.0611	0.0619	0.0611	0.0623

(b) Diluted

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

	Parent company		**Consolidated**	
	3/31/2014	**3/31/2013**	**3/31/2014**	**3/31/2013**
Profit attributable to Marcopolo's shareholders				
From continuing operations	54,338	55,392	54,335	55,711
Weighted average number of shares outstanding (in thousands)	889,804	894,934	889,804	894,934
Adjustments:				
- Exercising of share call options	7,096	1,966	7,096	1,966
Earnings per share – from continuing operations	0.0606	0.0618	0.0606	0.0621

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	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Assets						
Current						
Cash and cash equivalent	653,747	624,717	634,377	590,526	19,370	34,191
Financial assets stated at fair value	165,354	143,702	165,354	143,702	-	-
Derivative financial instruments	1,151	978	1,151	978	-	-
Credits	991,145	1,166,496	679,395	863,631	311,750	302,865
Inventory	442,213	447,456	442,213	447,456	-	-
Other accounts receivable	152,071	141,498	109,309	99,989	42,762	41,509
	2,405,681	2,524,847	2,031,799	2,146,282	373,882	378,565
Non-current						
Long Term						
Credit	24,627	26,037	24,627	26,037	-	-
Financial assets stated at fair value	558,422	521,400	-	-	558,422	521,400
Other accounts receivable	57,377	67,590	54,568	63,421	2,809	4,169
Investments	351,673	371,911	351,673	371,911	-	-
Property, plant and equipment	357,633	338,056	356,976	337,364	657	692
Goodwill and intangible	261,949	267,999	261,402	267,431	547	568
	1,611,681	1,592,993	1,049,246	1,066,164	562,435	526,829
Total assets	4,017,362	4,117,840	3,081,045	3,212,446	936,317	905,394
Liabilities						
Current						
Trade payables	304,075	308,165	304,075	308,165	-	-
Loans and financing	383,648	367,145	159,601	147,509	224,047	219,636
Derivative financial instruments	343	467	343	467	-	-
Other accounts payable	292,001	379,441	282,468	359,941	9,533	19,500
	980,067	1,055,218	746,487	816,082	233,580	239,136
Noncurrent						
Financial institutions	1,509,400	1,468,614	1,008,326	998,836	501,074	469,778
Other accounts payable	62,538	60,017	62,523	60,017	15	-
	1,571,938	1,528,631	1,070,849	1,058,853	501,089	469,778
Minority Interest	18,423	18,095	18,423	18,095	-	-
Shareholders' equity	1,446,934	1,515,896	1,245,286	1,319,416	201,648	196,480
Total liabilities	4,017,362	4,117,840	3,081,045	3,212,446	936,317	905,394

Statement of Income

	Consolidated		Industrial Segment		Financial Segment	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Continued operations						
Net revenue from Sales and services	741,794	766,970	728,581	753,501	13,213	13,469
Cost of goods sold and services provided	(612,688)	(617,200)	(612,688)	(617,200)	-	-
Gross profit	129,106	149,770	115,893	136,301	13,213	13,469
Operational expenses(income)						
Sales	(32,409)	(40,984)	(31,294)	(40,919)	(1,115)	(65)
Administrative expenses	(38,552)	(36,604)	(35,147)	(33,229)	(3,405)	(3,375)
Other net operating income (expenses)	525	(4)	513	99	12	(103)
Equity in net income of subsidaries	5,394	(33)	5,394	(33)	-	-
Operating profit before financial income and equity interest	64,064	72,145	55,359	62,219	8,705	9,926
Financial income	9,218	2,504	9,218	2,504	-	-
Financial revenue	48,919	50,405	48,919	50,405	-	-
Financial expenses	(39,701)	(47,901)	(39,701)	(47,901)	-	-
Profit before income and social contribution taxes	73,282	74,649	64,577	64,723	8,705	9,926
Income and social contribution taxes	(18,947)	(18,938)	(15,419)	(14,892)	(3,528)	(4,046)
Net income for the period from continuing operations	54,335	55,711	49,158	49,831	5,177	5,880

29 Statement of cash flow by business segment – indirect method

	Consolidated		Industrial Segment		Financial Segment	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Cash flow from operating activities						
Net income in the period	**54,335**	**55,711**	**49,158**	**49,831**	**5,177**	**5,880**
Reconciliation of income (loss) to cash provided by operating activities:						
Depreciation and amortization	10,713	8,806	10,638	8,743	75	63
Cost on the Sales of permanent assets	485	952	485	952	-	-
Equity in net income of subsidiaries	(5,394)	33	(5,394)	33	-	-
Allowance for doubtful accounts	(3,457)	(2,676)	(4,124)	(2,422)	667	(254)
Deferred income and social contribution taxes	18,947	18,938	15,419	14,892	3,528	4,046
Interest and variance appropriated	7,973	20,088	3,362	13,518	4,611	6,570
Non-controlling interests	977	319	977	319	-	-
Changes in assets and liabilities						
(Increase) decrease in accounts receivable	140,350	98,431	186,924	123,309	(46,574)	(24,878)
(Increase) decrease in inventories	1,634	(107,002)	1,634	(107,002)	-	-
(Increase) decrease in other accounts receivable	(1,386)	(22,502)	(1,493)	(20,001)	107	(2,501)
(Increase) decrease in securities	(20,414)	(21,782)	(20,414)	(21,782)	-	-
Increase (decrease) in trade payables	(2,722)	72,318	(2,722)	72,318	-	-
Increase (decrease) in other accounts payable	(88,671)	(14,926)	(83,139)	(14,151)	(5,532)	(775)
Cash provided in operating activities	**113,370**	**106,708**	**151,311**	**118,557**	**(37,941)**	**(11,849)**
Taxes paid over income	(8,289)	(18,571)	(6,128)	(15,010)	(2,161)	(3,561)
Net cash provided by operating activities	**105,081**	**88,137**	**145,183**	**103,547**	**(40,102)**	**(15,410)**
Cash flow from investment activities						
Investments	(2,116)	(101,993)	(2,116)	(101,993)	-	-
Subsidiary dividends	3,725	390	3,725	390	-	-
Permanent purchases	(30,518)	(24,172)	(30,499)	(24,154)	(19)	(18)
Receipt on sale of property, plant and equipment	-	38	-	38	-	-
Net cash provided by investment activities	**(28,909)**	**(125,737)**	**(28,890)**	**(125,719)**	**(19)**	**(18)**
Cash flows from financing activities						
Gain on the sale of treasury stock	(15,553)	3,488	(15,553)	3,488	-	-
Dividends and interest on shareholders' equity paid	(80,457)	(98,940)	(74,660)	(92,502)	(5,797)	(6,438)
Obtainment of loans and financing	139,567	789,602	45,452	714,130	94,115	75,472
Payment of loans and financing	(89,368)	(114,366)	(26,350)	(57,368)	(63,018)	(56,998)
Net cash used in financing activities	**(45,811)**	**579,784**	**(71,111)**	**567,748**	**25,300**	**12,036**
Exchange variance on cash and cash equivalents	(1,331)	(988)	(1,331)	(988)	-	-
Net increase (decrease) in cash and cash equivalent	**29,030**	**541,196**	**43,851**	**544,588**	**(14,821)**	**(3,392)**
Cash and cash equivalent at beginning of the period	624,717	374,219	590,526	339,838	34,191	34,381
Cash and cash equivalent at the end of the period	653,747	915,415	634,377	884,426	19,370	30,989

30 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	
	3/31/2014	3/31/2013
Brazil	601,930	660,590
África	23,353	12,140
Australia	60,236	61,649
China	12,702	12,272
Russia	280	203
Mexico	43,293	20,116
	741,794	766,970

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

	Consolidated	
	3/31/2014	12/31/2013
Brazil	388,220	366,894
África	11,609	12,244
Australia	137,238	137,933
Canada	64,628	69,551
China	3,572	4,021
Virgin Islands	1	1
Mexico	14,271	15,365
Russia	3	4
Uruguay	40	42
	619,582	606,055

31 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 March 31, 2014 were identified.

* * *

(A free translation of the original in Portuguese)

1 Shareholders os Marcopolo S.A. with over 5% of common shares and/or preferred shares, to the level of individuals, as of March 31,2014.

SHAREHOLDER	COMMON		PREFERRED		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%
Paulo Pedro Bellini	149,427,664	43.74	2,606,124	0.47	152,033,788	16.95
Valter Antonio Gomes Pinto	32,047,224	9.38	594,200	0.11	32,641,424	3.64
Vate Part. e Adm. Ltda	10,086,520	2.95	-	0.00	10,086,520	1.12
Davos Participações Ltda	32,000,000	9.37	-	0.00	32,000,000	3.57
Subtotal Controlling Group	**223,561,408**	**65.44**	**3,200,324**	**0.58**	**226,761,732**	**25.28**
Central Bank Fund – CENTRUS	51,922,784	15.20	-	0.00	51,922,784	5.79
José Antonio Fernandes Martins	936,524	0.27	28,220,312	5.08	29,156,836	3.25
Fund Petrobras Seg Soc Petros	-	0.00	93,754,154	16.88	93,754,154	10.45
Norges Bank (offshore)	10,300,000	3.01	32,953,773	5.93	43,253,773	4.82
JPMorgan Asset Managem.Hold.Inc.	-	0.00	43,477,981	7.83	43,477,981	4.85
BlackRock Inc. (offshore)	-	0.00	15,385,000	2.77	15,385,000	1.72
Treasury stock	-	0.00	7,095,615	1.28	7,095,615	0.79
Other offshore shareholders (*)	10,888,913	3.19	202,974,882	36.55	213,863,795	23.84
Other shareholders (*)	44,016,115	12.89	128,212,299	23.10	172,228,414	19.21
TOTAL	**341,625,744**	**100.00**	**555,274,340**	**100.00**	**896,900,084**	**100.00**
PROPORTION		**38.09**		**61.91**		**100.00**

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

2 Capital Breakdown of Davos Participação Ltda. as of March 31, 2014:

Table denoting quotas:

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

3 Capital Breakdown of Vate - Participações e Administração Ltda. as of March 31, 2014:

Table denoting quotas:

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

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

(A free translation of the original in Portuguese)

Consolidated Shareholdings of Controlling Shareholders, Executives and free float.

Position on 3/31/2014

Table denoting quotas:

SHAREHOLDERS	COMMON		PREFERRED		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%
Parent companies	223,561,408	65.44	3,200,324	0.58	226,761,732	25.28
Controllers' spouses	1,709,480	0.50	1,648,132	0.30	3,357,612	0.37
Executives	-	-	-	-	-	-
Board of Directors	82,524	0.02	1,760,832	0.32	1,843,356	0.21
Executive Board	506,600	0.15	2,339,499	0.42	2,846,099	0.32
Audit Committee (*)	504,696	0.15	758,760	0.14	1,263,456	0.14
Treasury stock	-	0.00	7,095,615	1.28	7,095,615	0.79
Other	115,261,036	33.74	538,471,178	96.96	653,732,214	72.89
TOTAL	**341,625,744**	**100.00**	**555,274,340**	**100.00**	**896,900,084**	**100.00**
Free Float in the Market	**115,261,036**	**33.74**	**538,471,178**	**96.96**	**653,732,214**	**72.89**

* Shares heald by a director and member of the Audit Committee, elected by the controlling group.

Consolidated Shareholdings of Controlling Shareholders, Executives and free float.

Position on 3/31/2013

Table denoting quotas:

SHAREHOLDERS	COMMON		PREFERRED		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%
Parent companies	223,524,608	65.43	3,200,324	0.58	226,724,932	25.28
Controllers' spouses	1,477,680	0.43	1,638,132	0.30	3,115,812	0.35
Executives	-	-	-	-	-	-
Board of Directors	82,824	0.02	1,760,832	0.32	1,843,656	0.21
Executive Board	506,600	0.15	2,330,398	0.42	2,836,998	0.32
Audit Committee (*)	504,696	0.15	758,760	0.14	1,263,456	0.14
Treasury stock	-	0.00	1,965,074	0.35	1,965,074	0.22
Other	115,529,336	33.82	543,620,820	97.89	659,150,156	73.48
TOTAL	**341,625,744**	**100.00**	**555,274,340**	**100.00**	**896,900,084**	**100.00**
Free Float in the Market	**115.529.336**	**33.82**	**543,620,820**	**97.89**	**659,150,156**	**73.48**

* Shares heald by a director and member of the Audit Committee, elected by the controlling group.

<u>NOTE</u>: For comparison purposes, the shares in this table were subsidized according to bonus os August, 2013.

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

(A free translation of the original in Portuguese)

Report on the quarterly information review

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

Introduction

We have reviewed the interim, individual and consolidated financial statements of the company Marcopolo S.A. ("Company"), contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2014, consisting of the balance sheets as of March 31, 2014 and the related statements of income, the comprehensive statements of income, the statement of changes in shareholders' equity and statements of cash flows for the three period then ended, in addition to the notes to the financial statements.

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

Review scope

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

Conclusion about the individual interim information

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

Conclusion about the consolidated interim information

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

Other matters

Statements of added value

We have also reviewed the individual and consolidated Statements of added value (DVA) for the three-month period ended March 31, 2014, prepared by Company management, the presentation of which in the interim information is required by the standards issued by the CVM - Brazilian Securities Commission applicable to the preparation of the Quarterly Information - ITR and is considered supplementary information to IFRS which does not require the publication of DVAs. These statements were subject to the audit procedures described earlier and our review did not detect any facts that suggest they have not been prepared, in all material respects, in accordance with the individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

Caxias do Sul, May 12, 2014

KPMG Auditores Independentes
CRC 2SP014428/F-RS

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