MARCOPOLO S/A

CNPJ Nº 88.611.835/0001-29

CVM – 00845-1 / NIRE 43300007235

FINANCIAL STATEMENTS
2015

2015 EARNINGS - MANAGEMENT REPORT

Dear Shareholders:

The management of Marcopolo S.A. submits for your appreciation the Management Report and Financial Statements for the year ended December 31, 2015, accompanied by the Report of Independent Auditors.

The financial information is presented in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB).

1. REPORTING ENTITY

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

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

The buses are manufactured in seventeen manufacturing facilities, five in Brazil (two in Caxias do Sul - RS, one in Duque de Caxias - RJ and one in São Mateus – ES, in addition to a 45.0% interest in the company San Marino Ônibus e Implementos Ltda., also located in Caxias do Sul - RS) and twelve abroad, including a wholly-owned unit in South Africa, three in Australia, and subsidiaries/affiliates in Argentina (2), Colombia, Egypt, India (2), Mexico and China. Marcopolo also holds a 40.0% interest in the company Spheros (ventilation and air conditioning), a 30.0% interest in WSul (foam for seats), a 65.0% interest in Apolo (plastic solutions) , a 26.0% interest in MVC (plastic components) and a 19.97% interest in Canada's New Flyer Industries, Inc. In addition to the companies mentioned above, Marcopolo has full control of Banco Moneo S.A., which was established to provide financing for the Company's products.

2. PERFORMANCE INDICATORS

The table below lists some indicators relevant to management of the business and analysis of the Company's performance in 2015.

CONSOLIDATED FIGURES

(R$ million and percentage variance, unless stated otherwise).

Operating Performance	2015	2014	Change %
Net Operating Revenue	2,739.1	3,400.2	(19.4)
- Revenue in Brazil	1,263.5	2,252.0	(43.9)
- Revenues from exports and abroad	1,475.6	1,148.2	28.5
Gross Profit	476.0	592.3	(19.6)
EBITDA (1)	212.5	306.4	(30.6)
Net Income	89.1	224.1	(60.2)
Net income per share in R$	0.100	0.252	(60.3)
Return on Invested Capital – ROIC (2)	6.3%	10.2%	(3.9)pp
Return on Equity – ROE (3)	5.4%	14.8%	(9.4)pp
Investment	156.2	136.3	14.6
Shareholders' Equity	1,828.1	1,647.6	11.0
Financial Position: Industrial Segment			
Cash and Cash Equivalents and Short-term investment	1,346.0	888.1	51.6
Short-term Financial Liabilities	691.5	159.1	334.6
Long-term Financial Liabilities	1,065.1	1,204.2	(11.6)
Net Financial Liabilities	410.6	475.2	(13.6)
Financial Position: Industrial and Financial Segments			
Cash and Cash Equivalents and Financial Investments	1,365.2	915.6	49.1
Short-term Financial Liabilities	966.1	421.7	129.1
Long-term Financial Liabilities	1,509.7	1,691.2	(10.7)
Net Financial Liabilities	1,110.6	1,197.3	(7.2)
Margins			
Gross Margin	17.4%	17.4%	-
EBITDA margin	7.8%	9.0%	(1.2)pp
Net Margin	3.3%	6.6%	(3.3)pp

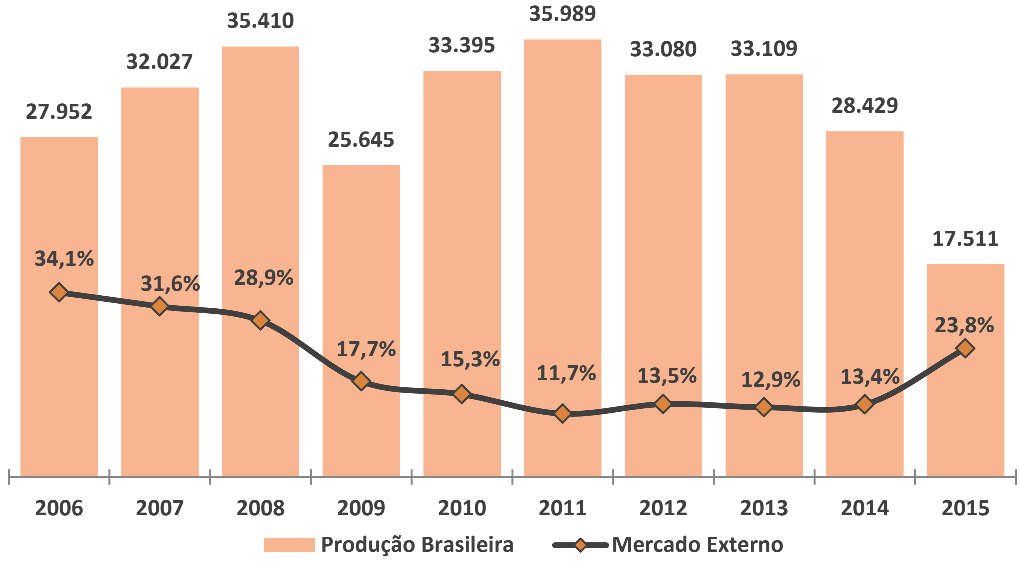
Notes: (1) EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization); (2) ROIC (Return on Invested Capital) = EBIT (inventories + trade receivables + fixed assets - suppliers); (3) ROE (Return on Equity) = Net profit/Initial equity; pp = percentage points.

3. BUS SECTOR PERFORMANCE IN BRAZIL

In 2015, 17,511 units were produced for the domestic market, 38.4% more than the 28,429 units produced in 2014. Volare is not included in the Brazilian output of bodies due to the fact that it is sold as a complete vehicle. If the output of VOLARE vehicles were considered, the Brazilian output would have been 19,367 units in the year, against 32,841 units in 2014.

The demand in the domestic market reached 13,352 units, a contraction of 45.8% over 2014, while 4,159 units were produced for export, 9.4% more than the exports for the previous year.

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



TOTAL BRAZILIAN BUS BODY PRODUCTION (in units)

PRODUCTS (1)	2011	2012	2013	2014	2015
Intercity	10,467	9,117	10,216	7,977	5,679
Urban	20,347	18,944	17,938	16,836	9,593
Micros	5,099	5,019	4,955	3,616	2,239
SUBTOTAL	**35,913**	**33,080**	**33,109**	**28,429**	**17,511**
Minis (2)	76	-	-	-	-
TOTAL	**35,989**	**33,080**	**33,109**	**28,429**	**17,511**

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

Notes: (1) Includes the units exported as KD (disassembled); (2) The production data of Mini does not include the production of complete units such as Volare.

BRAZILIAN BUS BODY PRODUCTION – DOMESTIC MARKET (in units)

PRODUCTS (1)	2011	2012	2013	2014	2015
Intercity	8,051	6,970	7,666	5,644	3,382
Urban	19,511	17,752	17,011	15,861	8,291
Micros	4,131	3,900	4,150	3,123	1,679
SUBTOTAL	**31,693**	**28,622**	**28,827**	**24,628**	**13,352**
Minis (2)	68	-	-	-	-
TOTAL	**31,761**	**28,622**	**28,827**	**24,628**	**13,352**

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

BRAZILIAN BUS BODY PRODUCTION – FOREIGN MARKET (in units)

PRODUCTS [1]	**2011**	**2012**	**2013**	**2014**	**2015**
Intercity	2,416	2,147	2,550	2,333	2,297
Urban	836	1,192	927	975	1,302
Micros	968	1,119	805	493	560
SUBTOTAL	**4,220**	**4,458**	**4,282**	**3,801**	**4,159**
Minis [2]	8	-	-	-	-
TOTAL	**4,228**	**4,458**	**4,282**	**3,801**	**4,159**

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

4. MARCOPOLO'S OPERATING PERFORMANCE

The current economic situation and political instability in Brazil have profoundly affected the capital goods segment in the country. As a consequence, 2015 saw a contraction for the bus body industry and posed huge challenges to companies operating in the sector. To adapt to this adverse situation, Marcopolo implemented measures to mitigate the impact on its workforce and operational earnings.

In respect of employees, the Company adopted flexitime, collective vacations and from January 2016 a lay-off of up to 6 months at Marcopolo Rio, the unit that specializes in making city buses, located in Duque de Caxias/RJ.

On the operational front, Marcopolo created task forces to expedite critical activities, helping the Company overcome a historically stagnant domestic market. The first task force is focusing on boosting exports by increasing operations in long-standing Latin American markets in addition to entering new markets and expanding the portfolio of overseas clients. The second task force is seeking operational improvements by shortening production cycle time, increasing efficiency and optimizing manufacturing plants. The third task force is implementing structured actions in order to cut expenses and indirect costs.

At Volare, the lower demand for school vehicles under the *Caminho da Escola* program, and late payment by the federal government of amounts owed under this program, undermined earnings. In contrast, the 44.3% growth in physical exports and the reduction in receivables partly offset the impact on this segment's earnings.

At the start of 2015, the Volare São Mateus/ES plant came into operation by assembling *kits* (CKDs) sent from Caxias do Sul. Despite being in a challenging year, Volare launched the V8L RHD, V9L, WL Urbano and Access models to further enhance the brand's competitive advantage in the market it serves. The Volare Cinco is expected to be launched in the first half of 2016.

In addition to the lower volume under the Caminho da Escola program, delays in procurement processes in certain Brazilian cities, the higher cost of financing to buy buses and delays in urban mobility works all drove down demand in the period.

The coach buses segment experienced a 40.1% contraction in domestic demand in the year compared with 2014 and 55.9% compared with 2013. The main drivers of this contraction were the increase in financing costs, the economic slowdown in Brazil, which affected the charter sector, and regulatory uncertainty in the provision of collective interstate and international highway transportation of passengers on a concession basis, which was only published by the National Land Transportation Agency (ANTT) in June 2015.

The last auction session for the "Road to School" program took place in December 2015. Marcopolo secured contracts to produce and supply up to 1,550 units at online auctions in 2015. However, due to budgetary restrictions imposed by the federal government, the acquisition of these units has not yet been ordered. The Company remains engaged in the pursuit of overdue receivables relating to 2014 and 2015, amounting to R$ 83.8 million as of 1/31/2016.

Volgren performed best overseas, in Australia, which began reaping the rewards of implementing the transformation program at its manufacturing plants and saw its operational earnings improve over 2014. The main news regarding New Flyer Inc. (NFI), a company in which Marcopolo has an interest of 19.97%, was the acquisition of Motor Coach Industries International - MCI, the largest US producer of coaches, for the sum of US$ 455 million. NFI also announced a 12.9% increase in dividends per share, from C$ 0.62 to C$ 0.70 per annum from 2016. Further information about the performance of Marcopolo's overseas associated companies are subsidiaries can be viewed in item 16 of this report.

In the bus segment, Marcopolo launched five new bus models: the new Paradiso 1350 coach range, a new Ideale intercity range and the Torino Express (articulated), Torino Low Entry and Torino rear engine city bus models. These new product ranges will allow the Company to serve virtually all market segments in Brazil and globally, and will encourage customers to renew their fleets with more efficient, modern, safe and comfortable vehicles. Marcopolo has launched over 100 new models worldwide since 2008.

As per the Press Release disclosed on 11/3/2015, Marcopolo announced that the Company's Board of Directors has approved the signing of a non-binding letter of intent which establishes the bases and principles for a potential acquisition of L&M, the direct parent company of San Marino Ônibus Ltda. (Neobus). The Company is still waiting for approval by anti-trust authorities and completion of the due diligence process.

As announced in a release on June 25, 2015, the Board of Directors of Marcopolo has recently appointed Francisco Gomes Neto as Managing Director. He was appointed on August 10, succeeding José Rubens de la Rosa. The change in management was part of the succession process that has been ongoing at the Company since 2013.

4.1 Units Recorded in Net Revenue

In 2015, the 11,170 units included in net revenue comprised 8,907 in the domestic market, representing 79.7% of the consolidated total, and 2,263 units in the foreign market, representing the remaining 20.3% as shown in the following table:

OPERATIONS (in units)	**2015**	**2014**	**Change %**
BRAZIL			
- Domestic Sales	7,126	13,955	(48.9)
- Overseas Sales	1,915	1,916	(0.1)
SUBTOTAL	**9,041**	**15,871**	**(43.0)**
Exclusion of exported KDs (1)	134	311	(56.9)
TOTAL IN BRAZIL	**8,907**	**15,560**	**(42.8)**
ABROAD			
- South Africa	343	359	(4.5)
- Australia	428	435	(1.6)
- Mexico	1,492	1,619	(7.8)
TOTAL INTERNATIONAL	**2,263**	**2,413**	**(6.2)**
OVERALL TOTAL	**11,170**	**17,973**	**(37.9)**

Note: (1) KD (Knock Down) = Partially or entire dismantled bodies;

4.2 Production

In 2015, the consolidated output of Marcopolo totaled 11,072 units, 37.5% less than the 17,713 units manufactured in 2014. Of this total, 79.6% were produced in Brazil and 20.4% abroad. Details about Marcopolo’s worldwide production are presented in the following tables:

MARCOPOLO – CONSOLIDATED WORLDWIDE PRODUCTION

OPERATIONS (in units)	**2015**	**2014**	**Change %**
BRAZIL (1)			
- Domestic Sales	7,052	13,709	(48.6)
- Overseas Sales	1,934	1,964	(1.5)
SUBTOTAL	**8,986**	**15,673**	**(42.7)**
Exclusion of exported KDs (2)	168	336	(50.0)
TOTAL IN BRAZIL	**8,818**	**15,337**	**(42.5)**
ABROAD			
- South Africa	334	322	3.7
- Australia	428	435	(1.6)
- Mexico	1,492	1,619	(7.8)
TOTAL INTERNATIONAL	**2,254**	**2,376**	**(5.1)**
OVERALL TOTAL	**11,072**	**17,713**	**(37.5)**

Notes: (1) Includes production of the Volare model, as well as production from Marcopolo Rio (2,552 units in 2015 and 4,940 units in 2014); (2) KD (Knock Down) = Partially or totally unassembled.

MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION BY MODEL

PRODUCTS / MARKETS [2] (in units)	2015			2014		
	DS	OS [1]	TOTAL	DS	OS [1]	TOTAL
Intercity	2,032	1,149	**3,181**	3,334	1,253	**4,587**
Urban	2,999	2,403	**5,402**	5,369	2,353	**7,722**
Micros	419	214	**633**	770	222	**992**
SUBTOTAL	**5,450**	**3,766**	**9,216**	**9,473**	**3,828**	**13,301**
Volares [3]	1,602	254	**1,856**	4,236	176	**4,412**
TOTAL PRODUCTION	**7,052**	**4,020**	**11,072**	**13,709**	**4,004**	**17,713**

Notes: [1] Total production of OM includes units exported in KD (bodies partially or completely knocked down), which totaled 168 units in 2015 compared with 336 units in 2014; [2] DM = Domestic Sales; OS = Overseas Sales; [3] The production of Volares is not part of the data from SIMEFRE and from FABUS, Marcopolo's or the sector's production.

MARCOPOLO – PRODUCTION IN BRAZIL

PRODUCTS / MARKETS [2] (in units)	2015			2014		
	DS	OS [1]	TOTAL	DS	OS [1]	TOTAL
Intercity	2,032	1,094	**3,126**	3,334	1,213	**4,547**
Urban	2,999	372	**3,371**	5,369	353	**5,722**
Micros	419	214	**633**	770	222	**992**
SUBTOTAL	**5,450**	**1,680**	**7,130**	**9,473**	**1,788**	**11,261**
Volares [3]	1,602	254	**1,856**	4,236	176	**4,412**
TOTAL PRODUCTION	**7,052**	**1,934**	**8,986**	**13,709**	**1,964**	**15,673**

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

4.3 Market Share

The Company maintained its leading position in the Brazilian market, with a market share of 40.7%. Despite Brazilian bus production shrinking by 38.4% in 2015, the Company's overall market share rose by 1.1 percentage points over 2014. The table below shows in detail the Company's market share by line of product.

SHARE IN THE BRAZILIAN MARKET (%)

PRODUCTS [1]	2011	2012	2013	2014	2015
Intercity	61.5	58.9	56.0	57.0	55.0
Urban	35.1	34.6	34.7	34.0	35.1
Micros	22.4	22.8	24.9	27.4	28.3
TOTAL [2]	**40.9**	**39.5**	**39.8**	**39.6**	**40.7**

Source: FABUS and SIMEFRE

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

5. CONSOLIDATED NET REVENUE

Consolidated net revenue amounted to R$ 2,739.1 million in 2015, 19.4% less than the R$ 3,400.2 million in FY 2014. This result was partially offset by the 51.7% increase in export revenue, driven by the 47.0% devaluation of the Brazilian currency against the US dollar in 2015.

Sales in the domestic market generated revenues of R$ 1,263.5 million or 46.1% of total net revenue (66.2% in 2014). Exports and overseas business totaled R$ 1,475.6 million or 53.9% of the total. Revenue by product and market are presented in the table below:

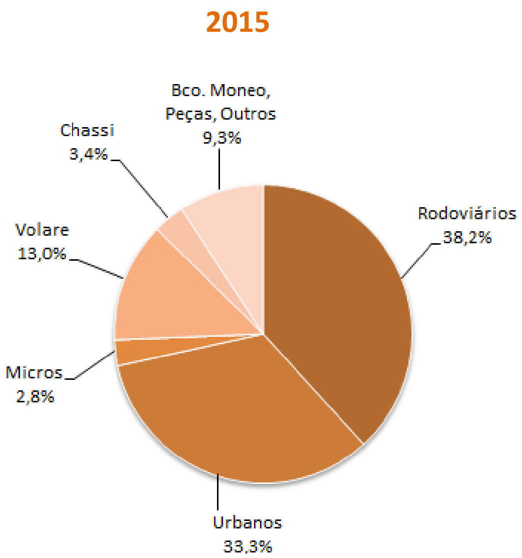
TOTAL CONSOLIDATED NET REVENUEB By product and market (R$ million)

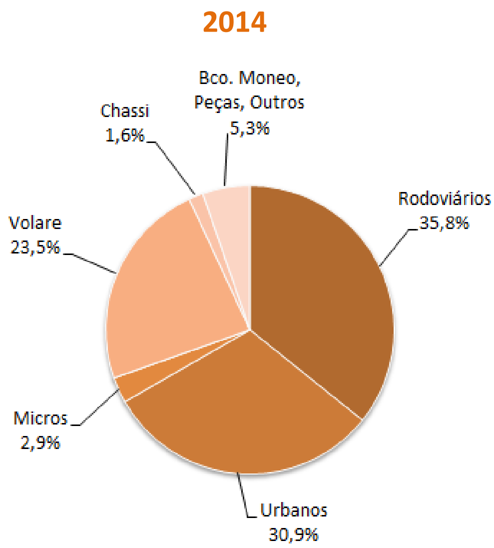
PRODUCTS/MARKETS [1]	2015			2014		
	DS	OS	TOTAL	DS	OS	TOTAL
Intercity	469.5	577.8	1,047.3	701.4	515.1	1,216.5
Urban	313.6	599.6	913.2	597.9	453.6	1,051.5
Micros	45.3	31.6	76.9	77.6	20.8	98.4
Subtotal bodies	**828.4**	**1,209.0**	**2,037.4**	**1,376.9**	**989.5**	**2,366.4**
Volares [2]	306.1	49.4	355.5	769.0	29.7	798.7
Chassi	27.2	66.4	93.6	19.7	35.1	54.8
Bco. Moneo Bank, Parts & Oth	101.8	150.8	252.6	86.4	93.9	180.3
OVERALL TOTAL	**1,263.5**	**1,475.6**	**2,739.1**	**2,252.0**	**1,148.2**	**3,400.2**

Note: [1] DS = Domestic Sales; OS = Overseas Sales; [2] Revenues from Volares includes the chassis.

Of the total consolidated net revenue in 2015, 74.3% originated from sales of bodies, 13.0% from the sales of Volares and 12.7% from sales of parts and from Moneo Bank and chassis.

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





6. GROSS PROFIT AND MARGINS

In 2015, gross profit amounted to R$ 476.0 million, or 17.4% of net revenue. Despite the drop in total production and the lighter mix of products sold domestically, the gross margin held steady compared with the previous year. This was due to the greater contribution of exports to consolidated revenue, whose margins are benefiting from the devaluation of the local currency against the US dollar and the Company's initiatives to mitigate the facts of the domestic downturn on its operational earnings.

7. SELLING EXPENSES

Selling expenses totaled R$ 164.8 million in 2015 or 6.0% of net revenue, against R$ 196.4 million or 5.8% of revenue in 2014. The decrease in absolute value was basically due to the lower volume of commission due to lower sales.

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totaled R$ 158.5 million in 2015 and R$ 171.3 million in 2014, representing 5.8% and 5.0% of net revenue, respectively. The reduction in the absolute value was due to internal restructuring of administrative departments and lower expenses on the Transformation Program in Volgren, Australia. Growth as a percentage was due to lower revenue.

9. OTHER OPERATING INCOME/EXPENSES

In 2015, R$ 19.6 million was recorded as "Other Operating Expenses". This amount arises from expenses and provisions for labor claims amounting to R$ 16.4 million, due to internal restructuring in indirect and administrative departments.

10. EQUITY INCOME

Equity income in 2015 was income of R$ 33.0 million versus the income of R$ 35.3 million in 2014. The largest contributions are made by New Flyer Industries Inc. (R$ 45.9 million), the direct subsidiary of Marcopolo Canadá Holdings Corp., and Metalpar/Metalsur (R$ 18.4 million). However, MVC – Componentes Plásticos Ltda. – made a non-cash loss of R$ 35.7 million. Marcopolo has a minority interest of 26.0% in MVC and does not participate in the company's management. The equity income figures can be seen in detail in Note 11 to the financial statements.

11. NET FINANCIAL INCOME

A net financial loss was made in 2015 of R$ 38.4 million compared with income of R$ 11.1 million in 2014. This result is due to exchange variance on liabilities denominated in US dollars. The finance income figures can be seen in detail in Note 26 to the financial statements.

12. EBITDA

The EBITDA reached R$ 212.5 million in 2015, with a margin of 7.8% versus R$ 306.4 million and a margin of 9.0% in 2014. The margin was driven down by lower demand and a lighter mix of products sold domestically, and the greater difficulty in passing through costs to domestic prices. Furthermore, the *EBITDA* was impacted by the negative non-cash result reported via equity income of the associated company MVC – Componentes Plásticos Ltda. – and the expenses and provisions mentioned in item 9 – “Other Operating Expenses”. The table below shows the accounts that make up the EBITDA:

(R$ millions)	**2015**	**2014**
Result before IR and CS	127.7	276.4
Financial Revenue	(449.1)	(240.2)
Financial Expenses	487.5	229.1
Depreciation / Amortization	46.4	41.1
EBITDA	**212.5**	**306.4**

13. NET INCOME

The net income in 2015 amounted to R$ 89.1 million with a net margin of 3.3%. This result is explained by the factors mentioned in the EBITDA and the higher financial expense resulting from exchange variance on liabilities denominated in US dollars.

14. FINANCIAL INDEBTEDNESS

The net financial debt amounted to R$ 1,110.6 million as of 12/31/2015 (R$ 1,197.3 million as of 12/31/2014). Of this total, R$ 700.0 million is related to the financial segment while the industrial segment had net liabilities of R$ 410.6 million.

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 industrial 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. Because it is a FINAME onlending transaction, each disbursement by the National Economic and Social Development Bank - BNDES has an exact offset in the customer receivables of Banco Moneo both in terms of maturity and fixed rate. See note 28 to the Financial Statements.

On December 31, the net financial indebtedness of the industrial segment represented 1.9x EBITDA for the last 12 months.

15. CASH PROVIDED BY OPERATIONS

In 2015, the operating activities generated cash of R$ 491.2 million. Investing activities required R$ 127.6 million and financing activities generated R$ 93.3 million, corresponding to R$ 177.4 million net for issuances and repayments of loans and financing, R$ 86.9 million consumed in the payment of dividends and interest on capital and R$ 2.8 million referring to the balance of treasury stock. As a result, the initial cash balance of R$ 642.6 million, with an additional R$ 31.5 million from exchange rate variations on cash, rose to R$ 1,131.2 million at the end of the year. Including short-term investments, the cash balance as of December 31, 2015 was R$ 1,365.2 million. The statement of cash flows for the industrial and financial segments is presented in detail in Note 29 to the Financial Statements.

16. PERFORMANCE OF SUBSIDIARY AND ASSOCIATED COMPANIES

16.1 Overseas subsidiaries

In 2015, the subsidiaries abroad produced 2,254 units. This volume represented 20.4% of Marcopolo's consolidated output. The main highlights of subsidiaries abroad are described below:

MARCOPOLO CHINA (MAC) – Located in the city of Jiangyin, Marcopolo China has a sourcing department, production of parts and bus body components and disassembled vehicle bodies and the production of complete buses in PKD for export. MAC has a material strategy of placing the Marcopolo brand in Asia and Oceania, and has established relations with clients in Malaysia, Myanmar, Hong Kong, Russia, Pakistan and Australia, amongst other countries.

MARCOPOLO SOUTH AFRICA (MASA) – In 2015, MASA, located in Johannesburg, produced 334 units, growth of 3.7% over 2014. MASA's estimated production for 2016, for both South Africa and exports to other African countries, is in line with that realized in 2015.

POLOMEX – Located in Monterrey, Mexico, Polomex produced 1,492 in 2015. Even though the bus sector is not forecast to grow in 2016, the Company expects to gain market share, especially in the coach segment , both by continuing the partnership with Mercedes and through new opportunities to body other chassis brands.

VOLGREN – Headquartered in Melbourne – Australia, Volgren produced 428 units in 2015, in line with the projected budget for the year. The Company made operational efficiency gains of around 30.0% over the previous year, as a result of implementing the Transformation Program in 2014. For 2016 Volgren remains engaged in enhancing its earnings and cutting fixed costs. It is forecasting a slightly better market in 2015 and that the Company will maintain its leadership in the Australian sector, with a market share of around 40.0%.

16.2 Overseas subsidiaries

GB POLO – Marcopolo's joint venture in Egypt, located in the city of Suez, produced 1,190 units in 2015. Despite this, the Company's operational results were disappointing. Midway through 2015 Marcopolo took over the management of the joint venture and has been restructuring it since, focusing on greater efficiency and lower fixed costs. In 2016 GB Polo prevailed in two procurements for the cities of Cairo (150 units) and Alexandria (90 units). Its presence in Egypt is permitting the sale of products exported in PKD from Brazil.

METALPAR/METALSUR – Located in Argentina, Metalpar and Metalsur produced 1,886 units in 2015. The city bus segment served by Metalpar benefited from the new rules for using buses with air-conditioning in the province of Buenos Aires, which drove renewal of the fleet with vehicles of higher value. Metalsur also benefited from the restriction on bus imports in Argentina in force until December 2015. The outlook is positive for 2016 and both companies have healthy order books. Metalsur is launching a new double-decker model in 2016.

NEW FLYER (NFI) – New Flyer Industries Inc., a company in which Marcopolo has an interest of 19.97%, is the leading manufacturer of city buses in the USA and Canada. Headquartered in Winnipeg, Canada, the company is a technology leader and offers a comprehensive range of products, including vehicles running on clean diesel, natural gas, diesel-electric hybrids and electric vehicles. In December 2015 New Flyer acquired Motor Coach Industries International - MCI, the US' largest producer of coaches, for US$ 455.0 million. Following this acquisition New Flyer, already the market leader in the city bus segment, is now also the leader in the coach segment in the US and Canada.

SUPERPOLO – Located in Colombia, Superpolo produced 1,542 units in 2015. At the start of 2016, Superpolo launched the new Senior model, which will enable it to expand its share in the minibus segment. Superpolo is also seeking to expand its present in the export market, especially to countries in the Andean Community.

TATA MARCOPOLO MOTORS (TMML) – In 2015, TMML's consolidated production amounted to 11,655 units. For 2016 TMML is focusing on enhancing performance and consequently its operational earnings. With the launch of the Audace model, TMML is seeking to gain market share in the MCV – medium commercial vehicles segment.

16.3 Banco Moneo

Banco Moneo S.A. started up in July 2005 for the purpose of financing Marcopolo products. The Bank is authorized to operate investment portfolios, commercial leasing and credit, financing and investments. In 2015 the bank's profit was R$ 18.8 million. Loans and endorsements amounted to R$ 925.9 million as of 12/31/2015 compared with R$ 932.8 million as of 12/31/2014. The Bank maintained its policy of prioritizing the quality of its loans portfolio, through a rigorous credit evaluation and approval system.

17. CORPORATE GOVERNANCE

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

The management of Marcopolo is based on the distinction between the functions and responsibilities of the Board of Directors, the Statutory Audit Board and the Executive Board. The Board of Directors is composed of seven members, three of which are external and independent, one elected by minority stockholders, one elected by the preferred stockholders and one by the controlling stockholders. The Chairman of the Board of Directors is not an executive officer. The Board of Directors has permanent access to a statutory, advisory, technical committee, called the Executive Committee, which assists in, provides opinions about and support the management of the business. The responsibilities of each board are defined in the Company's bylaws. Furthermore, to assist, provide opinions and support the management of the business, the Board of Directors has established the following committees: (i) Audit and Risks; (ii) Human Resources and Ethics; and (iii) Strategy and Innovation. Each of these committees' support roles can be seen on the Company's site: http://ri.marcopolo.com.br, in the menu Governança Corporativa/ Regimento Interno dos Comitês.

The Statutory Audit Board is composed of three members, one indicated by minority stockholders, one by preferred stockholders and one by the controlling stockholders. The responsibilities of each board are defined in the Company's bylaws.

The Company provides fair and equal treatment to minorities, whether stockholders or other stakeholders. In the disclosure of information, it adopts highly transparent standards, seeking to establish an atmosphere of confidence, both internally and in relation to third parties. In order to comply with legal provisions and improve the information presented to the market in general and especially to foreign stockholders, the Financial Statements are disclosed in conformity with International Financial Reporting Standards (IFRS). In 2015, the Company held meetings with the Association of Capital Market Analysts and Investment Professionals (APIMEC) in São Paulo and Porto Alegre, as well as non-deal road shows in Brazil and abroad. Marcopolo's relationship with its stockholders and potential investors is handled by the Investor Relations area. In 2015, Brazilian and foreign analysts were received personally and various contacts were made by telephone. Marcopolo's Investor Relations website (http://ri.marcopolo.com.br) is constantly updated and contains relevant information for investors.

18. COMPLIANCE PRACTICES

In line with good risk management and governance practices, in 2014 Marcopolo created its compliance practice, whose structure includes: An advisory committee consisting of statutory officers, the chairman of the Board of Directors and the legal manager; a compliance officer, a compliance analyst and internal agents. The Company has revised its code of conduct to include integrity provisions, has trained all staff and representatives, intensified internal and external communication and hotline channels, created an integrity policy, now includes compliance clauses in all contracts entered into by the company and conducts integrity due diligences on partners and third parties, amongst other practices. The Compliance team has also been participating in external training and benchmarking events.

19. INDEPENDENT AUDITORS

19.1 Change of Independent Auditors

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

19.2 CVM Instruction 381/03

Pursuant to CVM Directive 381/03 (article 2, I to IV), Marcopolo informs that the independent auditor has not provided other services not related to audit that account for more than 5.0% of the audit fees in FY 2015.

20. CAPITAL MARKETS

20.1 Share Capital

The Company's share capital is R$ 1.2 billion, represented by 341,625,744 common shares (38.1%) and 555,274,340 preferred shares (61.9%), totaling 896,900,084 shares, all registered book-entry shares without a par value.

20.2 Performance of Marcopolo's shares in BM&FBovespa

In 2015, there were 1,4072,000 transactions involving Marcopolo shares and 1,065.8 million shares were traded. Trading in Marcopolo shares amounted to R$ 2.5 billion in the year. The share of foreign investors in Marcopolo's capital at 12/31/2015, totaled 58.9% of the preferred shares and 39.8% of the total capital.

The following table shows the performance of the main indicators related to the capital market:

INDICATORS	2015	2014
Number of trades (thousands)	1,407.2	1,578.2
Shares traded (millions)	1,065.8	918.2
Trading volume (R$ million)	2,497.8	3,923.5
Market value (R$ millions) (1)(2)	1,659.3	2,963.0
Book value per share (R$)	2.04	1.83
POMO4 Price (Last business day)	1.85	3.33
Interest on Own Capital and Dividends by share (R$/share)	0.048	0.110

Notes: (1) Price of the last trade for the period for Registered Preferred shares (PE), multiplied by the total number of shares (OE + PE) during the same period. (2) Of this total, 5,923,969 were preferred shares in the treasury at 12/31/2015.

21. DIVIDENDS/INTEREST ON CAPITAL

In the Board of Director's Meeting, held on February 23, 2015, the payment of interest as return on capital and dividends was approved, referring to the first, second and third quarters of 2015, totaling R$ 0.0243 per share. Due to the economic and political instability in Brazil, the downturn in the domestic bus sector and in order to maintain the company's cash reserves, at meetings held on September 18 and November 03, 2015 the Marcopolo Board of Directors resolved to cancel the crediting and payment of interest on equity for stage 3 of 2015 and payment of interest for stage 4 of 2015. Lastly, due to the ongoing difficulties, at a meeting held February 19, 2016 the Board of Directors resolved not to pay out supplementary dividends for FY 2015 and to suspend the payment of interest on equity in 2016.

The total amount paid out as interest on equity for stages one and two of 2015 amounted to R$ 43.3 million, or 49.8% of the Company's adjusted net income representing a yield of 2.6%.

22. INVESTMENTS

In 2015, Marcopolo invested R$ 156.2 million, of which R$ 20.9 million was spent by the parent company and allocated as follows: R$ 11.3 million in machinery and equipment; R$ 2.3 million in buildings, land and improvements; R$ 2.7 million in computer equipment and software and R$ 4.6 million in other fixed assets. Investments in the subsidiaries were R$ 124.3 million for Volare Espírito Santo; R$ 4.3 million in Marcopolo Rio; R$ 1.1 million in Polomex; R$ 1.5 million in Volgren and R$ 4.1 million in the other units. The net balance of investments in the subsidiaries, discounting R$ 28.6 million received as dividends, was R$ 127.6 million.

23. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

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

23.1 Social Responsibility

Marcopolo and its employees engage in social responsibility under the coordination of the Marcopolo Foundation. Noteworthy among the projects that focus on the community is the Schools Project, whose purpose is to help improve the educational environment and the relationships of the school community as well as provide training in the area of civic responsibility. The Schools Project provides a variety of activities during off-school hours, such as music classes, choir, orchestra and a recycling workshop, among others. The Marcopolo Foundation also makes monthly contributions to community institutions in the areas of health and education.

Marcopolo, Banco Moneo and Marcopolo Rio use tax incentives to assist children and adolescents in the communities where the companies are present. The allocation of 1.0% of income tax to the Municipal Fund for the Rights of Children and Adolescents in the cities of Caxias do Sul (RS) and Duque de Caxias (RJ) create benefits in professionalization projects for around 1,500 young people exposed to social and personal risks. Marcopolo Foundation also stimulates and facilitates the allocation of 6.0% of individual Income Tax of their employees to the previously mentioned City Funds, by way of the Destine Você Também project.

By way of the Rouanet Law, it sponsors projects that foster the cognitive development of around two thousand children and adolescents. The sport is also sponsored by the Sport Incentive Law, benefiting some one thousand children and adolescents. The Caxias do Sul unit is applying the Municipal Cultural Incentive Law (LIC) to foster reading in all municipal schools. The healthcare incentive laws (PRONON and PRONAS) are also used, especially benefiting the General Hospital and APAE in Caxias do Sul.

23.2 Employee Satisfaction

Employee satisfaction in the company is measured via the Internal Organizational Climate Survey, which takes place every two years. The last survey was conducted in 2014, with average satisfaction of 66.0% for the plants in Caxias do Sul and 74.0% for the Rio de Janeiro plant. The action plan was formatted based on suggestions originating from groups with employees and is under implementation. The company also provides internal and external ombudsman channels for employees to send comments, criticisms, ideas and suggestions on different issues involving their work, in addition to the ViaPolo communication network, which includes surveys on the Intranet on specific topics. The ombudsman channels include matters related to guidelines of the code of conduct and compliance standards, with specific segregation for hotline issues.

23.3 Education and Training

In alignment with organizational strategies and the search for professional growth, Marcopolo invests in the constant qualification of its staff. With this premise, courses which focused on quality, productivity and process enhancement were offered in 2015, resulting in an average of 70.54 hours per employee.

Marcopolo has a Training Centre at the Ana Rech Plant which is a reference point to qualify and update its co-workers. Taking full advantage of this infrastructure, training programs are also offered to clients, in addition to those held in workshops and presentations given at locations closer to their installations. In 2015 there were a total of 1,264 participants from the internal market and 435 participants from the external market.

The Marcopolo Vocational Training School (EFPM) continued its industrial apprenticeship courses for young people in partnership with SENAI, the University of Caxias do Sul and the Social Assistance Foundation (FAS). One of the main functions at EFPM is the preparation of young people for placement in the labor market, with their first paid job and access to a company career plan.

The Leadership School focuses on skills development for team management, interpersonal relations and feedback to improve co-workers' performance.

The company also runs an Encouraging Education Program, granting scholarships for secondary education, technical, graduation, post-graduation and foreign language courses.

23.4 Quality of Life

The life quality programs intended for employees and their families are coordinated by the Marcopolo Foundation, and include educational, leisure, cultural and sporting activities. The units Ana Rech and Planalto, in Caxias do Sul (RS) and Marcopolo Rio (RJ) have their own facilities for the employees and their families.

23.5 Environment

The company's engagement with programs concerned with environmental issues is a permanent commitment. Marcopolo continually invests in training and in new technologies to minimize and control the environmental impacts of its activities. In 2015 the company received a Perfil Energia+Limpa (Clean Energy) certificate for ceasing to emitting greenhouse gases (1,552 tons of CO_2 in 2014) through purchasing renewable energy in the Free Contracting Environment.

23.6 Compensation

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

23.7 Stock Option Plan

The shareholders approved the regulations of the stock options purchase and subscription plan at the Extraordinary General Meeting held December 22, 2005, amended by the Annual/Extraordinary General Meeting held March 23, 2006 and the Board of Directors at meetings held in 2006, 2007, 2011, 2012 and 2013. Executives of the Company and its subsidiaries (except for directors of the parent company) participate in this plan, which has the following main objectives: (i) align the interests of participants and stockholders; (ii) encourage the commitment of the participants with the Company's short, medium and long-term results; (iii) encourage and stimulate a sense of ownership; and (iv) attract and retain talents. The Plan is monitored by the Human Resources and Ethics Committee and it is approved by the Board of Directors.

The company also has a long-term incentive plan with restrictive shares proposed by the Board of Directors on February 12, 2015 and approved by the General Meeting on March 26, 2015. The plan aims to create the compensation package of the company's main executives, remain competitive with the market, attract and retain the best talent and align the interests of the executives and shareholders.

24. D&O COMPENSATION

The annual overall fixed remuneration is set by the General Meeting and distributed to management as established by the Board of Directors. The highest individual annual fixed remuneration of the members of the Executive Committee/Board of Directors was R$ 3,609.0 thousand in 2015, the average remuneration was R$ 1,107.3 thousand and the lowest R$ 377.0 thousand. For the statutory directors, the highest individual remuneration was R$ 1,914.6 thousand in 2015, the average was R$ 2,268.8 thousand and the lowest was R$ 1,846.5 thousand. The average compensation of the executive board was greater than the largest compensation, because in accordance with CVM guidelines the average includes the compensation of all officers, including those in their post for less than twelve months and who have left the company and in which case receive greater compensation than the other members of the executive board. For the Fiscal Board, the highest individual remuneration was R$ 215.8 thousand in 2015, the average was R$ 186.3 thousand and the lowest was R$ 171.6 thousand.

25. EMPLOYEES

NO. OF EMPLOYEES	2015	2014	2013	2012	2011
Parent Company	6,236	7,883	8,158	8,204	8,719
Subsidiaries in Brazil	1,369	2,776	2,554	2,617	3,001
Subsidiaries Abroad	1,666	1,889	2,105	1,680	1,052
Associated companies	3,200	4,270	5,699	3,834	4,451
TOTAL (1)	**12,471**	**16,818**	**18,516**	**16,335**	**17,223**
OVERALL TOTAL (2)	**16,125**	**21,435**	**21,002**	**20,508**	**21,993**

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

26. EXPECTATIONS FOR 2016

We are into 2016 and still feeling the effects of Brazil's political and economic instability, which has direct impacts on the capital goods industry. As mentioned in item 4 of this report, Marcopolo remains engaged in adopting three taskforces to expedite critical activities, helping the Company overcome a historically very stagnant domestic market. The initiatives include better performance in exports and expansion of the client portfolio, measures to cut expenses and indirect costs and to increase operational efficiency by adopting LEAN concepts, in addition to enhancing working capital by reducing inventory and receivables.

Since early 2015 the Company has also been adopting all legal measures possible to mitigate the impact of the lower demand on the workforce, such as selective vacations, collective vacations, extended vacations by offsetting hours and flexitime. In January this year Marcopolo adopted selective vacations at the Ana Rech unit in Caxias do Sul, only maintaining the urban vehicle production line in operation. At Marcopolo Rio, in Duque de Caxias/RJ, the temporary suspension of employment contracts for professional lay-off qualification was approved by employees in

November 2015 and implemented in January for a period of up to five months. This measure may be cancelled early if the circumstances permit the production volume to be resumed. Employees selected by the Company had their employment contracts suspended and are participating in professional qualification programs or courses.

Although the level of domestic orders is lower than normal, the municipal elections in October, the Olympic Games in Rio de Janeiro, the pass-through of bus fares in some of the main Brazilian cities and definition of financing rules by the National Bank for Economic and Social Development (BNDES) via FINAME TJLP (long-term interest rate) could drive the resumption of orders in the course of the year.

Brazilian exports are still booming, primarily due to the more competitive exchange rate. The Company's initiatives to conquer new markets and expand the client portfolio overseas have already led to new business and boosted existing business, making our outlook for exports in 2016 more optimistic. The domestic target for 2016 is to exceed export revenue in dollars by at least 30% in relation to 2015.

On the financing front, at the end of December the BNDES published the new form of financing for capital goods. FINAME TJLP replaced FINAME PSI in February 2016. Under this new form of financing, small and middle market companies can finance up to 80.0% of the item at TJLP plus 1.6% p.a. plus the spread of the onlending bank. Corporations can also finance up to 80.0%, where of this total 70.0% is via TJLP plus 2.0% p.a. and 30.0% at the Selic base interest rate plus 2.48% p.a., plus the spread of the onlending bank. In conjunction with the Ministry of Urban Development, Caixa Econômica Federal is using FGTS funds (Government Severance Indemnity Fund for Employees) to provide the *Pró-Transporte* facility for financing urban mobility projects and acquiring buses, at a more competitive rate of 9.0% p.a. plus the TR (Referential Rate).

In relation to Marcopolo's overseas subsidiaries, the Company expects a better year in Australia, where the transformation program is leading to an improvement in operating efficiency, and in Mexico, where an improvement is expected in the market share via the ongoing partnership with Mercedes, and through new opportunities to body other chassis brands.

Despite the difficulties arising from Brazil's economic and political woes, the Company still has faith in the need for investment in urban mobility systems and renewal of the Brazilian bus fleet. It also believes that the slower demand in 2015 and the start of 2016 is due to the withholding of orders that should translate into new business as soon as Brazil's economic and political situation permits.

27. ACKNOWLEDGMENTS

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

Management.

Marcopolo S.A.

Financial statements

December 31, 2015 and 2014

Contents

Independent auditors' report on the financial statements

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

We have examined the individual and consolidated financial statements of the company Marcopolo S.A. ("Company"), identified as Parent Company and Consolidated respectively, consisting of the balance sheets as of December 31, 2015 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 year then ended, in addition to the summary of the main accounting practices and other notes to the financial statements.

Management's responsibility for the financial statements
Company management is responsible for preparing and adequately presenting these individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB, and the internal controls necessary to ensure the financial statements are prepared free of material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the financial statements

In our opinion, the aforementioned individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of the company Marcopolo S.A. as of December 31, 2015, and the individual and consolidated performance of its operations and cash flows for the financial year then ended, in conformity with accounting practices adopted in Brazil, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board – IASB.

Other matters

Statements of Added Value

We also examined the individual and consolidated statements of added value (DVA) for the financial year ended December 31, 2015, which are the responsibility of Company Management, the publication of which is required of publicly held companies by Brazilian corporation law, presented as supplementary information to IFRS which does not require the publication of DVAs. These statements were subject to the audit procedures described earlier and in our opinion are adequately presented, in all material respects, in relation to the financial statements taken as a whole.

Porto Alegre, February 19, 2016

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

Cristiano Jardim Seguecio
Accountant CRC SP244525/O-9-T-RS

Marcopolo S.A.

Statements of financial position as of December 31, 2015 and 2014

In thousands of reais

Assets	Note	Parent company 2015	Parent company 2014	Consolidated 2015	Consolidated 2014
Current					
Cash and cash equivalents	7	923,243	433,561	1,131,162	642,615
Financial assets stated at fair value through profit and loss	7	184,866	241,786	184,866	241,786
Derivative financial instruments	5 and 7	329	-	1,803	1,088
Trade accounts receivable	8	551,232	695,187	1,032,600	1,150,598
Inventory	9	226,532	277,201	437,774	467,522
Taxes and contributions recoverable	10	73,341	57,709	118,386	80,218
Other accounts receivable		32,725	26,734	82,328	84,238
		1,992,268	1,732,178	2,988,919	2,668,065
Noncurrent					
Noncurrent assets					
Financial assets stated at fair value through profit and loss	7	114,878	31,064	47,345	30,152
Trade accounts receivable	8	-	-	538,215	565,518
Taxes and contributions recoverable	10	629	734	907	1,358
Deferred income and social contribution taxes	18	40,345	31,687	62,136	56,502
Judicial deposits	16	5,428	7,060	12,427	13,784
Other accounts receivable		6	7	848	548
		161,286	70,552	661,878	667,862
Investment	11	1,385,629	1,224,138	516,129	403,270
Property, plant and equipment	12	221,892	225,030	561,340	435,024
Goodwill and intangible assets	13	5,574	6,009	310,597	264,344
		1,613,095	1,455,177	1,388,066	1,102,638
		1,774,381	1,525,729	2,049,944	1,770,500
Total assets		3,766,649	3,257,907	5,038,863	4,438,565

Liabilities and shareholders' equity	Note	Parent company 2015	Parent company 2014	Consolidated 2015	Consolidated 2014
Current					
Trade accounts payable		163,337	208,810	249,138	286,709
Loans and financing	15	582,682	67,013	965,139	419,734
Derivative financial instruments	5 and 7	174	1,939	921	1,942
Salaries and vacation payable		55,752	73,099	78,803	98,629
Taxes and contributions payable		26,624	21,854	62,817	52,063
Customer advances		44,337	17,296	64,193	31,240
Representatives on commission		39,437	31,245	45,386	36,360
Interest on capital and dividends	20	-	6,046	-	6,046
D&O profit shares		6,720	6,658	6,720	6,658
Other accounts payable		56,929	45,759	119,057	90,348
		975,992	479,719	1,592,174	1,029,729
Noncurrent					
Loans and financing	15	937,049	1,120,317	1,509,707	1,691,191
Provisions	16	25,523	10,290	27,341	12,164
Other accounts payable		-	-	47,458	34,470
		962,572	1,130,607	1,584,506	1,737,825
Total liabilities		1,938,564	1,610,326	3,176,680	2,767,554
Shareholders' equity attributable to controlling shareholders	19				
Capital		1,200,000	1,200,000	1,200,000	1,200,000
Capital reserves		(2,321)	325	(2,321)	325
Profit reserves		401,999	403,469	401,999	403,469
Equity appraisal adjustments		255,882	76,696	255,882	76,696
Treasury stock		(27,475)	(32,909)	(27,475)	(32,909)
		1,828,085	1,647,581	1,828,085	1,647,581
Minority interests		-	-	34,098	23,430
		1,828,085	1,647,581	1,862,183	1,671,011
Total liabilities and shareholders' equity		3,766,649	3,257,907	5,038,863	4,438,565

See the accompanying notes to the financial statements.

Marcopolo S.A.

Statements of income
Years ended December 31, 2015 and 2014
In thousands of Reais, unless stated otherwise

	Note	Parent company 2015	Parent company 2014	Consolidated 2015	Consolidated 2014
Operations					
Net revenue from sales and services	24	1,707,658	2,332,236	2,739,132	3,400,194
Cost of goods sold and services rendered	25	(1,361,529)	(1,923,098)	(2,263,165)	(2,807,859)
Gross profit		346,129	409,138	475,967	592,335
Sales expenses	25	(127,260)	(148,885)	(164,841)	(196,438)
Administrative expenses	25	(88,632)	(89,797)	(158,483)	(171,341)
Other net operating income (expenses)		(23,828)	(11,579)	(19,570)	5,386
Equity in net income of subsidiaries	11	21,550	83,233	32,996	35,320
Operating income		127,959	242,110	166,069	265,262
Finance income	26	403,803	205,011	449,181	240,239
Finance expenses	26	(439,813)	(204,647)	(487,533)	(229,138)
Financial income		(36,010)	364	(38,352)	11,101
Profit before income and social contribution taxes		91,949	242,474	127,717	276,363
Income and social contribution taxes	18				
Current		(13,658)	(22,237)	(44,268)	(56,111)
Deferred charges		8,658	1,915	5,634	3,818
Net income for the year		86,949	222,152	89,083	224,070
Attributable to:					
Marcopolo Shareholders		86,949	222,152	86,949	222,152
Minority interests		-	-	2,134	1,918
		86,949	222,152	89,083	224,070
Net income per share attributable to Marcopolo shareholders in the year (stated in R$ per share)					
Basic	27	0.0976	0.2497	0.1000	0.2518
Diluted	27	0.0969	0.2477	0.0993	0.2498

See the accompanying notes to the financial statements.

Marcopolo S.A.

Comprehensive statements of income
Years ended December 31, 2015 and 2014
In thousands of reais

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Net income for the year	86,949	222,152	89,083	224,070
Foreign-exchange differences on translation of offshore operations	179,186	38,560	187,720	40,875
Minority interests	-	-	-	1,102
Total comprehensive income	266,135	260,712	276,803	266,047
Comprehensive income attributable to:				
Marcopolo Shareholders	266,135	260,712	266,135	260,712
Minority interests	-	-	10,668	5,335
Total comprehensive income	266,135	260,712	276,803	266,047

See the accompanying notes to the financial statements.

Marcopolo S.A.

Statements of changes in shareholders' equity
Years ended December 31, 2015 and 2014
In thousands of reais

	Attributable to Marcopolo shareholders											
		Reserve Capital	**Profit reserves**									
	Capital	**Gain/loss on sale of own stock**	**Legal reserve**	**For future capital increase**	**For payment of interim dividends**	**To purchase own stock**	**Equity appraisal adjustments**	**Treasury shares**	**Retained losses**	**Total shareholders' equity**	**Minority interest**	**Total shareholders' equity**
December 31, 2013	1,200,000	593	22,906	170,173	50,856	50,856	38,136	(17,624)	-	1,515,896	18,095	1,533,991
Comprehensive income for the year												
Net income for the year	-	-	-	-	-	-	-	-	222,152	222,152	1,918	224,070
Minority interests	-	-	-	-	-	-	-	-	-	-	1,102	1,102
Exchange variance on overseas investments	-	-	-	-	-	-	38,560	-	-	38,560	2,315	40,875
Total comprehensive income	-	-	-	-	-	-	38,560	-	222,152	260,712	5,335	266,047
Contributions from shareholders and distribution to shareholders												
Sale of treasury shares	-	(268)	-	-	-	-	-	4,039	-	3,771	-	3,771
Acquisition of treasury shares	-	-	-	-	-	-	-	(19,324)	-	(19,324)	-	(19,324)
Payment of additional dividends	-	-	-	(60,713)	-	-	-	-	-	(60,713)	-	(60,713)
Distributions												
Legal reserve	-	-	11,108	-	-	-	-	-	(11,108)	-	-	-
Minimum mandatory dividend	-	-	-	-	-	-	-	-	(52,761)	(52,761)	-	(52,761)
Transfer amongst reserves	-	-	-	110,797	23,743	23,743	-	-	(158,283)	-	-	-
Total contributions from shareholders and distribution to shareholders	-	(268)	11,108	50,084	23,743	23,743	-	(15,285)	(222,152)	(129,027)	-	(129,027)
December 31, 2014	1,200,000	325	34,014	220,257	74,599	74,599	76,696	(32,909)	-	1,647,581	23,430	1,671,011

See the accompanying notes to the financial statements.

Marcopolo S.A.

Statement of changes in shareholders’ equity
In thousands of reais

	Attributable to Marcopolo shareholders											
		Reserve Capital	**Profit reserves**									
	Capital	**Gain/loss on sale of own stock**	**Legal reserve**	**For future capital increase**	**For payment of interim dividends**	**To purchase own stock**	**Equity appraisal adjustments**	**Treasury shares**	**Retained losses**	**Total shareholders’ equity**	**Minority interest**	**Total shareholders’ equity**
December 31, 2014	1,200,000	325	34,014	220,257	74,599	74,599	76,696	(32,909)	-	1,647,581	23,430	1,671,011
Comprehensive income for the year												
Net income for the year	-	-	-	-	-	-	-	-	86,949	86,949	2,134	89,083
Exchange variance on overseas investments	-	-	-	-	-	-	179,186	-	-	179,186	8,534	187,720
Total comprehensive income	-	-	-	-	-	-	179,186	-	86,949	266,135	10,668	276,803
Contributions from shareholders and distribution to shareholders												
Sale of treasury shares	-	(2,646)	-	-	-	-	-	5,434	-	2,788	-	2,788
Payment of additional dividends	-	-	-	(45,117)	-	-	-	-	-	(45,117)	-	(45,117)
Distributions												
Legal reserve	-	-	4,347	-	-	-	-	-	(4,347)	-	-	-
Minimum mandatory dividend	-	-	-	-	-	-	-	-	(20,650)	(20,650)	-	(20,650)
Additional dividend proposed	-	-	-	-	-	-	-	-	(22,652)	(22,652)	-	(22,652)
Transfer amongst reserves	-	-	-	27,510	5,895	5,895	-	-	(39,300)	-	-	-
Total contributions from shareholders and distribution to shareholders	-	(2,646)	4,347	(17,607)	5,895	5,895	-	5,434	(86,949)	(85,631)	-	(85,631)
December 31, 2015	1,200,000	(2,321)	38,361	202,650	80,494	80,494	255,882	(27,475)	-	1,828,085	34,098	1,862,183

See the accompanying notes to the financial statements.

Marcopolo S.A.

Statements of cash flows - indirect method
Years ended December 31, 2015 and 2014
In thousands of reais

	Note	Parent company 2015	Parent company 2014	Consolidated 2015	Consolidated 2014
Cash flows from operating activities					
Net income for the year		86,949	222,152	89,083	224,070
Reconciliation of income (loss) to cash provided by operating activities:					
Depreciation and amortization	12 and 13	22,721	22,130	46,437	41,175
Gain on sale of investment assets, property, plant and equipment and intangible assets		1,278	957	2,901	12,403
Equity in net income of subsidiaries	11	(21,550)	(83,233)	(32,996)	(35,320)
Allowance for doubtful accounts	8	4,144	8,166	(4,643)	14,641
Current and deferred income and social contribution taxes		5,000	20,322	38,634	52,293
Interest and exchange variance appropriated		129,645	72,134	160,095	86,965
Minority interests		-	-	2,134	3,020
Changes in assets and liabilities					
Decrease (increase) in trade accounts receivable		139,811	(14,650)	168,653	(34,975)
(Increase) decrease in securities		(27,223)	(102,459)	39,012	(102,309)
Decrease (increase) in inventories		50,669	7,129	64,251	(10,441)
Increase (decrease) in other accounts receivable		(28,543)	(3,891)	(29,562)	(24,364)
(Decrease) in trade payables		(45,473)	(36,650)	(56,318)	(27,767)
Increase (decrease) in other accounts payable		50,249	(49,735)	47,835	(71,327)
Cash produced by operating activities		367,677	62,372	535,516	128,064
Taxes on profit paid		(13,658)	(22,237)	(44,268)	(56,111)
Net cash provided by operating activities		354,019	40,135	491,248	71,953
Cash flows from investment activities					
Investment		6,727	(4,615)	(128)	-
Dividends from subsidiaries, joint ventures and associated companies		32,518	66,979	28,621	28,986
Additions to property, plant and equipment		(19,353)	(25,901)	(158,265)	(134,028)
Acquisition of intangible assets		(1,548)	(2,662)	(1,734)	(2,921)
Receipt on sale of property, plant and equipment		475	439	3,922	639
Net cash provided by investment activities		18,819	34,240	(127,584)	(107,324)
Cash flows from financing activities					
Treasury shares		2,788	(15,553)	2,788	(15,553)
Loans secured from unrelated parties		360,279	226,354	767,717	697,329
Payment of loans – principal		(122,983)	(119,060)	(525,072)	(444,862)
Payment of loans – interest		(36,305)	(45,669)	(65,158)	(67,422)
Payment of interest in shareholders’ equity and dividends		(86,935)	(121,897)	(86,935)	(121,897)
Net cash used in financing activities		116,844	(75,825)	93,340	47,595
Exchange variance on cash and cash equivalents		-	-	31,543	5,674
Net increase (decrease) in cash and cash equivalents		489,682	(1,450)	488,547	17,898
Cash and cash equivalents at beginning of year		433,561	435,011	642,615	624,717
Cash and cash equivalents at the end of the year		923,243	433,561	1,131,162	642,615

See the accompanying notes to the financial statements.

Marcopolo S.A.

Statements of Added Value
Years ended December 31, 2015 and 2014
In thousands of reais

	Parent company		Consolidated (*)	
	2015	2014	2015	2014
Statements of Added Value				
Revenue	**1,905,157**	**2,645,014**	**3,028,181**	**3,836,431**
Sales of goods, products and services	1,884,267	2,649,585	2,987,201	3,836,201
Other revenue	25,034	3,595	36,337	14,871
Allowances for doubtful accounts	(4,144)	(8,166)	4,643	(14,641)
Consumables acquired from third parties (including ICMS and IPI)	**(1,366,358)**	**(1,963,109)**	**(2,110,037)**	**(2,743,639)**
Cost of goods sold and services provided	(1,146,250)	(1,766,002)	(1,800,192)	(2,462,922)
Materials, energy, outsourced services and other	(171,246)	(181,933)	(253,938)	(271,232)
Loss of asset values	(48,862)	(15,174)	(55,907)	(9,485)
Gross added value	**538,799**	**681,905**	**918,144**	**1,092,792**
Depreciation and amortization	(22,721)	(22,130)	(46,437)	(41,175)
Net added value produced by the entity	**516,078**	**659,775**	**871,707**	**1,051,617**
Transferred added value	**425,353**	**288,244**	**482,177**	**275,559**
Equity in net income of subsidiaries	21,550	83,233	32,996	35,320
Finance income	403,803	205,011	449,181	240,239
Total added value to be distributed	**941,431**	**948,019**	**1,353,884**	**1,327,176**
Distribution of added value	**941,431**	**948,019**	**1,353,884**	**1,327,176**
Personnel	455,031	515,640	737,381	768,324
Direct compensation	354,101	412,485	598,227	616,094
Benefits	59,307	71,147	84,835	106,674
Government Severance Indemnity Fund for Employees (FGTS)	41,623	32,008	54,319	45,556
Taxes	(47,286)	(2,079)	8,827	78,685
Federal	(9,344)	37,492	79,409	100,563
State	(38,781)	(47,707)	(72,013)	(30,508)
Municipal	839	8,136	1,431	8,630
Interest expenses	446,737	212,306	518,593	256,097
Finance expenses	439,813	204,647	487,533	229,138
Rent	6,924	7,659	31,060	26,959
Profits for the year, interest on shareholders' equity and dividends	86,949	222,152	89,083	224,070
Interest on shareholders' equity	43,302	52,761	43,302	52,761
Retained earnings for the year	43,647	169,391	45,781	171,309

(*) The consolidated statement of added value is not required as part of the consolidated financial statements under IFRS.

See the accompanying notes to the financial statements.

1 Reporting Entity

Marcopolo S.A. ("Marcopolo") is a publicly held company, having its registered office in Caxias do Sul, Rio Grande do Sul state. The Company's individual and consolidated financial statements for the financial year ended December 31, 2015 embrace Marcopolo and its subsidiaries, joint ventures and investments in associated companies (referred to as "Company").

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

Marcopolo's stock is traded under the symbols “POMO3” and “POMO4” on the São Paulo Stock Exchange – BM&FBOVESPA.

2 Description of significant accounting practices

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

2.1 Basis of preparation

(a) Declaration of conformity with IFRS and CPC standards

The Company's individual and consolidated financial statements have been prepared and are being presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil (BR GAAP), consisting of the pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (CPC), as approved by the Brazilian Securities Commission (CVM) and the provisions of Brazilian Corporation Law.

Company Management affirms that all material information related to the financial statements and that alone is being disclosed, which corresponds to that used by it in its management.

The Board of Directors approved the issuance of the individual and consolidated financial statements on February 19, 2016.

(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
- available-for-sale financial assets are measured at their fair value.
- the liabilities for share-based payments settled in cash are measured at fair value;
- the benefit's net asset or liability is recognized as the fair value of the plans' assets, less the present value of the defined-benefit obligation.

(c) Use of judgment and estimates

Preparing the individual and consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported values of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about judgements in applying accounting policies and 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 2.2 (a, ii) – Subsidiaries;
- Note 2.2 (a, iv) – Investments in Joint ventures – Joint operations;
- Note 16 **-** Provision for civil, labor and tax contingencies
- Note 17 **-** Pension plan and retirement benefits for employees
- Note 18 – Deferred taxes.

(d) Statement of added value

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

2.2 Basis of consolidation

(a) Consolidated financial statements

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

(i) Minority interest

The Company elected to measure the minority interest in the investee according to the proportional interest in the net assets identifiable at the acquisition date.

Changes in the Company's ownership interest in a subsidiary that do not result in loss of control are accounted for within equity.

(ii) Subsidiaries

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

The Company uses the acquisition method to record business combinations. The amount transferred to acquire a subsidiary is the fair value of the transferred assets, liabilities incurred and equity instruments issued by the Company.

The amount transferred includes the fair value of a given asset or liability resulting from a contingent payment contract when applicable. Acquisition costs are expensed in the income statement for the year as and when incurred. The identifiable assets acquired and the liabilities and the contingent liabilities undertaken in a business combination are initially measured at fair value as of the acquisition date. The 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).

(iii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee Unrealized losses are eliminated the same way as unrealized gains, but only to the extent to which there is no evidence of impairment losses.

(iv) Investments in Joint ventures – Joint operations)

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

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

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

(v) Loss of control

When control is lost, the Company derecognizes the subsidiary's assets and liabilities, any noncontrolling interest and other components recorded under shareholders' equity related to this subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. 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.

(vi) 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 impairmentof 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 Functional currency and reporting currency

The consolidated financial statements are presented in Reais (R$), which is Marcopolo's functional currency and the Company's reporting currency. All balances have been rounded off to the nearest thousand, except where specified otherwise.

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").

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
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 Canadá Holdings Corp.	MP Canada	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
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**
GB Polo Bus Manufacturing S.A.E.	GB Polo	Egyptian Pound	Egypt
Kamaz Marco LLC.	Kamaz	Rouble	Russia
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 Colômbia Ltda.	Spheros Colômbia	Colombian Peso	Colombia
WSul Espumas Indústria e Comércio Ltda.	WSul	Reais	Brazil

2.5 Foreign currency

(a) Foreign-currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company's entities at exchange rates at the dates of the transactions

Monetary assets and liabilities denominated and determined in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognized in profit or loss.
However, foreign currency differences arising from the retranslation of the following items are recognized in other comprehensive income:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss);

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

- qualifying cash flow hedges to the extent the hedge is effective.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Real at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Real at exchange rates at the dates of the transactions.

Foreign currency differences arising on translation to the reporting currency are recognized in other comprehensive income and accrued in equity appraisal adjustments in shareholders' equity. However, if the subsidiary is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation (subsidiary, associated company or joint subsidiary) is disposed the cumulative amount in the equity appraisal adjustments is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. In any other partial disposals overseas, the portion corresponding to the sale is reclassified to profit and loss.

2.6 Financial instruments

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

The Company classifies non-derivative financial liabilities into the following categories: financial liabilities measured at fair value through profit or loss and other financial liabilities.

2.6.1 Nonderivative financial assets and financial liabilities - recognition and derecognition

The Company initially recognizes loans and receivables and debt instruments on the date they were originated. All other financial assets and liabilities are recognized on the trade date, which is the date that the entity becomes a party to the contractual provisions of the instrument.

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

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously

2.6.2 Nonderivative financial assets - measurement

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

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. They are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

(b) Held-to-maturity financial assets

Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets were measured at amortized cost using the effective interest method.

(c) Loans and Receivables

Such assets were recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(e) Available-for-sale financial assets

Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

2.6.3 Nonderivative financial liabilities - measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

Such nonderivative financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

2.6.4 Repurchase and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

2.6.5 Impairment

(a) Nonderivative financial assets (including receivables)

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise,
- indications that a debtor or issuer will enter bankruptcy/judicial reorganization;
- adverse changes in the payment status of borrowers or issuers.
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating a measurable decrease in the estimated future cash flows from a group of financial assets.

(b) Financial assets measured at amortized cost

The Company considers evidence of impairment for financial assets measured at amortized cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the timing of recoveries and the amount of loss incurred, adjusted for management’s judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. The amounts are written off when the Company believes there are no reasonable prospects of recovering them. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(c) Assets classified as "available-for-sale"

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The reclassified loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. If the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. Impairment losses recognized in profit or loss for equity instruments classified as available-for-sale are not reversed.

(d) Investees recorded by the equity income method

Impairment of an investee valued by the equity method is measured by comparing the recoverable value of the investment against its carrying amount. An impairment loss is recognized in net income and reversed if there is a favorable change in the estimates used to determine the recoverable value.

(e) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventory and deferred income and social contribution taxes, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment.

Impairment losses are recognized in profit or loss. 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.

An impairment loss in respect of goodwill is 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.

2.7 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)".

2.8 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.

2.9 Inventories

Inventories are measured at the lower of cost and 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. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.10 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

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. Ongoing repairs and maintenance are expensed as incurred.

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

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready 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 depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted when necessary.

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 up 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**

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

Subsequent to initial recognition, capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(e) **Other intangible assets**

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(f) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. 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 payables

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 if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

2.16 Provisions for warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and weighed against all possible results in relation to the associated probabilities.

2.17 Income and social contribution taxes

The income and social contribution taxes, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 thousand for income tax and 9% on taxable income for social contribution on net income in the year, and consider the offsetting of tax loss carryforwards and negative basis of social contribution limited to 30% of the taxable income.

Income and social contribution expenses consist of current and deferred income tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(a) Income tax and social contribution expenses - current

Current tax expense is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is recognized in the statement of financial position as tax assets or liabilities to better estimate the expected value of taxes to be paid or received, reflecting the uncertainties inherent to their calculation, if applicable. It is measured based on the rates that have been decreed by the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria have been met.

(b) Income tax and social contribution expenses - deferred

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The changes in deferred tax assets and liabilities in the year are recognized as a deferred income and social contribution tax expense. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Company expects to recover or settle its assets and liabilities.
Deferred tax assets and liabilities are offset only if certain criteria have been met.

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;

(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

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.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company’s option, and any dividends are discretionary Discretionary dividends thereon are recognized as distributions within equity upon approval by the Company’s shareholders.

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.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the Company's activities. Operating revenue is recognized when: (i) significant risks and rewards of ownership have been transferred to the customer, (ii) recovery of the consideration is probable, (iii) the associated costs and possible return of goods can be reliably estimated, (iv) there is no ongoing involvement with the goods sold and (v) and the amount of revenue can be measured reliably. Revenue is stated net of returns, trade discounts and volume rebates and after eliminating intercompany sales.

(a) Bus sales

Revenue is not recognized until: (i) the cars 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 cars 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.

2.21 Finance income and finance costs

The Company's finance income and finance costs comprise:

- interest revenue and expenses;
- net gain/loss on the sale of available-for-sale financial assets
- net gains/losses on financial assets measured at fair value through profit or loss
- net foreign currency gains and losses on financial assets and financial liabilities.
- fair value losses charged as contingent payment classified as a financial liability
- financial asset impairment (other than accounts receivable)
- Gains/losses on hedge instruments recognized in profit or loss and
- reclassifications of net gains previously recognized in other comprehensive income.

Interest income and expenses are recognized as they accrue in profit or loss, using the effective interest method.

The Company classifies interest on shareholders' equity received as cash flows from investment activities.

2.22. Standards, amendments and interpretations of standards

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. The Company is not planning to implement these standards in advance.

IFRS 9 – *Financial Instruments*

Published in July 2014, IFRS 9 replaced the guidelines in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a logical model for classification and measurement of financial instruments, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting. The standard carries over from IAS 39 the requirements for recognition and derecognition of financial assets and financial liabilities. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Company is evaluating the effects that IFRS 9 will have on its financial statements and disclosures.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will replace most of the detailed guidelines about revenue recognition currently set out in IFRS and U.S. GAAP when the new standard, is adopted. The new standard is applicable on or after January 01, 2018. The new standard may be adopted retrospectively, using a cumulative approach. The Company is evaluating the effects that IFRS 15 will have on its financial statements and disclosures.

The new standards or modifications are not expected to have a material impact on the Company's consolidated financial statements.

- Accounting for Acquisitions of Interests in Joint Operations (amendment of IFRS 11)
- Acceptable Methods of Depreciation and Amortization (amendments of CPC 27 / IAS 16 and CPC 04 / IAS 38)
- *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (amendments of CPC 36 / IFRS 10 and CPC 18 / IAS 28)
- *Disclosure Initiative* (Amendment of CPC 26 / IAS 1).

The Accounting Pronouncements Committee has not yet issued an accounting pronouncement or amended existing pronouncements related to all these new IFRS standards. Early adoption of these IFRS is not therefore permitted for entities that disclose their financial statements in accordance with the accounting practices adopted in Brazil.

3 Critical Accounting Estimates and Judgments

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

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

(a) Estimated impairment of goodwill

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

(b) Income and social contribution taxes and other taxes

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

4 Financial Risk Management

4.1 Risk factors

(a) Market risk

(i) Exchange rate risk

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

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

As of December 31, 2015 and 2014 the Company had assets, liabilities and forwards denominated in foreign currency in the following amounts (thousands of reais):

				Consolidated
				2015
	Accounts Customers advance	**Trade accounts payable**	**Loans**	***Forwards***
Currency				
US Dollars	333,291	5,903	461,857	78,943
Australian dollars	34,684	28,506	79,920	32,039
Euros	-	-	-	4,410
South African rand	11,163	13,758	624	13,151
Chinese Renminbi	25,390	7,329	22,911	-
	404,528	55,496	565,312	128,543

				Consolidated
				2014
	Accounts Customers advance	**Trade accounts payable**	**Loans**	**Forwards**
Currency				
US Dollars	247,112	5,697	286,910	51,120
Australian dollars	17,520	19,361	69,915	12,857
Argentinian pesos	-	18	-	-
South African rand	9,305	2,715	290	20,108
Chinese Renminbi	15,087	3,881	18,473	-
	289,024	31,672	375,588	84,085

(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 43.9% of the projected revenues for 2016, 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$ 32,572 (parent company) and R$ 77,588 (consolidated) as of December 31, 2015 (December 31, 2014 - R$ 28,428 and R$ 77,681) representing 5.6% and 4.7% respectively, of the outstanding accounts receivable balance of the parent company and consolidated (December 31, 2014 - 3.9% and 4.3%) which was recorded to cover credit risk

(c) Liquidity risk

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

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

		Consolidated			
		2015			
		Contractual cash flow			
	Carrying Amount	**Total**	**Between one and two years**	**Between two and five years**	**Over five years**
Nonderivative financial liabilities					
Loans and financing	2,474,846	2,788,174	1,014,846	1,594,096	179,232
Trade accounts payable	249,138	249,138	249,138	-	-
Derivative financial liabilities					
Derivative financial instruments	921	921	921	-	-

	Carrying Amount	Consolidated 2014 Contractual cash flow Total	Between one and two years	Between two and five years	Over five years
Nonderivative financial liabilities					
Loans and financing	2,110,925	2,339,952	437,519	1,778,970	123,463
Trade accounts payable	286,709	286,709	286,709	-	-
Derivative financial liabilities					
Derivative financial instruments	1,942	1,942	1,942	-	-

(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.

Assumptions	Effects on results	Scenario probable (Scenario I)	(Scenario II)	(Scenario III)
CDI - %		14.25	17.81	21.38
TJLP - %		7.90	9.88	11.85
Exchange rate - USD		4.10	5.12	6.15
Exchange rate - Euro		4.20	5.25	6.30
LIBOR - %		0.80	1.00	1.20
Cost of advances on foreign exchange contracts (ACC) discount - %		2.25	2.81	3.37
	Short-term investments	120,150	149,787	179,383
	Interbank transactions	69,211	75,549	81,888
	Loans and financing	(132,260)	(254,474)	(380,943)
	Forwards	(2,212)	32,855	77,773
	Receivables less payables	17,505	109,144	200,782
		72,394	112,861	158,883

4.2 Capital Risk Management

The Company's objectives when managing capital are to safeguard its operational continuity, in order to provide returns to stockholders and to maintain an optimal capital structure to reduce the cost of capital.

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

WACC - between 8% and 12% p.a.
Net Debt/EBITDA - between 1.50x and 2.50x
Debt/Equity ratio - between 25% and 80%

The financial leverage indexes as of December 31, 2015 and 2014 have been summarized below (Note 28):

	Consolidated		**Industrial Segment**		**Financial Segment**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Total loans	2,474,846	2,110,925	1,755,647	1,361,273	719,199	749,652
Derivative financial instruments	921	1,942	921	1,942	-	-
Minus: cash and cash equivalents	(1,131,162)	(642,615)	(1,111,998)	(615,112)	(19,164)	(27,503)
Less: short-term investments	(234,014)	(273,026)	(234,014)	(273,026)	-	-
Net debt (A)	1,110,591	1,197,226	410,556	475,077	700,035	722,149
Total shareholders' equity (B)	1,828,085	1,647,581	1,602,208	1,435,987	225,877	211,594
Financial leverage index - % (A/B)	61	73	26	33	310	341

4.3 Fair value estimation

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

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

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

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2015 and 2014 which were fully classified in level 2:

	Consolidated	
	2015	**2014**
Assets		
Financial assets at fair value through profit or loss		
- Fixed income investment fund	152	137
- Trading derivatives	1,803	1,088
Available-for-sale assets		
- Bank deposit certificates	184,714	241,649
	186,669	242,874
Liabilities		
Financial liabilities at fair value through profit or loss		
- Trading derivatives	921	1,942
	921	1,942

4.4 Other risk factors

At the initiative of the Board of Directors, the Company may conduct internal assessments whenever external or internal factors indicate the possibility of distortions in the financial statements, financial losses or damage to its repute have occurred. These procedures are carried out independently with or without the support of external experts, and the findings are reported to the Board of Directors.

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 statements of financial position and

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

(b) Loans and receivables

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

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

(iii) Related-party transactions - Loans.

(c) Available-for-sale

Short-term investments - Funds held in Bank Deposit Certificates.

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

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

(e) Other financial liabilities

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

	Consolidated		Consolidated	
	2015		2014	
Nature of assets	**Book value**	**Market value**	**Book value**	**Market value**
Loans and financing	2,474,846	2,441,926	2,110,925	2,101,932

(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 (or costs) from exchange variance respectively.

Assets

					Notional value	Fair value		Values receivable	
Company	**Counterparty**	**Status**	**Initial**	**Final**	**2015**	**2015**	**2014**	**2015**	**2014**
Marcopolo					USD k				
	BRADESCO	Purchase	12/17/2015	2/18/2016	5,498	288	-	288	-
	SANTANDER	Purchase	12/30/2015	1/29/2016	542	41	-	41	-
						329	**-**	**329**	**-**
Masa					USD k				
	STD	Purchase	8/28/2015	4/15/2016	3,368	1,380	496	1,380	496
	ABSA					-	368	-	368
						1,380	**864**	**1,380**	**864**
MP Austrália					USD k				
	WESTERN UNION	Purchase	7/10/2015	1/12/2016	102	4	191	4	191
					CHF k				
	WESTERN UNION					-	26	-	26
					SGD k				
	WESTERN UNION					-	7	-	7
						4	**224**	**4**	**224**
Volare Veículos					USD k				
	BBA	Purchase	12/29/2015	2/24/2016	1,229	90	-	90	-
						90	**-**	**90**	**-**
						1,803	**1,088**	**1,803**	**1,088**

Liabilities

Company	Counterparty	Status	Initial	Final	Notional value 2015	Fair value 2015	Fair value 2014	Values payable 2015	Values payable 2014
Marcopolo					USD k				
	BBA	Purchase	12/17/2015	1/26/2016	3,500	(73)	(384)	(73)	(384)
	BRADESCO	Purchase	12/30/2015	3/8/2016	4,500	(63)	(190)	(63)	(190)
	SANTANDER	Purchase	12/30/2015	3/15/2016	6,180	(38)	(144)	(38)	(144)
	CITIBANK					-	(1,221)	-	(1,221)
						(174)	**(1,939)**	**(174)**	**(1,939)**
MP Austrália					USD k				
	WESTERN UNION	Purchase	8/8/2015	12/6/2016	4,850	(405)	-	(405)	-
					SGD k				
	CITIBANK	Purchase	10/9/2015	10/6/2016	660	(50)	-	(50)	-
					CNY k				
	CITIBANK	Purchase	10/9/2015	9/6/2016	10,293	(14)	-	(14)	-
					CHF k				
	WESTERN UNION	Purchase	1/16/2015	6/9/2016	385	(81)	(3)	(81)	(3)
	CITIBANK	Purchase	1/16/2015	10/6/2016	810	(197)	-	(197)	-
						(747)	**(3)**	**(747)**	**(3)**
						(921)	**(1,942)**	**(921)**	**(1,942)**

The Company had the following gains and losses from derivatives in the periods ended December 31, 2015 and 2014:

	Realized gains/losses			
	Interest on derivatives		**Exchange variance on derivatives**	
	2015	**2014**	**2015**	**2014**
Marcopolo	(1,469)	3,804	8,769	(10,781)
Ciferal	-	77	(478)	(186)
Masa	-	-	(595)	45
MP Austrália	-	-	19	38

6 Consolidated financial statements

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

(a) Subsidiaries

	Percentage interest					
	2015			**2014**		
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	-	-
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	-	0.01	99.99	-	0.01
Moneo	100.00	-	-	100.00	-	-
MP Austrália	100.00	-	-	100.00	-	-
MP Canada	100.00	-	-	100.00	-	-
Pologren (1)	-	75.00	25.00	-	75.00	25.00
Volgren (1)	-	75.00	25.00	-	75.00	25.00
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 Australia;

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

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

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

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

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

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

(b) Joint arrangement (not consolidated)

	Percentage interest			
	2015		**2014**	
Associated companies	**Direct**	**Indirect**	**Direct**	**Indirect**
GB Polo	49.00	-	49.00	-
Kamaz	50.00	-	50.00	-
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	-	19.97	-	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	20.61	29.39	20.61	29.39
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 the direct joint ventures can be summarized as follows:

	Assets		**Liabilities**		**Net revenue**		**Profit (loss)**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
GBPolo	145,690	86,433	139,135	95,731	94,061	70,780	13,859	(6,247)
Kamaz	6,782	-	12,416	-	16,316	-	(2,834)	-
Loma	214,873	163,328	135,175	112,724	465,888	194,350	36,870	4,558
San Marino	416,864	381,682	356,333	299,816	306,961	396,822	(21,084)	(3,308)
Superpolo	172,207	177,372	91,430	109,086	213,171	239,162	11,179	10,320
TMML	208,492	188,084	162,739	151,559	306,663	179,120	(6,427)	(17,059)

(c) Associates (not consolidated)

	Percentage interest			
	2015		**2014**	
Associated companies	**Direct**	**Indirect**	**Direct**	**Indirect**
Mercobus	40.00	-	40.00	-
MVC	26.00	-	26.00	-
Setbus	25.10	21.96	25.10	21.96
Spheros	40.00	-	40.00	-
Spheros Colômbia (1)	-	40.00	-	40.00
Spheros México (1)	-	40.00	-	40.00
WSul	30.00	-	30.00	-

(1) Consolidated in associate (not consolidated) Spheros

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

	Assets		**Liabilities**		**Net revenue**		**Profit (loss)**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Mercobus	7,189	3,880	1,266	416	11,925	7,825	4,963	2,630
MVC	585,053	656,166	584,615	518,402	275,954	670,728	(137,323)	67,796
Setbus	11,801	13,606	22,996	20,522	14,395	16,482	(4,948)	(1,430)
Spheros	61,700	66,740	26,452	27,861	138,809	155,863	12,538	20,358
WSul	7,685	9,690	1,422	1,390	19,643	23,440	163	2,194

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, Apolo carries out the plastic injection of parts, development, manufacture and sale of products and plastics.

Moneo Investimentos S. A. (Moneo) – Wholly owned subsidiary located in Caxias do Sul, State of Rio Grande do Sul, Brazil. Moneo was founded to acquire interests 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 S.A. – located in Caxias do Sul, State of Rio Grande do Sul, Brazil, is engaged in the banking business in general, in all financial operations Central Bank of Brazil has authorized for in the market of Brazil.

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

Ilmot International Corporation (Ilmot) - Wholly owned subsidiary, located in Uruguay. Ilmot was founded to acquire interests in other companies and has the following subsidiaries / associated companies:

- Polomex S.A. 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.S. (Superpolo) - located in Cundinamarca, Colombia, with a share of 29.39% in the capital. Superpolo is engaged in manufacturing bus bodies.

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

Marcopolo Austrália Holdings Pty Ltd. (MP Australia) – Wholly owned subsidiary, located in Melbourne, Australia. MP Australia was founded to acquire interests in other companies and has the following subsidiary:

- Pologren Austrália Holdings Pty Ltd. (Pologren) – Subsidiary, located in Melbourne, Australia. Pologren was founded to acquire interests in other companies and has the following subsidiary:
    - Volgren Austrália Pty Limited (Volgren) – located in Melbourne, Australia, with a share of 75% in the capital. Volgren is engaged in manufacturing bus bodies.

Marcopolo Canadá Holdings Corp. (MP Canadá) – Wholly owned subsidiary, located in Canada. MP Canada was founded to acquire interests in other companies and has the following joint subsidiary:

- New Flyer Industries Inc. (New Flyer) – located in Canada, with a share of 19.97% of the capital. New Flyer is engaged in manufacturing buses.

Marcopolo International Corp. (MIC) – Wholly owned subsidiary, located in British Virgin Islands. 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 África Pty Ltd. (Masa) – Wholly owned subsidiary, located in Johannesburg, South Africa. Masa is engaged in manufacturing bus bodies.

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

Superpolo S.A.S. located in Colombia, with a share of 20.61% in the capital. Superpolo is engaged in manufacturing bus bodies.

Syncroparts Com e Distr. de Peças Ltda (Syncro) – Wholly owned subsidiary located in Caxias do Sul, State of Rio Grande do Sul, Brazil. It has engaged in trading and distribution of parts for vehicles and has interests in other companies.

Volare Veículos Ltda –Wholly owned subsidiary located in São Matheus, State of Espírito Santo, Brazil, it is engaged in manufacturing car bodies for buses and minibuses, 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, it is engaged in sell vehicle parts and accessories.

GB Polo Bus Manufacturing S. A. E (GB Polo) – Associated company with a share of 49% in the capital, located in Suez, Egypt, it is engaged in manufacturing bus bodies.

Kamaz Marco LLC – Associated company with a share of 50% in the capital, located in Moscow, Russia, it is engaged in manufacturing bus bodies.

Loma Hermosa S. A. (Loma) – Associated company with a share of 50% of capital, located in Buenos Aires, Argentina. Loma was founded to acquire interests in other companies and has the following subsidiaries / associated companies:

- Metalpar S. A. – Associated company with a share of 98% of capital, located in Buenos Aires, Argentina. Metalpar is engaged in manufacturing bus bodies.

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

- Marcopolo Argentina S.A. (Marsa) – Joint subsidiary with a share of 50% of capital, located in Buenos Aires, Argentina. A wholly owned subsidiary engaged in the sale of vehicle parts and accessories.

San Marino Ônibus e Implementos Ltda (San Marino) – Associated company with a share of 45% in the capital, located in Caxias do Sul, State of Rio Grande do Sul, Brazil. San Marino is engaged in manufacturing bus and minibus bodies, in addition to their parts, components and accessories and has an interest in other companies, with the following subsidiaries:

- San Marino Bus de México S. A. de C. V. - Subsidiary with a share of 99.99% in the capital, located in Toluca, State of Mexico, Mexico, it is engaged in manufacturing 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, it is engaged in providing transportation services.

Tata Marcopolo Motors Limited (TMML) – Associated company with a share of 49% in the capital, located in Dharwad, India, it is engaged in manufacturing bus bodies.

Mercobus S. A. C. – Associated company with a share of 40% in the capital, located in Peru, it is engaged in commercial representation of bus bodies.

MVC Componentes Plásticos Ltda (MVC) – Associated company with a share of 26% in the capital, located in São José dos Pinhais, State of Parana, Brazil. MVC is engaged in the manufacturing and sale of parts, components and accessories for vehicles and acquiring interests in other companies.

Setbus Soluções Automotivas Ltda. (Setbus) – Associated company with a direct and indirect interest of 25.10% and 21.96%, respectively, in the capital, located in Caxias do Sul, State of Rio Grande do Sul, Brazil. Setbus is engaged in automotive solutions.

Spheros Climatização do Brasil S. A. (Spheros) – Associated company with a share of 40% in the capital, located in Caxias do Sul, State of Rio Grande do Sul, Brazil. Spheros is engaged in the assembly, sale, import and export of refrigeration and air conditioning equipment and has interests in other companies, with the following subsidiaries:

- Spheros México S. A. de C. V – Wholly owned subsidiary located in Mexico engaged in the assembly, sale, import and export of refrigeration and air conditioning equipment.

- Spheros Thermosystems Colômbia Ltda – Wholly owned subsidiary located in Mexico engaged in the assembly, sale, import and export of refrigeration and air conditioning equipment.

WSul Espumas Indústria e Comércio Ltda (WSul) – Associated company with a share of 30% in the capital, located in Caxias do Sul, State of Rio Grande do Sul, Brazil. Wsul is engaged in the manufacturing and sale of molded polyurethane foam and derivatives thereof.

7 Cash and cash equivalents, financial assets and derivatives

7.1 Cash and cash equivalents

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Cash and banks				
Brazil	43,588	22,618	44,682	23,619
Foreign	260	101	128,388	120,143
Highly liquid marketable securities				
In Brazil (*)	879,395	410,842	958,092	498,853
Total cash and cash equivalents	923,243	433,561	1,131,162	642,615

(*) Substantially correspond to Bank Deposit Certificates - CDB remunerated at between 99.0% and 101.5% of the Interbank Deposit Certificate (CDI) rate, resulting in a weighted average of 100.1% of CDI as of December 31, 2015.

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

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Current				
Held for trading				
Fixed-income investment funds	152	137	152	137
Non-deliverable Forwards	329	-	1,803	1,088
Available for sale				
Bank deposit certificates (*)	184,714	241,649	184,714	241,649
	185,195	241,786	186,669	242,874
Noncurrent				
Available for sale				
Related-party transactions	114,878	31,064	47,345	30,152
	114,878	31,064	47,345	30,152

(*) Substantially correspond to Bank Deposit Certificates - CDB remunerated at between 100.0% and 101.0% of the Interbank Deposit Certificate (CDI) rate, resulting in a weighted average of 100.1% of CDI as of December 31, 2015.

Derivative financial instruments are classified in current assets or liabilities. The Company has no financial instruments recognized under the hedge accounting method, pursuant to IAS 39.

8 Trade accounts receivable

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Current				
Domestic customers	252,236	436,998	331,026	593,742
Foreign customers	290,792	221,424	416,056	296,853
Related-party transactions	44,347	68,997	-	-
Interbank transactions	-	-	357,634	332,347
Adjustment to present value	(3,571)	(3,804)	(4,178)	(4,663)
Allowance for doubtful accounts	(32,572)	(28,428)	(67,938)	(67,681)
	551,232	695,187	1,032,600	1,150,598
Noncurrent				
Interbank transactions	-	-	547,865	575,518
Allowance for doubtful accounts	-	-	(9,650)	(10,000)
	-	-	538,215	565,518
	551,232	695,187	1,570,815	1,716,116

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	
	2015	**2014**	**2015**	**2014**
Amounts outstanding	351,874	448,919	1,308,040	1,392,726
Overdue:				
Up to 30 days	43,589	97,404	79,474	121,333
31 to 60 days	19,664	23,849	27,973	39,034
61 to 90 days	5,382	29,899	10,402	50,651
91 to 180 days	7,838	66,495	35,323	96,364
More than 181 days	159,028	60,853	191,369	98,352
Adjustment to present value	(3,571)	(3,804)	(4,178)	(4,663)
(-) Allowance for doubtful accounts	(32,572)	(28,428)	(77,588)	(77,681)
	551,232	695,187	1,570,815	1,716,116

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

	Parent company	Consolidated
Balance at January 1, 2014	(20,262)	(62,117)
Provision recorded in the year	(8,509)	(17,082)
Reversal of provision for receivables (write-off)	343	2,441
Exchange variance	-	(923)
Balance at December 31, 2014	(28,428)	(77,681)
Provision recorded in the year	(3,338)	(8,314)
Reversal of provision for receivables (write-off)	1,651	14,536
Exchange variance	(2,457)	(6,129)
Balance at December 31, 2015	(32,572)	(77,588)

Accounts receivable are denominated in the following currencies:

	Parent company		Consolidated	
	2015	2014	2015	2014
Reais	260,440	473,763	1,166,287	1,427,092
US Dollar	290,792	221,424	333,291	247,112
Australian Dollar	-	-	34,684	17,520
Rand	-	-	11,163	9,305
Renminbi	-	-	25,390	15,087
	551,232	695,187	1,570,815	1,716,116

9 Inventories

	Parent company		Consolidated	
	2015	2014	2015	2014
Finished goods	77,974	98,884	124,782	127,393
Goods in process	31,548	39,998	68,368	77,376
Raw materials and auxiliary materials	115,230	136,110	225,370	247,397
Advances to suppliers and other	2,637	4,409	26,582	22,392
Provision for inventory losses	(857)	(2,200)	(7,328)	(7,036)
	226,532	277,201	437,774	467,522

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

	Parent company	Consolidated
Balance at January 1, 2014	(692)	(5,827)
Reversal of provision	-	900
Provision recorded in the year	(1,508)	(3,202)
Exchange variance	-	1,093
Balance as of December 31, 2014	(2,200)	(7,036)

Reversal of provision	1,973	4,833
Provision recorded in the year	(630)	(3,773)
Exchange variance	-	(1,352)
Balance as of December 31, 2015	(857)	(7,328)

10 Taxes and contributions recoverable

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Current				
Corporate Income Tax (IRPJ)	19,091	23,201	26,841	25,635
Social Contribution on Net Income (CSLL)	6,029	5,853	8,712	6,208
Excise Tax (IPI)	11,551	12,884	11,674	13,633
Value Added Tax on Sales and Services - ICMS	6,393	4,129	12,752	7,640
Social Integration Program (PIS)	1,894	809	3,898	1,652
Contribution for Social Security Financing (COFINS)	6,934	3,168	18,089	8,706
National Social Security Institute (INSS)	14,112	2,270	14,701	2,859
Reintegra	7,292	5,349	7,642	5,417
Value added tax (IVA)	-	-	14,003	8,413
Other	45	46	74	55
	73,341	57,709	118,386	80,218
Noncurrent				
Value-Added Tax on Goods and Services (ICMS)	629	734	842	1,049
Value added tax (IVA)	-	-	65	309
	629	734	907	1,358
	73,970	58,443	119,293	81,576

11 Investments

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Subsidiary	1,197,584	1,016,397	-	-
Joint subsidiaries	172,395	153,908	500,340	348,628
Associated companies	15,650	53,833	15,650	53,833
Other investments	-	-	139	809
	1,385,629	1,224,138	516,129	403,270

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

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

Subsidiary:

	Apolo	Ciferal	llmot (1)	Mac (1)	Mapla (1)	MP Australia (1)	Masa (1)	MIC (1)	Moneo	MP Canada (1)	Polomex (1)	Syncro	Trading	Volare Vehicles	Volare Trade	Subsidiary Total 2015	Subsidiary Total 2014
Investment data																	
Capital	3,750	20,000	60,125	12,379	603	64,153	7,797	5,466	100,000	278,669	34,411	4,000	3,000	80,000	8,000		
Adjusted shareholders' equity	3,858	194,669	112,096	439	90	59,055	51,607	1,869	226,843	458,643	125,956	4,722	6,200	71,938	2,442		
Shares or quotas held	1,830	499,953	50,000	1	4,000	100	100,000	1,400,000	100,000	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	100.00	100.00	100.00	3.61	99.99	99.99	99.90	99.90		
Net income (loss) for the year	57	(37,525)	8,923	157	(156)	1,009	7,363	(38)	19,094	33,449	8,144	676	633	(6,842)	(1,797)		
Changes in the investments																	
Opening balances:																	
At equity value	2,471	232,183	79,746	361	210	44,429	40,797	1,302	212,284	335,453	3,068	15,401	5,716	38,741	4,235	1,016,397	961,337
Capital subscription	-	-	-	-	-	-	-	-	-	-	-	-	-	39,960	-	39,960	4,615
Dividends received	-	-	(6,403)	-	-	-	-	-	(4,535)	-	(232)	(11,355)	(150)	-	-	(22,675)	(56,582)
Equity in net income of subsidiaries	37	(37,523)	8,923	157	(156)	1,009	7,363	(38)	19,094	33,449	294	676	633	(6,835)	(1,795)	25,288	65,852
Accumulated translation adjustments	-	-	29,830	(79)	36	13,617	3,447	605	-	124,009	1,417	-	-	-	-	172,882	41,428
Exchange variance on capital decrease	-	-	-	-	-	-	-	-	-	12,419	-	-	-	-	-	12,419	-
Capital reduction	-	-	-	-	-	-	-	-	-	(46,687)	-	-	-	-	-	(46,687)	(253)
Closing balances:																	
At equity value	2,508	194,660	112,096	439	90	59,055	51,607	1,869	226,843	458,643	4,547	4,722	6,199	71,866	2,440	1,197,584	1,016,397

(1) Overseas ventures.

Joint ventures:

										Joint ventures
										Total
	GBPolo	**Kamaz**	**Loma**	**Metalpar**	**San Marino**	**Superpolo**	**TMML**	**New Flyer**	**2015**	**2014**
	(1)	(1)	(1),(2)	(1)	(2)	(1)	(1)	(1)		
Investment data										
Capital	48,884	2,856	29,680	149	73,604	16,660	100,347	2,302,470		
Adjusted shareholders’ equity	6,555	(5,634)	79,698	39,200	60,531	80,776	45,753	1,851,079		
Shares or quotas held	4,803,922	1	15,949,948	473,995	7,478,482	265,763	24,500	11,087,834		
% interest	49.00	50.00	50.00	1.00	45.00	20.61	49.00	19.97		
Net income (loss) for the year	13,859	(2,834)	36,870	26,500	(21,084)	11,179	(6,427)	164,034		
Changes in the investments										
Opening balances:										
At equity value	(4,604)	(1,089)	55,756	321	71,552	14,075	17,897	-	153,908	169,378
Dividends received	-	-	-	(130)	-	(1,358)	-	-	(1,488)	(3,280)
Equity in net income of subsidiaries	6,791	(1,417)	18,435	265	(9,488)	2,304	(3,149)	-	13,741	(9,480)
Accumulated translation adjustments	1,025	(311)	(3,890)	(64)	176	1,627	7,671	-	6,234	(2,710)
Closing balances:										
At equity value	3,212	(2,817)	70,301	392	62,240	16,648	22,419	-	172,395	153,908
Goodwill on investments	-	-	(30,451)	-	(35,002)	-	-	-	(65,453)	(65,453)
Indirect interest - Superpolo	-	-	-	-	-	23,738	-	-	23,738	20,068
Indirect interest - New Flyer	-	-	-	-	-	-	-	369,660	369,660	240,105
At consolidated equity value	3,212	(2,817)	39,850	392	27,238	40,386	22,419	369,660	500,340	348,628

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

Associated companies:

							Associated companies
							Total
	MVC	**Mercobus**	**Spheros**	**Setbus**	**WSul**	**2015**	**2014**
		(1)					
Investment data							
Capital	34,011	267	15,000	1,000	6,100		
Adjusted shareholders’ equity	438	5,923	35,248	(11,195)	6,263		
Shares or quotas held	1	232	244,898	25	1,830,000		
% interest	26.00	40.00	40.00	25.10	30.00		
Net income (loss) for the year	(137,323)	4,963	12,538	(4,948)	163		
Changes in the investments							
Opening balances:							
At equity value	35,818	1,368	15,725	(1,568)	2,490	53,833	34,060
Dividends received	-	(1,295)	(6,400)	-	(660)	(8,355)	(7,117)
Equity in net income of subsidiaries	(35,704)	1,985	5,015	(1,243)	49	(29,898)	26,861
Accumulated translation adjustments	-	311	(241)	-	-	70	29
Closing balances:							
At equity value	114	2,369	14,099	(2,811)	1,879	15,650	53,833

(1) Overseas venture.

12 Property, plant and equipment

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

	Land	Buildings and constructions	Machinery and equipment	Furniture and fixtures	Computer equipment	Vehicles	Other PPE in progress	Property, plant and equipment in progress	Total
Balance at January 1, 2014	18,071	84,568	78,744	4,165	6,843	2,945	98	25,416	220,850
Additions	-	4,731	10,891	608	2,433	1,522	-	5,716	25,901
Write-offs	-	(2)	(1,188)	(60)	(21)	(59)	-	-	(1,330)
Transfers	-	17,110	2,617	3	-	-		(19,730)	-
Depreciation	-	(3,351)	(13,748)	(563)	(2,083)	(646)	-	-	(20,391)
Balances at December 31, 2014	18,071	103,056	77,316	4,153	7,172	3,762	98	11,402	225,030
Cost of property, plant and equipment	18,071	172,992	196,418	9,362	18,899	7,207	98	11,402	434,449
Accumulated depreciation	-	(69,936)	(119,102)	(5,209)	(11,727)	(3,445)	-	-	(209,419)
Residual value	18,071	103,056	77,316	4,153	7,172	3,762	98	11,402	225,030
Balances at December 31, 2014	18,071	103,056	77,316	4,153	7,172	3,762	98	11,402	225,030
Additions	-	2,267	11,250	258	1,061	180	77	4,260	19,353
Write-offs	-	(141)	(1,022)	(30)	(39)	(279)	-	(112)	(1,623)
Transfers	-	6,722	2,335	-	(99)	1		(8,959)	-
Depreciation	-	(3,544)	(13,903)	(572)	(2,189)	(660)	-	-	(20,868)
Balances at December 31, 2015	18,071	108,360	75,976	3,809	5,906	3,004	175	6,591	221,892
Cost of property, plant and equipment	18,071	181,775	203,234	9,231	19,516	7,044	175	6,591	445,637
Accumulated depreciation	-	(73,415)	(127,258)	(5,422)	(13,610)	(4,040)	-	-	(223,745)
Residual value	18,071	108,360	75,976	3,809	5,906	3,004	175	6,591	221,892
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 equipment	Furniture and fixtures	Computer equipment	Vehicles	Other PPE in progress	Property, plant and equipment in progress	Total
Balance at January 1, 2014	22,781	125,693	124,525	8,734	7,737	5,972	3,337	39,277	338,056
Foreign exchange variations	28	174	1,568	124	-	79	331	421	2,725
Additions	-	13,607	37,630	1,190	3,351	2,952	325	74,973	134,028
Write-offs	-	(63)	(2,496)	(140)	(170)	(1,413)	(81)	(741)	(5,104)
Transfers	-	80,961	11,999	9	-	11	41	(93,021)	-
Depreciation	-	(5,444)	(23,594)	(1,197)	(2,394)	(810)	(1,242)	-	(34,681)
Balances at December 31, 2014	22,809	214,928	149,632	8,720	8,524	6,791	2,711	20,909	435,024
Cost of property, plant and equipment	22,809	303,755	348,574	17,846	21,718	12,810	10,888	20,909	759,309
Accumulated depreciation	-	(88,827)	(198,942)	(9,126)	(13,194)	(6,019)	(8,177)	-	(324,285)
Residual value	22,809	214,928	149,632	8,720	8,524	6,791	2,711	20,909	435,024
Balances at December 31, 2014	22,809	214,928	149,632	8,720	8,524	6,791	2,711	20,909	435,024
Foreign exchange variations	118	688	9,685	378	-	709	851	75	12,504
Additions	-	81,397	50,101	1,749	1,877	1,813	1,420	19,908	158,265
Write-offs	-	(200)	(4,751)	(322)	(81)	(507)	(717)	(112)	(6,690)
Transfers	-	7,534	3,159	-	(99)	1	247	(10,842)	-
Depreciation	-	(5,477)	(25,398)	(1,450)	(2,581)	(1,835)	(1,022)	-	(37,763)
Balances at December 31, 2015	22,927	298,870	182,428	9,075	7,640	6,972	3,490	29,938	561,340
Cost of property, plant and equipment	22,927	392,396	419,498	19,241	22,809	14,892	16,867	29,938	938,568
Accumulated depreciation	-	(93,526)	(237,070)	(10,166)	(15,169)	(7,920)	(13,377)	-	(377,228)
Residual value	22,927	298,870	182,428	9,075	7,640	6,972	3,490	29,938	561,340
Annual depreciation rates - %		2.0	8.3	8.3	20.0	20.0	13.0		

Land and buildings mainly comprise plants and offices.

(c) Guarantees

As of December 31, 2015 properties with a residual book value of R$ 27,413 thousand (R$ 37,161 thousand as of December 31, 2014) are subject to a recorded guarantee for bank loans and financing.

13 Goodwill and Intangible Assets

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

	Software	Trademarks Registered and licenses	Total
Balance at January 1, 2014	5,031	55	5,086
Additions	2,660	2	2,662
Amortization	(1,726)	(13)	(1,739)
Balances at December 31, 2014	5,965	44	6,009
Cost of Intangible assets	50,902	1,225	52,127
Accumulated amortization	(44,937)	(1,181)	(46,118)
Residual value	5,965	44	6,009
Balances at December 31, 2014	5,965	44	6,009
Additions	1,545	3	1,548
Write-offs	(130)	-	(130)
Transfers	-	-	-
Amortization	(1,842)	(11)	(1,853)
Balances at December 31, 2015	5,538	36	5,574
Cost of Intangible assets	52,315	1,228	53,543
Accumulated amortization	(46,777)	(1,192)	(47,969)
Residual value	5,538	36	5,574
Annual amortization rates - %	20.0	7.0	

(b) Summary of changes in goodwill and consolidated intangible assets

	Software	Trademarks Registered and licenses	Portfolio of receivables	Other Intangible assets	Goodwill	Total
Balance at January 1, 2014	8,788	55	10,127	8,653	240,376	267,999
Foreign exchange variations	333	-	895	394	6,286	7,908
Additions	2,919	2	-	-	-	2,921
Write-offs	-	-	-	-	(7,990)	(7,990)
Transfers	-	-	422	(422)	-	-
Amortization	(2,334)	(13)	(3,941)	(206)	-	(6,494)
Balances at December 31, 2014	9,706	44	7,503	8,419	238,672	264,344
Cost of Intangible assets	56,553	1,225	18,598	9,076	238,672	324,124
Accumulated amortization	(46,847)	(1,181)	(11,095)	(657)	-	(59,780)
Residual value	9,706	44	7,503	8,419	238,672	264,344
Balances at December 31, 2014	9,706	44	7,503	8,419	238,672	264,344
Foreign exchange variations	1,271	-	1,527	2,614	47,914	53,326
Additions	1,731	3	-	-	-	1,734
Write-offs	(133)	-	-	-	-	(133)
Transfers	-	-	-	-	-	-
Amortization	(2,706)	(11)	(5,957)	-	-	(8,674)
Balances at December 31, 2015	9,869	36	3,073	11,033	286,586	310,597
Cost of Intangible assets	59,837	1,228	24,473	11,791	286,586	383,915
Accumulated amortization	(49,968)	(1,192)	(21,400)	(758)	-	(73,318)
Residual value	9,869	36	3,073	11,033	286,586	310,597
Annual amortization rates - %	20.0	8.3	25.0	10.0		

(c) Goodwill impairment test

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

Comprises the goodwill generated in the acquisition of San Marino and Loma investments amounting to R$ 65,453, with R$ 35,002 for San Marino and R$ 30,451 for Loma.
The projections were compiled for the period of five years and the assumptions made to determine fair value via the discounted cash flow method include the projected cash flows based on Management estimates for future flows, discount rates and growth rates.

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

	San Marino		Loma	
				Percentage
Goodwill impairment tests	2015	2014	2015	2014
Budgeted gross margin	16.00	15.20	20.70	21.00
Expected growth rate	7.00	3.90	8.90	7.10
Discount rate	6.65	6.59	17.60	15.06

(ii) Goodwill of the indirect subsidiary - Pologren

Consists of the goodwill generated on the acquisition of the interest in Volgren amounting to R$ 132,190.

The projections were compiled by the indirect subsidiary Pologren and consolidated by MP Australia. The projections were compiled for the period of five years and the assumptions made (Budgeted gross margin of 9.50%, expected growth rate of 2.70% and discount rate of 8.70%) to determine fair value via the discounted cash flow method include the projected cash flows based on Management estimates for future flows.

14 Related parties

(a) Related-party balances and transactions

The main asset and liability balances at December 31, 2015, 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 payables	Sales of goods/ services	Purchases of goods/ services	Finance income	Finance expenses
Apolo	-	-	-	395	-	1,576	-	-
Ciferal	-	2	3,453	1,583	39,644	4,573	2	-
GB Polo	38,460	-	5,041	-	748	-	690	-
Kamaz	2,012	-	-	-	-	-	23	-
Ilmot	528	-	-	-	-	-	16	-
Loma	-	-	7,373	-	28,891	-	-	-
Mac	-	-	9,661	-	1,474	-	-	-
Masa	-	-	7,344	-	31,401	-	-	-
Moneo	17	-	-	-	-	-	3	-
MVC	5,451	-	1,556	67	201	4,621	-	-
Polomex	-	-	10,211	-	40,250	-	-	-
Setbus	1,367	-	-	-	-	1,343	-	-
Spheros	-	-	-	1,839	-	33,274	-	-
Superpolo	-	-	5,221	-	12,551	-	-	-
Syncroparts	-	-	-	-	-	-	1	-
TMML	-	-	9,337	-	3,427	-	-	-
Trading	-	-	-	-	-	-	1	-
Volare Veículos	65,149	-	5,535	-	10,005	-	2,982	-
Volare Comércio	1,839	-	8,143	386	-	-	151	-
WSul	55	-	-	575	-	6,641	-	-
Balance in 2015	114,878	2	72,875	4,845	168,592	52,028	3,869	-
Balance in 2014	31,064	24	93,648	5,974	201,141	71,869	631	1

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

(b) Key management remuneration

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

	2015				
	Fixed	**Variable**	**Retirement plan**	**Share based payments**	**Total**
Board of Directors and Executive Board	8,305	6,721	168	29	**15,223**
Nonexecutive officers	7,865	2,341	267	22	**10,495**
	16,170	9,062	435	51	**25,718**

In the financial year ended December 31, 2015 Marcopolo management and employees exercised call options for 566,738 preferred Marcopolo shares for per R$ 2.38 per share, using treasury shares, according to Marcopolo's share purchase option plan.

	2014				
	Fixed	**Variable**	**Retirement plan**	**Share based payments**	**Total**
Board of Directors and Executive Board	8,922	6,658	196	90	**15,866**
Nonexecutive officers	7,321	4,247	231	150	**11,949**
	16,243	10,905	427	240	**27,815**

In the financial year ended December 31, 2014 Marcopolo management and employees exercised call options for 428,372 preferred Marcopolo shares for per R$ 4.33 per share, using treasury shares, according to Marcopolo's share purchase option plan.

15 Loans and financing

	Average rate weighted % p.a.	**Year of Maturity**	**Parent company**		**Consolidated**	
			2015	**2014**	**2015**	**2014**
Local currency						
FINAME	5.86	2016 to 2025	12,957	10,419	23,340	17,024
Bank loans	14.25	2016	74	69	143	133
Interbank deposits	15.30	2016	-	-	39,425	38,842
FINEP	5.60	2016 to 2025	186,365	175,743	199,549	188,928
FDE – Development funds	2.18	2024 and 2025	-	-	109,574	65,435
Special pre-shipment financing (*)	6.34	2016 and 2017	302,136	302,113	302,136	302,113
Export prepayments - Compulsory	8.17	2016 to 2019	556,339	412,052	556,339	412,052

	Average rate weighted % p.a.	Year of Maturity	Parent company 2015	Parent company 2014	Consolidated 2015	Consolidated 2014
Foreign currency						
Export prepayments in US dollars	3.10	2018	413,004	240,386	413,004	240,386
Export prepayments - USD	3.14	2018	48,854	46,524	48,854	46,524
Financing in Rands	9.65	2017 to 2020	-	-	624	290
Financing in renminbi	5.29	2016	-	-	22,911	18,473
Financing in Australian dollars	3.02	2016	-	-	79,173	69,915
Related-party transactions	Libor + 3.00	-	2	24	-	-
Subtotal of local and foreign currency			1,519,731	1,187,330	1,795,072	1,400,115
Money market funding						
Local currency						
BNDES – Fixed-interest loans	3.60	2016 to 2024	-	-	613,321	598,021
BNDES – Floating interest loans	TJLP + 1.50	2016 to 2021	-	-	66,453	112,789
Subtotal of money market funding			-	-	679,774	710,810
Total loans and financing			1,519,731	1,187,330	2,474,846	2,110,925
Current liabilities			(582,682)	(67,013)	(965,139)	(419,734)
Noncurrent liabilities			937,049	1,120,317	1,509,707	1,691,191

(*) BNDES credit facility used for producing goods for export, 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 2015	Parent company 2014	Consolidated 2015	Consolidated 2014
From 13 to 24 months	577,147	539,861	800,335	741,538
From 25 to 36 months	218,705	432,425	338,985	588,218
37 to 48 months	78,617	51,927	166,868	139,936
49 to 60 months	30,408	71,191	78,170	113,753
After 60 months	32,172	24,913	125,349	107,746
	937,049	1,120,317	1,509,707	1,691,191

(a) Loans and financing

The FINAME financing loans are secured by a statutory lien on the financed assets of R$ 22,317 as of December 31, 2015 (R$ 17,024 as of December 31, 2014).

The Company has secured bank loans amounting to R$ 506,424 thousand as of December 31, 2015 (R$ 233,694 thousand as of December 31, 2014). Under the terms of the contract, these loans will be settled in installments over the next 3 years. However, these contracts include covenants, which are being fully performed and amongst other things trigger partial or full repayment if certain indices are not achieved. If this situation occurs, the Company reclassifies these amounts to current liabilities and takes measures to restore the contractual indices.

(b) Money market funding

Funds obtained in the money market are received by Banco Moneo from the National Bank for Economic and Social Development (BNDES) to finance FINAME loans.

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

	Face value (future)		Fair value (present)	
	2015	2014	2015	2014
1 to 12 months	256,531	238,314	235,174	223,770
From 13 to 24 months	206,892	206,433	192,044	197,196
From 25 to 36 months	133,351	154,450	124,095	149,614
After 36 months	135,205	144,058	128,461	140,230
	731,979	743,255	679,774	710,810

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

16 Provisions

(a) Contingent liabilities

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, relying on the opinion of its independent and in-house legal advisers.

The contingencies as of December 31, 2015 and December 31, 2014, 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			
	2015		2014	
Nature	Probable	Possible	Probable	Possible
Civil	964	-	964	-
Labor	11,065	16,677	5,717	11,333
Tax	13,494	125,939	3,609	72,461
	25,523	142,616	10,290	83,794

	Consolidated			
	2015		2014	
Nature	Probable	Possible	Probable	Possible
Civil	964	442	964	462
Labor	12,689	16,677	7,397	11,333
Tax	13,688	172,091	3,803	109,827
	27,341	189,210	12,164	121,622

Judicial deposits	Parent company 2015	Parent company 2014	Consolidated 2015	Consolidated 2014
Civil	980	980	980	980
Labor	2,676	1,272	3,855	2,379
Tax	1,772	4,808	7,592	10,425
	5,428	7,060	12,427	13,784

(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:

. Probable losses - provisioned for

	Parent company 2015	Parent company 2014	Consolidated 2015	Consolidated 2014
ICMS – transfers of credits (i)	-	3,145	-	3,145
REINTEGRA – credit appropriation (ii)	484	464	484	464
Special Tax Arrangement – tax credit (iii)	10,171	-	10,171	-
Other contingent liabilities of lesser amounts	2,839	-	3,033	194
	13,494	3,609	13,688	3,803

(i) Contingencies regarding the discussion on the transfer to suppliers of ICMS credits arising from exports.
(ii) Contingency relating to the Reintegra credit - this contingency derives from the procedure discrepancy in the application for Reintegra credits for the 1st and 2nd quarters of 2012.
(iii) Contingency regarding the dispute of the procedures adopted to obtain tax incentives for product sales.

. Possible losses - not provisioned for

	Parent company 2015	Parent company 2014	Consolidated 2015	Consolidated 2014
PIS, COFINS and Social Security Fund (FINSOCIAL) - offset	6,497	6,165	6,497	6,165
COFINS – rebate application (i)	18,207	-	18,207	-
PIS, COFINS – credit	6,992	-	6,992	-
PIS – offsetting (ii)	11,444	-	11,444	-
IPI – credit	1,825	-	1,825	-
IRPJ – understated inflationary profit	2,609	2,430	2,609	2,430
IRPJ and CSLL on exports intermediated by export companies (iii)	-	21,981	-	21,981
IRPJ and CSLL - negative balance (iv)	14,445	-	14,445	-
IRPJ and CSLL – Overseas profits (v)	24,319	21,199	24,319	21,199
IRPJ and CSLL – IR paid overseas	2,957	-	2,957	-
REINTEGRA – offsetting (vi)	12,822	-	12,822	-
ICMS – shipment of goods with a reduced tax rate to non-taxpayers (vii)	-	-	32,135	24,461
ICMS – disreputable documents (viii)	13,139	12,015	13,139	12,015
ISS – services received from third parties	4,782	3,790	4,782	3,790

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
INSS – services acquired from legal entities	5,901	4,881	5,901	4,881
Other contingent liabilities of lesser amounts	-	-	14,017	12,905
	125,939	72,461	172,091	109,827

(i) Contingencies relating to procedures adopted by the tax inspectors for the COFINS reimbursement applications. The administrative proceeding is in progress before the federal tax authorities judgement department.

(ii) Contingency relating to amounts recorded as federal overdue liabilities due to offsetting not ratified for credits obtained in court proceedings. The process is taking place at the lower Federal Court of Caxias do Sul.

(iii) Contingencies regarding IRPJ and CSLL on overseas sales via trading companies (1999 and 2000). Note that the High Chamber of Tax Appeals of the Administrative Council for Tax Appeals has recently ruled in favor of the appeals submitted by the company (final and unappealable decision).

(iv) Contingency relating to procedures contested by the tax inspectors regarding applications for the rebate of the IRPJ and CSLL negative balance. The proceeding is in progress before the Administrative Council for Tax Appeals.

(v) Contingency relating to the dispute about the overseas consolidation of indirect subsidiaries' earnings before paying tax thereon in Brazil. The proceeding is in progress before the federal tax authorities' judgement department.

(vi) Contingency relating to the dispute about the Reintegra credit, due to discrepancy in the procedure applying for the credit. The proceeding is in progress before the Regional Judgments Department.

(vii) Contingency involving the subsidiary relating to ICMS disputes on sales with a reduced rate to non-taxpayers located outside the state. The proceedings in progress before the Taxpayers' Council of Rio de Janeiro state.

(viii) Contingency relating to ICMS disputes, due to the alleged issuance of tax documents with incorrect rates in sales to non-taxpayers located outside the state. The proceedings in progress before the Court of Appeal of São Paulo state.

(b) Contingent assets

The statement containing information about contingent assets has been detailed below, along with the chances of success, according to the legal advisers' opinion.

	Consolidated			
	2015		2014	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Contingency				
Tax	11,851	11,166	10,718	10,018
Social security	-	2,438	-	2,216
	11,851	13,604	10,718	12,234

(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 materials and consumables.

(ii) Social security contingencies

- National Institute of Social Security (INSS) contribution.

The Company has not only recorded contingency gains, since they are only recognized once the lawsuit has become 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 (principal), Syncroparts, Trading, Banco Moneo and Fundação Marcopolo. The total consolidated contributions in FY 2015 was R$ 16,543 (R$ 11,667 in 2014). The actuarial method for determining the plan's cost and contributions is the capitalization method. This is a mixed plan, with features that are both defined benefit, where the sponsor is solely responsible for the contributions, and defined contribution, where the sponsor and participant are responsible for the contributions on an optional basis.

As of December 31, 2015 and 2014, 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 as shown below.

The amounts recognized in the statement of financial position are as follows:

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Present value of actuarial obligations	(196,773)	(205,606)	(198,861)	(207,698)
Fair value of the plan's assets	219,711	210,184	222,042	212,329
Surplus not subject to refund or reduction in future contributions	(22,938)	(4,578)	(23,181)	(4,631)
Liability to be recognized	-	-	-	-

According to the retirement plan statute and the installment recorded for the supplementary retirement plan it is not possible to reimburse the amounts, increase the benefit or reduce future contributions. Therefore, the asset originated from the plan surplus was not recorded as of December 31, 2015.

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

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
January 01	-	-	-	-
Plan participant contributions	10,165	10,332	10,298	10,467
Actuarial losses (gains)	(10,165)	(10,332)	(10,298)	(10,467)
Net annual (Expenses)/revenue recognized	-	-	-	-
December 31	-	-	-	-

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

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
January 01	210,184	185,614	212,329	187,111
Sponsor contributions	10,165	10,332	10,298	10,467
Employee contributions	482	473	490	481
Benefits paid	(9,806)	(8,131)	(9,807)	(8,132)
Expected return on plan assets	8,686	21,896	8,732	22,402
December 31	219,711	210,184	222,042	212,329

Changes in the actuarial obligation in the presented periods are as follows:

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
January 01	205,606	182,605	207,698	184,084
Actuarial (Gains) losses	(27,666)	4,445	(28,049)	4,700
Cost of current services	4,545	4,332	4,675	4,502
Financial cost	23,612	21,882	23,854	22,063
Employee contributions	482	473	490	481
Benefits paid	(9,806)	(8,131)	(9,807)	(8,132)
December 31	196,773	205,606	198,861	207,698

The amounts recognized in the statement of income are:

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Cost of current services	4,545	4,332	4,675	4,502
Financial cost	(706)	(705)	(715)	(714)
Total included as personnel cost	3,839	3,627	3,960	3,788

The main actuarial premises at the reporting date are:

. **Economic hypotheses**

	Percentage p.a.			
	Parent company		**Consolidated**	
	2015	**2014**	**2015**	**2014**
Discount rate (*)	12.68	11.75	12.68	11.75
Expected return on plan assets	12.68	11.75	12.68	11.75
Future salary increases	7.52	8.36	7.52	8.36
Inflation	5.00	5.20	5.00	5.20

(*) The discount rate is: inflation 5.00% p.a. plus interest of 7.31 p.a. for 2015 (inflation 5.20% p.a. plus interest of 6.23% p.a. for 2014).

. **Demographic hypotheses**

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Mortality table	AT 2000	AT 2000	AT 2000	AT 2000
Invalid and mortality table	RRB 1983	RRB 1983	RRB 1983	RRB 1983
Disability rate table	RRB 1944	RRB 1944	RRB 1944	RRB 1944

. **Actuarial hypotheses and sensitivity analyses**

The sensitivity analysis table below for benefit plan obligations demonstrates the impact on actuarial exposure (12.68% p.a.) by changing the premises on the discount rate by 1 p.p.:

(i) Present value of obligation at December 31, 2015.

- Total	196,773

(ii) Significant actuarial hypotheses at December 31, 2015.

		Sensitivity Analysis	Effect on PVO
Discount rate	13.68%	1% increase	(18,149)
Discount rate	11.68%	1% decrease	21,983

(iii) Methods and hypotheses used in sensitivity analyses.

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

18 Income and social contribution taxes

(a) Deferred income and social contribution taxes

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

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Assets				
Provision for technical assistance	24,214	27,392	43,390	27,590
Provision for commissions	36,864	31,823	40,923	37,234
Allowance for doubtful accounts	5,175	6,826	24,952	36,222
Provision for profit sharing	18,118	25,189	19,493	27,713
Provision for contingencies	25,523	9,326	27,341	15,012
Provision for sureties with third parties	75	70	146	133
Provision for inventory losses	857	2,200	7,328	7,036
Provision for outsourced services	12,231	14,515	12,231	14,515
Provision for contractual termination	13,779	-	13,779	-
Appropriation of (gains) losses on derivatives	(155)	1,939	(882)	854
Adjustment to present value	2,590	(177)	2,919	189
Fiscal depreciation	(32,565)	(31,008)	(45,318)	(40,890)
Other provisions	11,956	5,102	36,451	40,574
Calculation basis	118,662	93,197	182,753	166,182
Statutory rate - %	34	34	34	34
Deferred income and social contribution taxes	40,345	31,687	62,136	56,502

(b) Estimated realization of deferred tax assets

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

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
13 months onwards	40,345	31,687	62,136	56,502
	40,345	31,687	62,136	56,502

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

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Reconciliation				
Profit before income and social contribution taxes	91,949	242,474	127,717	276,363
Statutory rate - %	34	34	34	34
	31,263	82,441	43,424	93,963
Permanent additions and exclusions				
Equity in net income of subsidiaries	(7,327)	(28,299)	(11,219)	(12,009)
Interest on shareholders' equity	(14,723)	(23,022)	(14,723)	(23,022)
PDI tax incentive (i)	(10,310)	(10,050)	(10,310)	(10,050)
D&O profit shares	(2,285)	(2,264)	(2,285)	(2,264)
IR/CS over foreign income	10,239	(238)	10,239	(238)
Tax loss of related companies	-	-	15,038	2,990
Other additions (exclusions)	(1,857)	1,754	8,470	2,923
	5,000	20,322	38,634	52,293
Income and social contribution taxes				
Current	(13,658)	(22,237)	(44,268)	(56,111)
Deferred charges	8,658	1,915	5,634	3,818
	5,000	20,322	38,634	52,293
Effective rate - %	5	8	30	19

(i) Incentive – Industrial development program.

19 Shareholders' equity

a) Capital

The parent company's authorized capital is 2,100,000,000 shares, consisting of 700,000,000 common shares and 1,400,000,000 preferred shares, all nominative with no par value.

As of On December 31, 2015, the subscribed and paid-in capital consisted of 896,900,084 (896,900,084 as of December 31, 2014) registered shares with no par value, of which 341,625,744 are common shares and 555,274,340 are preferred shares.

Of the total subscribed capital, 327,101,649 (325,475,079 as of December 31, 2014) preferred shares are held by stockholders abroad.

(b) Reserves

(i) Legal reserve

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

(ii) Statutory reserves

Marcopolo allocated at least 25% (twenty-five percent) of the remaining balance of profit to the payment of a minimum mandatory dividend on all Marcopolo shares. 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 net income 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 net income 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 Marcopolo's own shares, to be canceled, held in treasury and/or sold, and established at 15% of the remaining balance of net income for each year, but the balance cannot exceed 10% of share capital.

(c) Treasury stock

Treasury stock comprises 5,923,969 preferred nominative shares, purchased at the average cost of R$ 4.6379 (in reais) per share. In the year 1,171,646 preferred nominative shares were sold, at an average weight price of R$ 2.3800 per share, generating a negative balance of R$ 2,645. The market value of the treasury stock as of December 31, 2015 was R$ 27,475. According to article 168 (3) of Brazilian Corporation Law and CVM Instruction No. 390/03, the shares will be utilized to grant Marcopolo 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 9.249/95 and dividends

As permitted by Law 9249/95, Marcopolo calculated interest on shareholders’ equity based on the Long Term Interest Rate (TJLP) of the current period amounting to R$ 43,302 (R$ 67,714 in 2014), with R$ 21,651 paid after June 30, 2015, at the rate of R$ 0.0243 per share and R$ 21,651 from September 30, 2015, at the rate of R$ 0.0243 per share, for common shares and the same for preferred shares, which were recorded as a financial expense, as requested per local applicable fiscal law. For the purposes of these financial statements, this interest was eliminated from financial expenses for the year and was charged to retained earnings and credited to cash.

Income and social contribution taxes for the year decreased by approximately R$ 14,723 (R$ 23,022 in 2014), as a result of the deduction of interest on shareholders' equity when calculating these taxes.

Minimum mandatory dividends calculation:

	2015	2014
Net income for the year (parent company)	86,949	222,152
Legal reserve (5%)	(4,347)	(11,108)
Dividend calculation basis	82,602	211,044
Value of minimum mandatory dividends (25%)	20,651	52,761
Additional dividends proposed	22,651	14,953
Total dividends proposed per Management	43,302	67,714
Interim dividends paid	20,651	46,715
Minimum mandatory dividends payable - current liabilities	-	6,046
Additional dividends proposed	22,651	14,953
Interest on shareholders' equity attributed to dividends and paid in advance		
Gross	43,302	67,714
Income tax withheld at source (15%)	(6,495)	(10,157)
Income tax withheld at source suspended	1,487	2,478
Net value of credited interest	38,294	60,035
Net value of interest, credited dividends and proposed dividends	38,294	60,035

The amount of said interest was allocated to the minimum mandatory dividends declared in advance, as the current years concurs with item V of CVM Resolution number 207/96.

21 Insurance coverage

As of December 31, 2015 the Company has insurance coverage against fire and other risks to the property, plant and equipment and inventory at amounts deemed sufficient to cover any losses.

The main insurance policies cover:

		Consolidated	
Nature of assets	**Book value**	**2015**	**2014**
Inventories and storage	Fire and other risks	605,020	385,553
Buildings and contents	Fire and other risks	801,880	722,207
Vehicles	Collision and civil liability	35,714	9,381
		1,442,614	1,117,141

22 Guarantees

As of December 31, 2015, the Company had issued endorsements/sureties of R$ 18,582 (R$ 22,512 in 2014), in connection with the financing of customers by banks, which are secured by the respective assets financed, and a residual value of financed goods amounting to R$ 27,413 (R$ 37,161 in 2014) submitted as collateral for bank loans and contingencies.

23 Employee profit sharing

According to Law number 10101 of December 19, 2000, in 2015 Management opted to pay the employee profit sharing semiannually, paying a part in July 2015 and the remainder in February 2016.

The employee profit sharing was calculated in accordance with the terms established in the Marcopolo Targets/Efficiency Program Agreement (EFIMAR).
The amounts were classified in the statement of income as follows:

	Parent company		Consolidated	
	2015	2014	2015	2014
Cost of goods sold and services rendered	9,468	25,573	9,732	31,417
Sales expenses	2,619	4,445	2,630	4,491
Management expenses	2,920	3,918	4,905	6,750
	15,007	33,936	17,267	42,658

24 Revenue

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

	Parent company		Consolidated	
	2015	2014	2015	2014
Gross sales of products and services	2,058,158	2,897,431	3,193,687	4,107,639
Sales taxes and returns	(350,500)	(565,195)	(454,555)	(707,445)
Net revenue	1,707,658	2,332,236	2,739,132	3,400,194

25 Expenses by nature

	Parent company		Consolidated	
	2015	2014	2015	2014
Raw materials and consumables	916,528	1,391,502	1,508,508	2,013,257
Outsourced services and other	171,247	181,933	253,938	270,309
Direct compensation	366,788	422,823	634,096	653,058
D&O compensation	15,156	15,385	15,156	15,385
Employee profit shares	15,007	33,936	17,267	42,658
Depreciation and amortization charges	22,721	22,130	46,437	41,175
Private pension expenses	16,457	11,488	16,543	11,667
Other expenses	53,517	82,583	94,544	128,129
Total sales and distribution costs and expenses and administrative expenses	1,577,421	2,161,780	2,586,489	3,175,638

26 Financial income

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Finance income				
Interest and monetary variance earnings	8,944	6,883	15,910	8,245
Interest on derivatives	479	3,804	479	3,881
Income on short-term investments	93,966	63,114	101,174	75,594
Exchange variance	261,079	97,329	284,811	109,882
Exchange variance on derivatives	17,730	5,455	18,217	6,093
Present value adjustment of accounts receivable	21,605	28,426	28,590	36,544
	403,803	205,011	449,181	240,239
Finance expenses				
Interest on loans and financing	(68,411)	(50,151)	(75,943)	(59,056)
Interest on derivatives	(1,948)	-	(1,948)	-
Exchange variance	(329,426)	(109,382)	(360,368)	(118,112)
Exchange variance on derivatives	(8,961)	(16,236)	(10,502)	(16,977)
Bank expenses	(13,283)	(5,687)	(15,925)	(6,216)
Present value adjustment of accounts payable	(17,784)	(23,191)	(22,847)	(28,777)
	(439,813)	(204,647)	(487,533)	(229,138)
Financial income, net	(36,010)	364	(38,352)	11,101

27 Earnings per share

(a) Basic

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

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Profit attributable to Marcopolo shareholders	86,949	222,152	89,083	224,070
Weighted average number of shares issued (in thousands)	890,976	889,804	890,976	889,804
Earnings per share	0.0975	0.2497	0.0999	0.2518

(b) Diluted

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

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Profit attributable to Marcopolo shareholders	86,949	222,152	89,083	224,070
Weighted average number of shares issued (in thousands)	890,976	889,804	890,976	889,804
Adjustments:				
Exercising of share call options	5,924	7,096	5,924	7,096
Earnings per share	0.0969	0.2477	0.0993	0.2498

28 Statements of financial position and segment reporting

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

Statements of financial position

	Consolidated		Industrial		Finance	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Assets						
Current						
Cash and cash equivalents	1,131,162	642,615	1,111,998	615,112	19,164	27,503
Financial assets stated at fair value through profit and loss	184,866	241,786	184,866	241,786	-	-
Derivative financial instruments	1,803	1,088	1,803	1,088	-	-
Trade accounts receivable	1,032,600	1,150,598	678,442	823,031	354,158	327,567
Inventory	437,774	467,522	437,774	467,522	-	-
Other accounts receivable	200,714	164,456	154,971	109,822	45,743	54,634
	2,988,919	2,668,065	2,569,854	2,258,361	419,065	409,704
Noncurrent						
Financial assets stated at fair value through profit and loss	47,345	30,152	47,345	30,152	-	-
Trade accounts receivable	538,215	565,518	-	-	538,215	565,518
Other accounts receivable	76,318	72,192	74,421	69,286	1,897	2,906
Investment	516,129	403,270	516,129	403,270	-	-
Property, plant and equipment	561,340	435,024	560,948	434,467	392	557
Goodwill and intangible assets	310,597	264,344	310,154	263,857	443	487
	2,049,944	1,770,500	1,508,997	1,201,032	540,947	569,468
Total assets	5,038,863	4,438,565	4,078,851	3,459,393	960,012	979,172
Liabilities						
Current						
Trade accounts payable	249,138	286,709	249,138	286,709	-	-
Loans and financing	965,139	419,734	690,540	157,122	274,599	262,612
Derivative financial instruments	921	1,942	921	1,942	-	-
Other accounts payable	376,976	321,344	362,116	303,418	14,860	17,926
	1,592,174	1,029,729	1,302,715	749,191	289,459	280,538

	Consolidated		Industrial		Finance	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Noncurrent						
Loans and financing	1,509,707	1,691,191	1,065,107	1,204,151	444,600	487,040
Other accounts payable	74,799	46,634	74,799	46,634	-	-
	1,584,506	1,737,825	1,139,906	1,250,785	444,600	487,040
Minority interests	34,098	23,430	34,098	23,430	-	-
Shareholders' equity attributable to controlling shareholders	1,828,085	1,647,581	1,602,132	1,435,987	225,953	211,594
Total liabilities	5,038,863	4,438,565	4,078,851	3,459,393	960,012	979,172

Statements of operations income

	Consolidated		Industrial		Finance	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Operations						
Net revenue from sales and services	2,739,132	3,400,194	2,688,298	3,342,688	50,834	57,506
Cost of goods sold and services rendered	(2,263,165)	(2,807,859)	(2,263,165)	(2,807,859)	-	-
Gross profit	475,967	592,335	425,133	534,829	50,834	57,506
Operating income / expenses						
Sales expenses	(164,841)	(196,438)	(163,385)	(187,864)	(1,456)	(8,574)
Administrative expenses	(158,483)	(171,341)	(142,874)	(156,683)	(15,609)	(14,658)
Other net operating income (expenses)	(19,570)	5,386	(18,666)	6,377	(904)	(991)
Equity in net income of subsidiaries	32,996	35,320	32,996	35,320	-	-
Operating income	166,069	265,262	133,204	231,979	32,865	33,283
Financial income						
Finance income	449,181	240,239	449,181	240,239	-	-
Finance expenses	(487,533)	(229,138)	(487,533)	(229,138)	-	-
Profit before income and social contribution taxes	127,717	276,363	94,852	243,080	32,865	33,283
Income and social contribution taxes	(38,634)	(52,293)	(24,600)	(38,831)	(14,034)	(13,462)
Net income for the year	89,083	224,070	70,252	204,249	18,831	19,821

29 Statements of cash flow by business segment – indirect method

	Consolidated		Industrial Segment		Financial Segment	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Cash flows from operating activities						
Net income for the year	**89,083**	**224,070**	**70,252**	**204,249**	**18,831**	**19,821**
Reconciliation of income (loss) to cash provided by operating activities:						
Depreciation and amortization	46,437	41,175	46,148	40,903	289	272
Gain on sale of investment assets, property, plant and equipment and intangible assets	2,901	12,403	2,762	12,403	139	-
Equity in net income of subsidiaries	(32,996)	(35,320)	(32,996)	(35,320)	-	-
Allowance for doubtful accounts	(4,643)	14,641	(2,989)	9,072	(1,654)	5,569
Current and deferred income and social contribution taxes	38,634	52,293	24,600	38,831	14,034	13,462
Interest and exchange variance appropriated	160,095	86,965	133,907	78,986	26,188	7,979
Minority interests	2,134	3,020	2,134	3,020	-	-
Changes in assets and liabilities						
Decrease (increase) in trade accounts receivable	168,653	(34,975)	166,287	39,414	2,366	(74,389)
Decrease (increase) in securities	39,012	(102,309)	39,012	(102,309)	-	-
Decrease (increase) in inventories	64,251	(10,441)	64,251	(10,441)	-	-
(Increase) decrease in other accounts receivable	(29,562)	(24,364)	(39,462)	(12,502)	9,900	(11,862)
(Decrease) in trade payables	(56,318)	(27,767)	(56,318)	(27,767)	-	-
Increase (decrease) in accounts payable and provisions	47,835	(71,327)	51,675	(69,579)	(3,840)	(1,748)
Cash produced by operating activities	**535,516**	**128,064**	**469,263**	**168,960**	**66,253**	**(40,896)**
Taxes on profit paid	(44,268)	(56,111)	(31,243)	(43,913)	(13,025)	(12,198)
Net cash provided by operating activities	**491,248**	**71,953**	**438,020**	**125,047**	**53,228**	**(53,094)**
Cash flows produced by investment						
Investment	(128)	-	(128)	-	-	-
Dividends from subsidiaries, joint ventures and associated companies	28,621	28,986	28,621	28,986	-	-
Additions to property, plant and equipment	(158,265)	(134,028)	(158,146)	(134,018)	(119)	(10)
Acquisition of intangible assets	(1,734)	(2,921)	(1,634)	(2,875)	(100)	(46)
Receipt on sale of property, plant and equipment	3,922	639	3,922	639	-	-
Net cash provided by investment activities	**(127,584)**	**(107,324)**	**(127,365)**	**(107,268)**	**(219)**	**(56)**
Cash flows from financing activities						
Treasury shares	2,788	(15,553)	2,788	(15,553)	-	-
Loans secured from unrelated parties	767,717	697,329	530,954	388,780	236,763	308,549
Payment of loans – principal	(525,072)	(444,862)	(256,427)	(206,607)	(268,645)	(238,255)
Payment of loans – interest	(65,158)	(67,422)	(40,399)	(49,387)	(24,759)	(18,035)
Payment of interest in shareholders' equity and dividends	(86,935)	(121,897)	(82,228)	(116,100)	(4,707)	(5,797)
Net cash used in financing activities	**93,340**	**47,595**	**154,688**	**1,133**	**(61,348)**	**46,462**
Exchange variance on cash and cash equivalents	31,543	5,674	31,543	5,674	-	-
Net increase/(decrease) in cash and cash	**488,547**	**17,898**	**496,886**	**24,586**	**(8,339)**	**(6,688)**

	Consolidated		Industrial Segment		Financial Segment	
	2015	2014	2015	2014	2015	2014
equivalents						
Cash and cash equivalents at beginning of year	642,615	624,717	615,112	590,526	27,503	34,191
Cash and cash equivalents at end of year	1,131,162	642,615	1,111,998	615,112	19,164	27,503

30 Additional information

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

(a) Net revenue by geographic area

	Consolidated	
	2015	2014
Brazil	2,009,525	2,743,900
Africa	98,275	86,861
Australia	324,149	255,595
China	67,045	64,639
Russia	-	356
Mexico	240,138	248,843
	2,739,132	3,400,194

(b) Property, plant and equipment, goodwill and intangible assets by geographic area

	Consolidated	
	2015	2014
Brazil	581,383	464,965
Africa	12,699	11,770
Australia	162,507	130,355
Canada	88,943	72,360
China	6,098	3,903
Mexico	20,237	15,968
Uruguay	70	47
	871,937	699,368

31 Subsequent Event

As per the press release issued November 03, 2015, Marcopolo's Board of Directors has approved the signing of a non-binding letter of intent which establishes the bases and principles for a potential acquisition of L&M, the direct parent company of San Marino Ônibus Ltda. (Neobus). The Company is still waiting for approval by anti-trust authorities and completion of the due diligence process.

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