Marcopolo S.A.

Quarterly Information at September 30, 2016 and Report on Review of Quarterly Information

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

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 9/30/2016 - MARCOPOLO SA

Contents

(A free translation of the original in Portuguese)

Company Information / Capital Composition

Number of shares (units)	Current quarter 9/30/2016
Paid-up capital	
Common shares	341,625,744
Preferred shares	567,382,491
Total	909,008,235
Treasury shares	
Common shares	-
Preferred shares	4,949,901
Total	4,949,901

(A free translation of the original in Portuguese)

Parent Company Financial Statements / Balance Sheet - Assets

(Thousands of Reais)

1 – Account Code	2 – Account Description	Current quarter 9/30/2016	Previous year 12/31/2015
1	Total assets	3,641,758	3,766,649
1.01	Current assets	2,120,212	1,992,268
1.01.01	Cash and cash equivalents	1,025,822	923,243
1.01.02	Short-term investments	190,911	185,195
1.01.02.01	Short-term investments valued at Fair Value	190,911	185,195
1.01.02.01.01	Marketable Securities	190,911	185,195
1.01.03	Accounts Receivable	474,738	551,232
1.01.03.01	Trade accounts receivable	474,738	551,232
1.01.04	Inventory	236,136	226,532
1.01.06	Recoverable Taxes	165,923	73,341
1.01.06.01	Current taxes recoverable	165,923	73,341
1.01.08	Other current assets	26,682	32,725
1.01.08.03	Other	26,682	32,725
1.02	Noncurrent Assets	1,521,546	1,774,381
1.02.01	Long-term Assets	78,481	161,286
1.02.01.01	Short-term investments valued at Fair Value	70,888	114,878
1.02.01.01.02	Available-for-sale securities	70,888	114,878
1.02.01.03	Accounts Receivable	7,593	6,063
1.02.01.03.02	Other Accounts Receivable	7,593	6,063
1.02.01.06	Deferred taxes	0	40,345
1.02.01.06.01	Deferred income tax and social contribution	0	40,345
1.02.02	Investments	1,227,829	1,385,629
1.02.02.01	Equity interests	1,227,829	1,385,629
1.02.02.01.01	Interests in Associated Companies	20,059	15,650
1.02.02.01.02	Interests in subsidiaries	1,108,426	1,197,584
1.02.02.01.03	Interests in Joint Ventures	99,344	172,395
1.02.03	Property, plant and equipment	210,817	221,892
1.02.03.01	Property, plant and equipment in operation	210,817	221,892
1.02.04	Intangible assets	4,419	5,574
1.02.04.01	Intangible assets	4,419	5,574

(A free translation of the original in Portuguese)

Parent Company Financial Statements / Balance Sheet - Liabilities and Equity

(Thousands of Reais)

1 – Account Code	2 – Account Description	Current quarter 9/30/2016	Previous year 12/31/2015
2	Total liabilities	3,641,758	3,766,649
2.01	Current liabilities	894,332	975,992
2.01.01	Social and labor obligations	103,439	55,752
2.01.01.02	Labor obligations	103,439	55,752
2.01.02	Trade payables	168,849	163,337
2.01.02.01	Domestic Trade payables	164,391	159,419
2.01.02.02	Foreign Trade payables	4,458	3,918
2.01.03	Tax obligations	51,905	26,624
2.01.03.01	Federal tax liabilities	51,227	25,733
2.01.03.01.01	Income taxes and contribuitions payable	51,227	25,733
2.01.03.02	State tax liabilities	637	721
2.01.03.03	Municipal tax liabilities	41	170
2.01.04	Loans and Financing	436,684	582,856
2.01.04.01	Loans and Financing	436,684	582,856
2.01.04.01.01	In local currency	226,102	411,656
2.01.04.01.02	Foreign currency	210,582	171,200
2.01.05	Other obligations	133,455	147,423
2.01.05.02	Other	133,455	147,423
2.01.05.02.04	Advances from customers	27,801	44,337
2.01.05.02.05	Representatives on commission	28,746	39,437
2.01.05.02.06	D&O profit shares	4,819	6,720
2.01.05.02.07	Other current accounts payable	72,089	56,929
2.02	Noncurrent liabilities	834,996	962,572
2.02.01	Loans and financing	789,101	937,049
2.02.01.01	Loans and financing	789,101	937,049
2.02.01.01.01	In local currency	678,585	646,062
2.02.01.01.02	Foreign currency	110,516	290,987
2.02.03	Deferred taxes	16,239	0
2.02.03.01	Deferred income tax and social contribution	16,239	0
2.02.04	Provisions	29,656	25,523
2.02.04.01	Tax, welfare and civil contingencies	29,656	25,523
2.02.04.01.01	Tax provisions	14,615	13,494
2.02.04.01.02	Social security and labor provisions	15,041	12,029
2.03	Shareholders' equity	1,912,430	1,828,085
2.03.01	Realized capital	1,220,915	1,200,000
2.03.02	Capital reserves	(5,037)	(2,321)
2.03.02.04	Options granted	(5,037)	(2,321)
2.03.04	Profit reserves	379,042	374,524
2.03.04.01	Legal reserve	38,361	38,361
2.03.04.02	Statutory reserve	363,638	363,638
2.03.04.09	Treasury shares	(22,957)	(27,475)
2.03.05	Retained earnings/accumulated losses	228,779	-
2.03.06	Equity valuation adjustments	88,731	255,882

Parent Company Financial Statements / Statement of Income

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current quarter 7/1/2016 to 9/30/2016	Accrued value of the current year 1/1/2016 to 9/30/2016	Accrued value of the current quarter 7/1/2015 to 9/30/2015	Accrued value of the prior year 1/1/2015 to 9/30/2015
3.01	Revenue from goods sold and services provided	434,679	1,141,372	404,308	1,187,713
3.02	Cost of goods and/or services sold	(375,013)	(988,076)	(322,046)	(950,476)
3.03	Gross profit	59,666	153,296	82,262	237,237
3.04	Operating (expenses) income	167,059	82,534	(50,392)	(122,553)
3.04.01	Sales expenses	(29,968)	(68,465)	(29,569)	(84,743)
3.04.02	General and administrative expenses	(26,361)	(67,953)	(22,257)	(64,902)
3.04.05	Other operating expenses	(36,386)	(54,846)	(5,399)	(14,371)
3.04.06	Equity in net income of subsidiaries	259,774	273,798	6,833	41,463
3.05	Net income (loss) from operations	226,725	235,830	31,870	114,684
3.06	Financial Income/loss	12,463	76,230	(29,253)	(46,970)
3.06.01	Financial revenue	83,542	400,874	120,255	280,158
3.06.02	Financial expenses	(71,079)	(324,644)	(149,508)	(327,128)
3.07	Profit before income tax and social contribution	239,188	312,060	2,617	67,714
3.08	Income taxes and social contribution	(62,165)	(83,281)	4,755	10,216
3.08.01	Current	(12,055)	(26,697)	4,761	3,986
3.08.02	Deferred charges	(50,110)	(56,584)	(6)	6,230
3.09	Net income from continued operations	177,023	228,779	7,372	77,930
3.11	Net income/loss for the period	177,023	228,779	7,372	77,930
3.99	Earnings per share - (reais/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common	0.19581	0.25306	0.00827	0.08747
3.99.01.02	Preferred	0.19581	0.25306	0.00827	0.08747
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common	0.19474	0.25168	0.00822	0.08689
3.99.02.02	Preferred	0.19474	0.25168	0.00822	0.08689

(A free translation of the original in Portuguese)

Parent Company Financial Statements / Statement of Comprehensive Income

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current quarter 7/1/2016 to 9/30/2016	Accrued value of the current year 1/1/2016 to 9/30/2016	Accrued value of the current quarter 7/1/2015 to 9/30/2015	Accrued value of the prior year 1/1/2015 to 9/30/2015
4.01	Net income for the period	177,023	228,779	7,372	77,930
4.02	Other comprehensive income/loss	(1,416)	(167,151)	147,952	221,055
4.02.01	Exchange variance on foreign investments	(1,416)	(167,151)	153,977	230,020
4.02.02	Actuarial losses over employees benefits	-	-	(9,056)	(13,469)
4.02.03	Deferred tax income and social contribution over actuarial gains/losses	-	-	3,080	4,580
4.02.04	Result of comprehensive income of subsidiaries	-	-	(49)	(76)
4.03	Comprehensive income for the period	175,607	61,628	155,324	298,985

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

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2016 to 9/30/2016	Accrued value of the prior year 1/1/2015 to 9/30/2015
6.01	Cash flows from operating activities	(28,989)	224,955
6.01.01	Cash flows from operating activities	(87,935)	252,604
6.01.01.01	Net income for the year	228,779	77,930
6.01.01.02	Depreciation and amortization	16,419	17,211
6.01.01.03	Earnings on disposal of investments, property, plant and equipment and intangible assets	683	701
6.01.01.04	Equity in net income of subsidiaries	(273,798)	(41,463)
6.01.01.05	Allowance for doubtful accounts	234	3,491
6.01.01.06	Current and deferred income tax and social contribution	83,281	(10,216)
6.01.01.07	Interest and exchange variance appropriated	(143,533)	204,950
6.01.02	Changes in assets and liabilities	58,946	(27,649)
6.01.02.01	(Increase) decrease in trade accounts receivable	76,260	61,776
6.01.02.02	(Increase) decrease in inventories	(9,604)	10,964
6.01.02.03	(Increase) decrease in other accounts receivable	(47,724)	(38,179)
6.01.02.04	(Increase) decrease in assets stated at fai value	38,410	(68,351)
6.01.02.05	Increase (decrease) in trade payables	5,512	(77,527)
6.01.02.06	Increase (decrease) in actuarial benefits	0	13,469
6.01.02.07	Increase (decrease) in other accounts and provisions	22,789	66,213
6.01.02.08	Income taxes paid	(26,697)	3,986
6.02	Cash flow from investment activities	259,575	(27,073)
6.02.01	Investments	(82,734)	(39,884)
6.02.02	Dividends from subsidiaries, jointly-controlled entities and associates	347,181	26,075
6.02.03	Purchases of property, plant and equipment	(4,637)	(11,930)
6.02.04	Purchases of intangible assets	(254)	(1,418)
6.02.05	Receipt on sale of property, plant and equipment	19	84
6.03	Cash flow from financing activities	(128,007)	83,705
6.03.02	Loans secured from unrelated parties	277,113	256,770
6.03.03	Payment of loans – principal	(380,665)	(65,806)
6.03.04	Payment of loans – interest	(47,172)	(23,114)
6.03.05	Payment of interest in shareholders’ equity and dividends	0	(86,933)
6.03.06	Treasury shares	1,802	2,788
6.03.07	Stock issue	20,915	0
6.05	Increase (decrease) in cash and cash equivalents	102,579	281,587
6.05.01	Opening balance of cash and cash equivalents	923,243	433,561
6.05.02	Closing balance of cash and cash equivalents	1,025,822	715,148

Parent Company Financial Statements /Statement of Changes in Equity - 1/1/2016 to 9/30/2016

(Thousands of Reais)

1 – Account Code	2 – Account Description	Paid-up share capital	Capital reserves, options awarded and treasury shares	Profit reserves	Retained earnings / accumulated losses	Other comprehensive income / loss	Shareholders' equity
5.01	Opening balances	1,200,000	(29,796)	401,999	-	255,882	1,828,085
5.03	Adjusted opening balances	1,200,000	(29,796)	401,999	-	255,882	1,828,085
5.04	Capital transactions with partners	20,915	1,802	-	-	-	22,717
5.04.01	Capital increase	20,915	-	-	-	-	20,915
5.04.05	Treasury stock sold	-	1,802	-	-	-	1,802
5.05	Total comprehensive income/loss	-	-	-	228,779	(167,151)	61,628
5.05.01	Net income for the period	-	-	-	228,779	-	228,779
5.05.02	Other comprehensive income/loss	-	-	-	-	(167,151)	(167,151)
5.05.02.04	Translation adjustments in the period	-	-	-	-	(167,151)	(167,151)
5.07	Closing balances	1,220,915	(27,994)	401,999	228,779	88,731	1,912,430

Parent Company Financial Statements /Statement of Changes in Equity - 1/1/2015 to 9/30/2015

(Thousands of Reais)

1 – Account Code	2 – Account Description	Paid-up share capital	Capital reserves, options awarded and treasury shares	Profit reserves	Retained earnings / accumulated losses	Other comprehensive income / loss	Shareholders' equity
5.01	Opening balances	1,200,000	(32,584)	403,469	-	76,696	1,647,581
5.03	Adjusted opening balances	1,200,000	(32,584)	403,469	-	76,696	1,647,581
5.04	Capital transactions with partners	-	2,788	(45,117)	(43,302)	-	(85,631)
5.04.05	Treasury stock sold	-	2,788	-	-	-	2,788
5.04.07	Interest in shareholders' equity	-	-	(45,117)	(43,302)	-	(88,419)
5.05	Total comprehensive income/loss	-	-	-	77,930	221,055	298,985
5.05.01	Net income for the period	-	-	-	77,930	-	77,930
5.05.02	Other comprehensive income/loss	-	-	-	-	221,055	221,055
5.05.02.04	Translation adjustments in the period	-	-	-	-	221,055	221,055
5.07	Closing balances	1,200,000	(29,796)	358,352	34,628	297,751	1,860,935

Parent Company Financial Statements / Statement of Value Added

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2016 to 9/30/2016	Accrued value of the prior year 1/1/2015 to 9/30/2015
7.01	Revenue	1,253,934	1,333,875
7.01.01	Sales of goods, products and services	1,250,910	1,314,663
7.01.02	Other revenue	3,258	22,703
7.01.04	Allowance/(reversal of allowance) for doubtful accounts	(234)	(3,491)
7.02	Consumables acquired from third parties	(982,279)	(938,676)
7.02.01	Cost of goods and services sold	(822,606)	(787,260)
7.02.02	Materials, energy, outsourced services and other	(101,569)	(114,342)
7.02.03	Loss/recovery of assets	(58,104)	(37,074)
7.03	Gross value added	271,655	395,199
7.04	Retentions	(16,419)	(17,211)
7.04.01	Depreciation, amortization and depletion	(16,419)	(17,211)
7.05	Net added value produced	255,236	377,988
7.06	Transferred added value	674,672	321,621
7.06.01	Equity in net income of subsidiaries	273,798	41,463
7.06.02	Financial revenue	400,874	280,158
7.07	Total added value to be distributed	929,908	699,609
7.08	Distribution of added value	929,908	699,609
7.08.01	Personnel	328,610	336,050
7.08.01.01	Direct remuneration	260,293	261,208
7.08.01.02	Benefits	48,312	43,417
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	20,005	31,425
7.08.02	Taxes, duties and contributions	45,424	(46,432)
7.08.02.01	Federal	79,915	(20,787)
7.08.02.02	State	(35,297)	(26,330)
7.08.02.03	Municipal	806	685
7.08.03	Interest expenses	327,095	332,061
7.08.03.01	Interest	324,644	327,128
7.08.03.02	Rent	2,451	4,933
7.08.04	Interest earnings	228,779	77,930
7.08.04.01	Interest on shareholders’ equity	0	46,715
7.08.04.03	Retained earnings / loss for the period	228,779	31,215

(A free translation of the original in Portuguese)

Consolidated Financial Statements / Balance Sheet - Assets

(Thousands of Reais)

1 – Account Code	2 – Account Description	Current quarter 9/30/2016	Previous year 12/31/2015
1	Total assets	5,173,358	5,038,863
1.01	Current assets	3,290,023	2,988,919
1.01.01	Cash and cash equivalents	1,361,671	1,131,162
1.01.02	Short-term investments	193,019	186,669
1.01.02.01	Short-term investments valued at Fair Value	193,019	186,669
1.01.02.01.01	Marketable Securities	193,019	186,669
1.01.03	Accounts Receivable	940,654	1,032,600
1.01.03.01	Trade accounts receivable	940,654	1,032,600
1.01.04	Inventory	498,436	437,774
1.01.06	Recoverable Taxes	187,678	118,836
1.01.06.01	Current taxes recoverable	187,678	118,836
1.01.08	Other current assets	108,565	82,328
1.01.08.03	Other	108,565	82,328
1.02	Noncurrent Assets	1,883,335	2,049,944
1.02.01	Long-term Assets	586,556	661,878
1.02.01.01	Short-term investments valued at Fair Value	32,354	47,345
1.02.01.01.02	Available-for-sale securities	32,354	47,345
1.02.01.03	Accounts Receivable	520,782	552,397
1.02.01.03.01	Trade accounts Receivable	488,284	538,215
1.02.01.03.02	Other Accounts Receivable	32,498	14,182
1.02.01.06	Deferred taxes	33,420	62,136
1.02.01.06.01	Deferred income tax and social contribution	33,420	62,136
1.02.02	Investments	311,606	516,129
1.02.02.01	Equity interests	311,606	516,129
1.02.02.01.01	Interests in Associated Companies	311,425	515,990
1.02.02.01.04	Interests in subsidiaries	181	139
1.02.03	Property, plant and equipment	760,216	561,340
1.02.03.01	Property, plant and equipment in operation	760,216	561,340
1.02.04	Intangible assets	224,957	310,597
1.02.04.01	Intangible assets	224,957	310,597

(A free translation of the original in Portuguese)

Consolidated Financial Statements / Balance Sheet - Liabilities and Equity

(Thousands of Reais)

1 – Account Code	2 – Account Description	Current quarter 9/30/2016	Previous year 12/31/2015
2	Total liabilities and equity	5,173,358	5,038,863
2.01	Current liabilities	1,741,831	1,592,174
2.01.01	Social and labor obligations	143,466	78,803
2.01.01.01	Payroll obrigations	143,466	78,803
2.01.02	Trade payables	253,618	249,138
2.01.02.01	Domestic trade payables	204,223	193,660
2.01.02.02	Foreign trade payables	49,395	55,478
2.01.03	Tax obligations	122,736	62,817
2.01.03.01	Federal tax liabilities	121,110	60,994
2.01.03.01.01	Income taxes and contributions payable	121,110	60,994
2.01.03.02	State tax liabilities	1,569	1,495
2.01.03.03	Municipal tax liabilities	57	328
2.01.04	Loans and financing	963,411	966,060
2.01.04.01	Loans and financing	963,411	966,060
2.01.04.01.01	In local currency	542,243	692,031
2.01.04.01.02	Foreign currency	421,168	274,029
2.01.05	Other obligations	258,600	235,356
2.01.05.02	Other	258,600	235,356
2.01.05.02.04	Advances from customers	52,621	64,193
2.01.05.02.05	Representatives on commission	36,797	45,386
2.01.05.02.06	D&O profit shares	4,819	6,720
2.01.05.02.07	Other current accounts payable	164,363	119,057
2.02	Noncurrent liabilities	1,488,802	1,584,506
2.02.01	Loans and financing	1,426,561	1,509,707
2.02.01.01	Loans and financing	1,426,561	1,509,707
2.02.01.01.01	In local currency	1,315,079	1,218,096
2.02.01.01.02	Foreign currency	111,482	291,611
2.02.02	Other obligations	28,449	47,458
2.02.02.02	Other	28,449	47,458
2.02.02.02.03	Obligations to purchase equity interests	28,449	47,458
2.02.04	Provisions	33,792	27,341
2.02.04.01	Tax, welfare and civil contingencies	33,792	27,341
2.02.04.01.01	Tax provisions	14,811	13,688
2.02.04.01.02	Social security and labor provisions	18,981	13,653
2.03	Consolidated shareholders' equity	1,942,725	1,862,183
2.03.01	Realized capital	1,220,915	1,200,000
2.03.02	Capital reserves	(5,037)	(2,321)
2.03.02.04	Options granted	(5,037)	(2,321)
2.03.04	Profit reserves	379,042	374,524
2.03.04.01	Legal reserve	38,361	38,361
2.03.04.02	Statutory reserve	363,638	363,638
2.03.04.09	Treasury stock	(22,957)	(27,475)
2.03.05	Retained earnings/accumulated losses	228,779	-
2.03.06	Ajustes Acumulados de Conversão	88,731	255,882
2.03.09	Non-controlling interests	30,295	34,098

(A free translation of the original in Portuguese)

Consolidated Financial Statements / Statement of Income

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current quarter 7/1/2016 to 9/30/2016	Accrued value of the current year 1/1/2016 to 9/30/2016	Accrued value of the current quarter 7/1/2015 to 9/30/2015	Accrued value of the prior year 1/1/2015 to 9/30/2015
3.01	Revenue from goods sold and services provided	708,163	1,756,229	658,644	1,951,729
3.02	Cost of goods and/or services sold	(630,397)	(1,519,782)	(544,831)	(1,624,544)
3.03	Gross profit	77,766	236,447	113,813	327,185
3.04	Operating (expenses) income	202,179	68,724	(75,238)	(196,898)
3.04.01	Sales expenses	(44,730)	(100,179)	(39,823)	(113,277)
3.04.02	General and administrative expenses	(44,252)	(117,435)	(39,318)	(117,269)
3.04.04	Other operating income	226,223	199,892	0	0
3.04.05	Other operating expenses	0	0	(4,853)	(9,292)
3.04.06	Equity in net income of subsidiaries	64,938	86,446	8,756	42,940
3.05	Net income (loss) from operations	279,945	305,171	38,575	130,287
3.06	Financial Income/loss	8,946	70,089	(29,267)	(46,671)
3.06.01	Financial revenue	94,361	427,775	142,448	316,741
3.06.02	Financial expenses	(85,415)	(357,686)	(171,715)	(363,412)
3.07	Profit before income tax and social contribution	288,891	375,260	9,308	83,616
3.08	Income taxes and social contribution	(110,464)	(144,804)	(1,276)	(4,431)
3.08.01	Current	(93,860)	(116,088)	(6,644)	(20,707)
3.08.02	Deferred charges	(16,604)	(28,716)	5,368	16,276
3.09	Net income from continued operations	178,427	230,456	8,032	79,185
3.11	Consolidated net income/loss for the period	178,427	230,456	8,032	79,185
3.11.01	Attributed to partners of the parent Company	177,023	228,779	7,167	77,930
3.11.02	Attributed to non-controlling interests	1,404	1,677	865	1,255
3.99	Earnings per share (Reais / Share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common	0.19736	0.25491	0.00901	0.08887
3.99.01.02	Preferred	0.19736	0.25491	0.00901	0.08887
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common	0.19629	0.25352	0.00896	0.08829
3.99.02.02	Preferred	0.19629	0.25352	0.00896	0.08829

Consolidated Financial Statements / Statement of Comprehensive Income

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current quarter 7/1/2016 to 9/30/2016	Accrued value of the current year 1/1/2016 to 9/30/2016	Accrued value of the current quarter 7/1/2015 to 9/30/2015	Accrued value of the prior year 1/1/2015 to 9/30/2015
4.01	Consolidated net income for the period	178,427	230,456	8,032	79,185
4.02	Other comprehensive income/loss	(1,105)	(172,631)	154,963	230,140
4.02.01	Exchange variance on foreign investments	(1,105)	(172,631)	160,988	239,105
4.02.02	Actuarial losses over employees benefits	-	-	(9,149)	(13,607)
4.02.03	Deferred tax income and social contribution over actuarial gains/losses	-	-	3,124	4,642
4.03	Consolidated comprehensive income for the period	177,322	57,825	162,995	309,325
4.03.01	Attributed to partners of the parent Company	175,607	61,628	155,324	298,985
4.03.02	Attributed to non-controlling interests	1,715	(3,803)	7,671	10,340

Consolidated Financial Statements / Statement of Cash Flows - Indirect Method

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2016 to 9/30/2016	Accrued value of the prior year 1/1/2015 to 9/30/2015
6.01	Cash flows from operating activities	474,714	295,545
6.01.01	Cash flows from operating activities	394,992	306,401
6.01.01.01	Net income for the year	230,456	79,185
6.01.01.02	Depreciation and amortization	36,748	35,238
6.01.01.03	Earnings on disposal of investments, property, plant and equipment and intangible assets	171,549	2,163
6.01.01.04	Equity in net income of subsidiaries	(86,446)	(42,940)
6.01.01.05	Allowance for doubtful accounts	4,642	(179)
6.01.01.06	Current and deferred income tax and social contribution	144,806	4,431
6.01.01.07	Interest and exchange variance appropriated	(108,440)	227,248
6.01.01.08	Non-controlling interests	1,677	1,255
6.01.02	Changes in assets and liabilities	79,722	(10,856)
6.01.02.01	(Increase) decrease in trade accounts receivable	226,508	112,693
6.01.02.02	(Increase) decrease in inventories	(21,690)	(4,506)
6.01.02.03	(Increase) decrease in other accounts receivable	(21,240)	(62,935)
6.01.02.04	(Increase) decrease in assets stated at fai value	10,754	(38,137)
6.01.02.05	Increase (decrease) in trade payables	(29,898)	(102,728)
6.01.02.06	Increase (decrease) in actuarial benefits	-	13,607
6.01.02.07	Increase (decrease) in other accounts and provisions	31,376	91,857
6.01.02.08	Tax paid	(116,088)	(20,707)
6.02	Cash flow from investment activities	(44,991)	(93,277)
6.02.01	Investments	-	(628)
6.02.02	Acquisition of interest in subsidiary	4,127	-
6.02.03	Dividends from subsidiaries, jointly-controlled entities and associates	16,020	24,830
6.02.04	Purchases of property, plant and equipment	(63,441)	(115,955)
6.02.05	Purchases of intangible assets	(1,731)	(1,608)
6.02.06	Receipt on sale of property, plant and equipment	34	84
6.03	Cash flow from financing activities	(182,834)	48,287
6.03.02	Loans secured from unrelated parties	556,798	559,546
6.03.03	Payment of loans – principal	(681,992)	(381,774)
6.03.04	Payment of loans – interest	(80,357)	(45,340)
6.03.05	Payment of interest in shareholders' equity and dividends	-	(86,933)
6.03.06	Treasury shares	1,802	2,788
6.03.07	Stock issue	20,915	-
6.04	Foreign exchange gains/(losses) on cash equivalents	(16,380)	35,993
6.05	Increase (decrease) in cash and cash equivalents	230,509	286,548
6.05.01	Opening balance of cash and cash equivalents	1,131,162	642,615
6.05.02	Closing balance of cash and cash equivalents	1,361,671	929,163

Consolidated Financial Statements /Statement of Changes in Equity - 1/1/2016 to 9/30/2016

(Thousands of Reais)

1 – Account Code	2 – Account Description	Paid-up share capital	Capital reserves, options awarded and treasury shares	Profit reserves	Retained earnings / accumulated losses	Other comprehensive income / loss	Shareholders' equity	Non-controlling interests	Consolidated Shareholders equity
5.01	Opening balances	1,200,000	(29,796)	401,999	-	255,882	1,828,085	34,098	1,862,183
5.03	Adjusted opening balances	1,200,000	(29,796)	401,999	-	255,582	1,828,085	34,098	1,862,183
5.04	Capital transactions with partners	20,915	1,802	-	-	-	22,717	-	22,717
5.04.01	Capital increase	20,915	-	-	-	-	20,915	-	20,915
5.04.05	Treasury stock sold	-	1,802	-	-	-	1,802	-	1,802
5.05	Total comprehensive income	-	-	-	228,779	(167,151)	61,628	(3,803)	57,825
5.05.01	Net income for the period	-	-	-	228,779	-	228,779	1,677	230,456
5.05.02	Other comprehensive income/loss	-	-	-	-	(167,151)	(167,151)	(5,480)	(172,631)
5.05.02.04	Translation adjustments in the period	-	-	-	-	(167,151)	(167,151)	(5,480)	(172,631)
5.07	Closing balances	1,220,915	(27,994)	401,999	228,779	88,731	1,912,430	30,295	1,942,725

Consolidated Financial Statements /Statement of Changes in Equity - 1/1/2015 to 9/30/2015

(Thousands of Reais)

1 – Account Code	2 – Account Description	Paid-up share capital	Capital reserves, options awarded and treasury shares	Profit reserves	Retained earnings / accumulated losses	Other comprehensive income / loss	Shareholders' equity	Non-controlling interests	Consolidated Shareholders equity
5.01	Opening balances	1,200,000	(32,584)	403,469	-	76,696	1,647,581	23,430	1,671,011
5.03	Adjusted opening balances	1,200,000	(32,584)	403,469	-	76,696	1,647,581	23,430	1,671,011
5.04	Capital transactions with partners	-	2,788	(45,117)	(43,302)	-	(85,631)	-	(85,631)
5.04.05	Treasury stock sold	-	2,788	-	-	-	2,788	-	2,788
5.04.07	Interest in shareholders' equity	-	-	(45,117)	(43,302)	-	(88,419)	-	(88,419)
5.05	Total comprehensive income	-	-	-	77,930	221,055	298,985	10,340	309,325
5.05.01	Net income for the period	-	-	-	77,930	-	77,930	1,255	79,185
5.05.02	Other comprehensive income/loss	-	-	-	-	221,055	221,055	9,085	230,140
5.05.02.04	Translation adjustments in the period	-	-	-	-	221,055	221,055	9,085	230,140
5.07	Closing balances	1,200,000	(29,796)	358,352	34,628	297,751	1,860,935	33,770	1,894,705

Consolidated Financial Statements / Statement of Value Added

(Thousands of Reais)

1 – Account Code	2 – Account Description	Accrued value of the current year 1/1/2016 to 9/30/2016	Accrued value of the prior year 1/1/2015 to 9/30/2015
7.01	Revenue	1,825,180	2,162,046
7.01.01	Sales of goods, products and services	1,841,296	2,133,690
7.01.02	Other revenue	(11,474)	28,177
7.01.04	Allowance/(reversal of allowance) for doubtful accounts	(4,642)	179
7.02	Consumables acquired from third parties	(1,111,757)	(1,485,291)
7.02.01	Cost of goods and services sold	(1,161,912)	(1,263,891)
7.02.02	Materials, energy, outsourced services and other	(161,212)	(183,931)
7.02.03	Loss/recovery of assets	211,367	(37,469)
7.03	Gross value added	713,423	676,755
7.04	Retentions	(36,748)	(35,238)
7.04.01	Depreciation, amortization and depletion	(36,748)	(35,238)
7.05	Net added value produced	676,675	641,517
7.06	Transferred added value	514,221	359,681
7.06.01	Equity in net income of subsidiaries	86,446	42,940
7.06.02	Financial revenue	427,775	316,741
7.07	Total added value to be distributed	1,190,896	1,001,198
7.08	Distribution of added value	1,190,896	1,001,198
7.08.01	Personnel	475,666	557,178
7.08.01.01	Direct remuneration	388,040	453,100
7.08.01.02	Benefits	65,262	64,409
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	22,364	39,669
7.08.02	Taxes, duties and contributions	110,550	(22,224)
7.08.02.01	Federal	143,371	(6,286)
7.08.02.02	State	(34,167)	(17,139)
7.08.02.03	Municipal	1,346	1,201
7.08.03	Interest expenses	374,224	387,059
7.08.03.01	Interest	357,686	363,412
7.08.03.02	Rent	16,538	23,647
7.08.04	Interest earnings	230,456	79,185
7.08.04.01	Interest on shareholders’ equity	-	43,302
7.08.04.03	Retained earnings/loss for the period	230,456	35,883

Caxias do Sul, November 7, 2016 - Marcopolo S.A. (BM&FBOVESPA: POMO3; POMO4) hereby announces its earnings figures for the third quarter of 2016 (3Q16) and year-to-date (9M16). 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).

HEADLINES FOR THE 3RD QUARTER OF 2016:

- Partial **sale** of the interest in New Flyer generated net cash of R$ 339.9 million.
- **Complete consolidation** of San Marino/Neobus' results since August.
- **Physical volume** of exports from Brazil rose by 96.3%.
- **Target** of the Conquest project for export growth in 2016 has been exceeded.
- Board of Directors **approved** the payment of interest on shareholders' equity for FY 2016 and the capital increase via the issuance of new preferred book-entered shares.

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

Selected Information	3Q16	3Q15	Change %	9M16	9M15	Change %
Net operating revenue	708.2	658.6	7.5	1,756.2	1,951.7	(10.0)
Revenue in Brazil	179.0	290.1	(38.3)	565.8	956.4	(40.8)
Brazil export revenue	302.2	168.8	79.0	648.7	451.1	43.8
Overseas revenue	227.0	199.7	13.7	541.7	544.2	(0.5)
Gross Profit	77.8	113.8	(31.6)	236.4	327.2	(27.8)
EBITDA (1)	294.3	50.6	481.6	341.9	165.5	106.6
Net Income	178.4	8.0	2,130.0	230.5	79.2	191.0
Earnings per Share	0.197	0.009	2,088.9	0.255	0.089	186.5
Return on Invested Capital (ROIC) (2)	12.8%	7.4%	5.4pp	12.8%	7.4%	5.4pp
Return on shareholders' equity (ROE) (3)	12.9%	9.1%	3.8pp	12.9%	9.1%	3.8pp
Investment	13.3	37.6	(64.6)	65.2	118.1	(44.8)
Gross Margin	11.0%	17.3%	(6.3)pp	13.5%	16.8%	(3.3)pp
EBITDA margin	41.6%	7.7%	33.9pp	19.5%	8.5%	11.0pp
Net Margin	25.2%	1.2%	24.0pp	13.1%	4.1%	9.0pp
Balance Sheet Data	**9/30/16**	**6/30/16**	**Change %**			
Shareholders' Equity	1,912.4	1,715.9	11.5			
Cash and cash equivalents and short-ter investments	1,593.2	1,090.9	46.0			
Current financial liabilities	(969.6)	(816.2)	18.8			
Noncurrent financial liabilities	(1,426.6)	(1,215.0)	17.4			
Net financial liabilities - Industrial Segment	(164.8)	(266.6)	(38.2)			

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

BRAZILIAN BUS INDUSTRY PERFORMANCE

In 3Q16 Brazilian bus production was 3,935 units, a decrease of 7.2% over 3Q15. In 9M16 production amounted to 10,977 units, 19.7% less than the volume produced in the same period of 2015.

a) Domestic Sales. Production for the domestic market was 2,542 units in 3Q16, 11.4% lower than the 2,869 units produced in 3Q15. In 9M16 production amounted to 7,779 units, 27.1% less than the volume produced in the same period of 2015.

b) Overseas Sales. Exports totaled 1,393 units in 3Q16, 1.6% more than the 1,371 units exported in 3Q15. Exports totaled 3,198 units in 9M16, 6.1% more than the 3,014 units exported in 9M15.

BRAZILIAN BUS PRODUCTION (in units)

PRODUCTS [1]	3Q16			3Q15			Change
	DS	OS [2]	TOTAL	DS	OS [2]	TOTAL	%
Intercity	448	841	**1,289**	838	664	**1,502**	(14.2)
Urban	1,704	273	**1,977**	1,663	496	**2,159**	(8.4)
Micros	390	279	**669**	368	211	**579**	15.5
TOTAL	**2,542**	**1,393**	**3,935**	**2,869**	**1,371**	**4,240**	**(7.2)**

PRODUCTS [1]	9M16			9M15			Change
	DS	OS [2]	TOTAL	DS	OS [2]	TOTAL	%
Intercity	1,298	1,792	**3,090**	2,641	1,597	**4,238**	(27.1)
Urban	5,319	905	**6,224**	6,664	1,012	**7,676**	(18.9)
Micros	1,162	501	**1,663**	1,359	405	**1,764**	(5.7)
TOTAL	**7,779**	**3,198**	**10,977**	**10,664**	**3,014**	**13,678**	**(19.7)**

Sources: FABUS (National Association of Bus Manufacturers) and SIMEFRE (Interstate Syndicate of the Industrial of Rail and Road Materials and Equipment).
Notes: [1] DS = Domestic Sales; OS = Overseas Sales; [2] Includes units exported in KD (knocked down).

MARCOPOLO'S OPERATING AND FINANCIAL PERFORMANCE

Units Recorded in Net Revenue

2,701 units were recorded in net revenue in 3Q16. Of this volume, 1,223 units were registered in Brazil (45.3% of the total), 928 units exported from Brazil (34.4%) and 550 units overseas (20.3%).

OPERATIONS [1]	3Q16	3Q15	Change %	9M16	9M15	Change %
BRAZIL:						
- Domestic Sales	1,223	1,451	(15.7)	3,340	5,595	(40.3)
- Overseas Sales	964	491	96.3	2,028	1,276	58.9
SUBTOTAL	**2,187**	**1,942**	**12.6**	**5,368**	**6,871**	**(21.9)**
Exclusion of exported KDs [2]	36	32	12.5	171	127	34.6
TOTAL IN BRAZIL	**2,151**	**1,910**	**12.6**	**5,197**	**6,744**	**(22.9)**
INTERNATIONAL:						
- South Africa	88	114	(22.8)	315	274	15.0
- Australia	128	102	25.5	410	343	19.5
- Mexico	334	408	(18.1)	712	1,206	(41.0)
TOTAL INTERNATIONAL	**550**	**624**	**(11.9)**	**1,437**	**1,823**	**(21.2)**
OVERALL TOTAL	**2,701**	**2,534**	**6.6**	**6,634**	**8,567**	**(22.6)**

Note: [1] The units recorded in net revenue for 2015 do not include the figures of San Marino/Neobus. Neobus' production figures for August and September have been included in the 2016 data. [2] KD (Knock Down) = Partially or entire dismantled bodies;

PRODUCTION YIELD

Marcopolo's consolidated production was 2,653 units in 3Q16. In Brazil production reached 2,122 units in 3Q16, while overseas production was 531 units.

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

MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION

OPERATIONS [1]	3Q16	3Q15	Change %	9M16	9M15	Change %
BRAZIL: [2]						
- Domestic Sales	1,162	1,497	(22.4)	2,989	5,763	(48.1)
- Overseas Sales	1,102	531	107.5	2,186	1,328	64.6
SUBTOTAL	**2,264**	**2,028**	**11.6**	**5,175**	**7,091**	**(27.0)**
Exclusion of exported KDs [3]	142	32	343.8	296	129	129.5
TOTAL IN BRAZIL	**2,122**	**1,996**	**6.3**	**4,879**	**6,962**	**(29.9)**
INTERNATIONAL:						
- South Africa	69	95	(27.4)	198	257	(23.0)
- Australia	128	102	25.5	325	343	(5.2)
- Mexico	334	408	(18.1)	712	1,206	(41.0)
TOTAL INTERNATIONAL	**531**	**605**	**(12.2)**	**1,235**	**1,806**	**(31.6)**
OVERALL TOTAL	**2,653**	**2,601**	**2.0**	**6,114**	**8,768**	**(30.3)**

Notes: [1] Does not include the production of San Marino/Neobus in the period relating to 2015. Neobus' production figures for August and September have been included in the 2016 data. [2] Includes production of the Volare model, as well as production from Marcopolo Rio; [3] KD (Knock Down) = Partially or totally unassembled.

MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION BY MODEL

PRODUCTS/MARKETS [1] (in units)	3Q16			3Q15		
	DS	OS [2]	TOTAL	DS	OS [2]	TOTAL
Intercity	242	656	**898**	514	277	**791**
Urban	536	578	**1,114**	590	667	**1,257**
Micros	197	111	**308**	107	101	**208**
SUBTOTAL	**975**	**1,345**	**2,320**	**1,211**	**1,045**	**2,256**
Volares [3]	187	146	**333**	286	59	**345**
TOTAL PRODUCTION	**1,162**	**1,491**	**2,653**	**1,497**	**1,104**	**2,601**

PRODUCTS/MARKETS (in units)	9M16			9M15		
	DS	OS [2]	TOTAL	DS	OS [2]	TOTAL
Intercity	661	1,220	**1,881**	1,509	778	**2,287**
Urban	1,456	1,385	**2,841**	2,463	1,878	**4,341**
Micros	277	208	**485**	346	173	**519**
SUBTOTAL	**2,394**	**2,813**	**5,207**	**4,318**	**2,829**	**7,147**
Volares [3]	595	312	**907**	1,445	176	**1,621**
TOTAL PRODUCTION	**2,989**	**3,125**	**6,114**	**5,763**	**3,005**	**8,768**

Notes: [1] Does not include the production of San Marino/Neobus in the period relating to 2015. Neobus' production figures for August and September have been included in the 2016 data. [2] Total production of OM includes units exported in KD (bodies partially or completely knocked down), which totaled 142 units in 3Q16, 296 units in 9M16, 32 units in 3Q15 and 129 units in 9M15; [3]The production of Volares is not part of the data from SIMEFRE and FABUS, or the sector's production.

MARCOPOLO - PRODUCTION IN BRAZIL

PRODUCTS/MARKETS [1] (in units)	3Q16			3Q15		
	DS	OS [2]	TOTAL	DS	OS [2]	TOTAL
Intercity	242	683	**925**	514	248	**762**
Urban	536	162	**698**	590	123	**713**
Micros	197	111	**308**	107	101	**208**
SUBTOTAL	**975**	**956**	**1,931**	**1,211**	**472**	**1,683**
Volares [3]	187	146	**333**	286	59	**345**
TOTAL PRODUCTION	**1,162**	**1,102**	**2,264**	**1,497**	**531**	**2,028**

PRODUCTS/MARKETS (in units)	9M16			9M15		
	DS	OS [2]	TOTAL	DS	OS [2]	TOTAL
Intercity	661	1,313	**1,974**	1,509	728	**2,237**
Urban	1,456	355	**1,811**	2,463	251	**2,714**
Micros	277	206	**483**	346	173	**519**
SUBTOTAL	**2,394**	**1,874**	**4,268**	**4,318**	**1,152**	**5,470**
Volares [3]	595	312	**907**	1,445	176	**1,621**
TOTAL PRODUCTION	**2,989**	**2,186**	**5,175**	**5,763**	**1,328**	**7,091**

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

BRAZILIAN MARKET SHARE

Marcopolo's market share in Brazil stood at 49.1% in 3Q16, compared with 33.9% in 2Q16 and 39.7% in 3Q15. Neobus' consolidated since August contributed 7.3 percentage points to market share in the quarter. Even if we disregard the effect of Neobus' consolidation, Marcopolo's share in 3Q16 rose for all models compared with 2Q16. In the coach segment, the increase was 9.8 percentage points over 2Q16, with a market share of 71.8%, to which Neobus contributed 4.3 percentage points.

SHARE IN THE BRAZILIAN MARKET (%)

PRODUCTS [1]	2Q15	3Q15	9M15	2Q16	3Q16	9M16
Intercity	53.5	50.7	52.8	62.0	71.8	63.9
Urban	33.6	33.0	35.4	25.5	35.3	29.1
Micros	26.7	35.9	29.4	18.4	46.0	29.0
TOTAL [2]	**38.9**	**39.7**	**40.0**	**33.9**	**49.1**	**38.9**

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

NET REVENUE

Consolidated net revenue amounted to R$ 708.2 million in 3Q16, compared with R$ 658.6 million in 3Q15. Domestic sales generated revenue of R$ 179.0 million, or 25.3% of the total, while international sales totaled R$ 529.2 million, comprising the remaining 74.7% of the consolidated net revenue. The highlight of the quarter was again revenue from exports out of Brazil, which rose by 79.0% over 3Q15. This growth is due to the greater physical volume exported, which rose by 96.3% over the same period last year, and a better export mix. Revenue from overseas subsidiaries rose by 13.7% in 3Q16, primarily deriving from the plants in Mexico (Polomex) and Australia (Volgren), whose revenue rose by 26.0% and 24.3% respectively. The table and graphs below show the breakdown of the net revenue by products and markets:

CONSOLIDATED TOTAL NET REVENUE

By Products and Markets (R$ million)

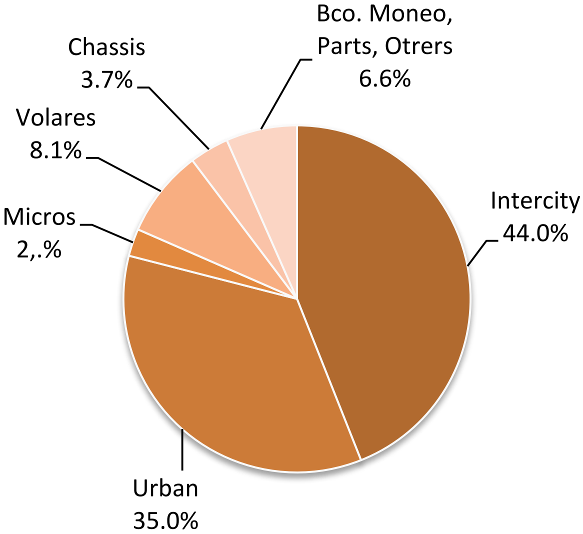
PRODUCTS/MARKETS [1]	3Q16			3Q15		
	DS	OS	TOTAL	DS	OS	TOTAL
Intercity	46.5	265.0	**311.5**	137.5	143.1	**280.6**
Urban	63.2	184.8	**248.0**	45.0	161.6	**206.6**
Micros	11.0	7.1	**18.1**	12.8	11.8	**24.6**
Subtotal bodies	**120.7**	**456.9**	**577.6**	**195.3**	**316.5**	**511.8**
Volares [2]	35.0	22.7	**57.7**	57.8	12.3	**70.1**
Chassis	1.2	24.8	**26.0**	8.5	13.7	**22.2**
Bco. Moneo	11.5	-	**11.5**	13.8	-	**13.8**
Parts and Others	10.6	24.8	**35.4**	14.7	26.0	**40.7**
OVERALL TOTAL	**179.0**	**529.2**	**708.2**	**290.1**	**368.5**	**658.6**

PRODUCTS/MARKETS [1]	9M16			9M15		
	DS	OS	TOTAL	DS	OS	TOTAL
Intercity	160.8	589.9	**750.7**	336.0	400.0	**736.0**
Urban	176.9	428.1	**605.0**	251.2	428.7	**679.9**
Micros	20.2	18.4	**38.6**	36.8	23.9	**60.7**
Subtotal bodies	**357.9**	**1,036.4**	**1,394.3**	**624.0**	**852.6**	**1,476.6**
Volares [2]	131.5	53.2	**184.7**	238.1	31.3	**269.4**
Chassis	7.8	37.7	**45.5**	21.5	35.3	**56.8**
Bco. Moneo	43.4	-	**43.4**	37.8	-	**37.8**
Parts and Others	25.2	63.1	**88.3**	35.0	76.1	**111.1**
OVERALL TOTAL	**565.8**	**1,190.4**	**1,756.2**	**956.4**	**995.3**	**1,951.7**

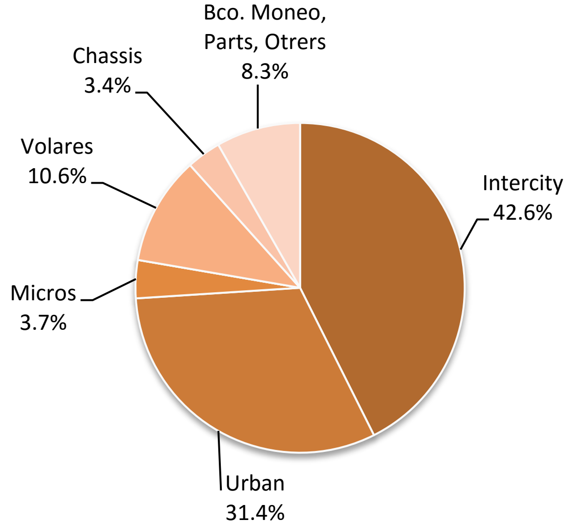
Notes: [1] DS = Domestic Sales; OS = Overseas Sales; Neobus' revenue for August and September has been included in the 2016 data.[2] Revenue for the Volares includes the chassis.

BREAKDOWN OF CONSOLIDATED NET REVENUE (%)

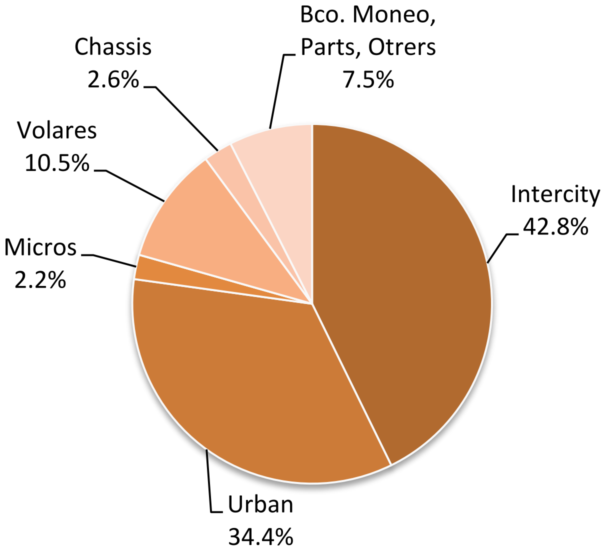
3Q16



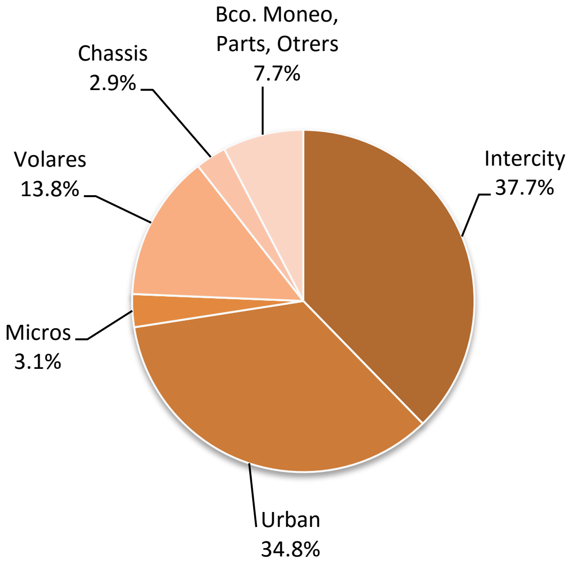
3Q15



9M16



9M15



GROSS PROFIT AND MARGINS

The consolidated gross income in 3Q16 reached R$ 77.8 million, down by 31.6% on the R$ 113.8 million in 3Q15. The gross margin in 3Q16 was 11.0%. The lower volume of domestic sales, difficulties in passing through increases in prices, the appreciation of the Brazilian real against the US dollar, which affected export margins, the consolidation of Neobus since August and the increase in the provision for technical warranties to expand post-sales services in order to ensure client loyalty were determining factors in the downturn of gross profit and margin.

SELLING EXPENSES

Selling expenses totaled R$ 44.7 million in 3Q16 against R$ 39.8 million in 3Q15, representing 6.3% and 6.0% of net revenue, respectively. The increase in these expenses is mainly due to the consolidation of Neobus since August.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R$ 44.3 million in 3Q16, compared with R$ 39.3 million in 3Q15. These expenses accounted for 6.3% and 6.0% respectively of this revenue in 3Q16 and 3Q15. The increase in these expenses is mainly due to the consolidation of Neobus since August.

OTHER NET OPERATING INCOME (EXPENSES)

In 3Q16, R$ 226.2 million was recorded as "Other Operating Revenue". The sale of 4.5 million shares issued by New Flyer Industries Inc. (NFI), equal to a 7.4% interest in the company’s share capital, generated income of R$ 268.1 million in the quarter. Against this a provision was made of R$ 32.7 million to restructure the sales network both in Brazil and overseas, in addition to R$ 4.6 million for labor claims and R$ 4.6 million for other expenses.

EQUITY INCOME

Equity income amounted to R$ 64.9 million in 3Q16, compared with R$ 8.8 million in 3Q15. The main contributions derived from New Flyer's earnings in the quarter, of R$ 23.0 million, and net exchange variance income on investments made of R$ 41.0 million. The equity income figures can be seen in detail in Note 11 to the financial statements.

NET FINANCIAL INCOME

The net financial result in 3Q16 was income of R$ 8.9 million, mainly deriving from yields on short-term investments. A loss of R$ 29.3 million was incurred in 3Q15, due to exchange variance on liabilities denominated in US dollars.

EBITDA

EBITDA in 3Q16 totaled R$ 294.3 million with a margin of 41.6%. As mentioned earlier, the income resulting from the partial sale of the investment in NFI significantly boosted the YTD EBITDA and EBITDA in the quarter. The table below shows the accounts that make up the EBITDA:

R$ millions	3Q16	3Q15	9M16	9M15
Net income before IR and CS	288.9	9.3	375.3	83.6
Financial Revenue	(94.4)	(142.4)	(427.8)	(316.7)
Financial Expenses	85.4	171.7	357.7	363.4
Depreciation / Amortization	14.4	12.0	36.7	35.2
EBITDA	**294.3**	**50.6**	**341.9**	**165.5**
Recurrent EBITDA without extraordinary effects	**50.9**	**50.6**	**98.5**	**165.5**

NET INCOME

Consolidated net income in 3Q16 totaled R$ 178.4 million with a margin of 25.2%. Net income was also positively impacted by the partial sale of shares in NFI.

FINANCIAL INDEBTEDNESS

The net financial debt amounted to R$ 803.0 million as of 9/30/2016 (R$ 940.3 million as of 6/30/2016). Of this total, R$ 638.1 million came from the financial sector (Banco Moneo) and R$ 164.9 million from the industrial sector.

It is important to point out that the financial sector debt derives from the consolidation of the activities of Banco Moneo and should be analyzed separately since it has different characteristics from that of the Company's 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 rate. See Note 28 to the Financial Statements.

As of September 30 the net financial indebtedness of the industrial segment represented 0.4x EBITDA for the last 12 months.

CASH PROVIDED BY OPERATIONS

In 3Q16, the operating activities generated R$ 371.8 million. Investing activities required R$ 0.5 million and financing activities generated R$ 173.8 million net

The opening cash balance of R$ 1,090.9 million at the end of June, including short-term investments not available and including R$ 2.1 million of exchange variance on cash, rose to R$ 1,587.0 million at the end of September 2016.

INVESTMENTS IN PERMANENT ASSETS

In 3Q16 Marcopolo invested R$ 13.3 million, of which R$ 1.9 million was spent by the parent company and allocated in: R$ 1.0 million in machinery and equipment and R$ 0.9 million in other fixed assets. Investments in the subsidiaries were R$ 4.6 million for Volare Espírito Santo; R$ 2.8 million in Volgren; R$ 1.7 million in Neobus; R$ 1.1 million in Polomex and R$ 1.2 million in the other units.

INTEREST ON SHAREHOLDERS' EQUITY

As per the Company Announcement made today, the Board of Director approved the payment to all company shareholders of interest on capital for FY 2016 in the gross amount of R$ 118.4 million, at the rate of R$ 0.131 per share, from which income tax withheld at source will be deducted in accordance with the existing legislation. The net value of said interest will be included in the mandatory dividend declared in advance, for the 2016 financial year.

CAPITAL INCREASE

On this date the Board of Directors also approved the share capital increase within the Company's authorized capital limit. The share capital increase will take place via the issuance of a private subscription of at least 9,040,583 preferred book-entered shares and at most 36,162,333 new preferred book-entered shares with no par value, at the issuance price of R$ 2.70 per book-entered share, which will result in the share capital increasing by at least R$ 24,409,575.02 and at most R$ 97,638,300.07. The capital increase aims to bolster the Company's financial position, given the current economic and political situation of Brazil, which affected the capital goods segment, especially the coach industry in Brazil. The funds from the capital increase will be allocated to the Company's cash.

CAPITAL MARKETS

In 3Q16, there were 367.6 thousand transactions and 259.0 million shares were traded. Trading in Marcopolo shares moved R$ 792.3 million in 3Q16. The share of foreign investors in Marcopolo's capital at 9/30/2016, totaled 57.8% of the preferred shares and 38.1% of the total capital. In 9M16, the preferred shares – POMO4 – appreciated by 69.2% against 34.6% by IBOVESPA. The following table shows the performance of the main indicators related to the capital market:

INDICATORS	3Q16	3Q15	9M16	9M15
Number of trades (thousands)	367.6	323.8	1,033.6	1,134.4
Shares traded (millions)	259.0	247.1	728.5	860.0
Trading volume (R$ million)	792.3	500.2	1,878.7	2,078.0
Market Value (R$ millions) (1)	2,829.7	1,425.6	2,829.7	1,425.6
Existing shares (million) (2)	909.0	896.9	909.0	896.9
Book value per share (R$)	2.10	2.07	2.10	2.07

POMO4 price at end of period	3.13	1.60	3.13	1.60

Notes: [(1)] Price of the last transaction of the period for a Book Entry Preferred (PE) share multiplied by the total shares (OE+PE) from the same period; [(2)] Of this total, 4,949,901 were preferred shares in the treasury at 9/30/2016.

ANALYSIS AND OUTLOOK

The main headlines in the quarter was the partial sale of Marcopolo’s interest in the Canadian company New Flyer Industries (NFI), the 107.5% growth in the volume of physical units exported, the consolidation of San Marino/Neobus since August and the increase in Marcopolo’s market share in Brazilian production.

The sale of 4.5 million shares held by Marcopolo in New Flyer, equal to a 7.4% interest in the company’s share capital, generated a cash inflow of R$ 339.9 million. Coupled with other initiatives to expand performance in export markets, to cut expenses and indirect costs, to increase operational efficiency by adopting LEAN concepts and the consolidation of Neobus after the recurrent acquisition of the company’s share control, this sale has helped Marcopolo become even more competitive in the Brazilian and international coach segment.

Demand for exports is still strong and the internal target established by the Conquest project, of 50% growth on 2015 in US dollar revenue for bodies exports, has been surpassed. Even if Brazil's Real has appreciated by nearly 20.0% in the year, exports are still sustaining Marcopolo's results and production in Brazil, especially of heavy highway vehicles.

As regards the consolidation of San Marino/Neobus, Marcopolo it is continuing to integrate and capitalize on synergies between operations, focusing on efficiency gains, cost rationalization and enhancement of manufacturing plants.

Domestic demand is still weak with no signs of recovery. However, there has been a one-off increase in orders in the coach segment due to the proximity of the summer holidays period. Marcopolo has also closed a contract to supply 200 school buses to the *Caminho da Escola* program, production of which starts in the fourth quarter. The amount receivable under the Caminho da Escola program amounted to R$ 51.8 million as of 10/31/2016.

The overseas subsidiaries of Polomex, in Mexico, and Volgren, in Australia, recorded net revenue growth of 26.0% and 24.3% respectively. The Mexico plant has experienced a positive recovery in volumes and results in the second half of 2016, after weak demand in the first half. Part of this growth derived from sales of coaches through exports of KDs from Brazil, under the new business model which enables Polomex to body coaches using other chassis brands. At the Australian plant, the 25.5% increase in physical units invoiced explains the revenue growth in the quarter.

As per decree 8415 issued February 27, 2015, the new rates for the Special Arrangement for the Reinstatement of Taxes for Exporting Companies (REINTEGRA) are 2.0% in 2017 and 3.0% in 2018. The change in the rate will help enhance the competitiveness of exports from Brazil.

Despite the still challenging situation domestically, in the fourth quarter the company is expected to continue enjoying healthy export volumes, due to seasonality factors in the period.

Despite the difficulties arising from Brazil's economic 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 current slowdown in demand is due to the withholding of orders that should translate into new business as soon as Brazil's economic situation permits.

Management.

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 quarterly information for the period ended September 30, 2016 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 quarterly financial statements are as follows. These accounting policies were applied consistently to all the periods presented in this individual and consolidated quarterly information.

2.1 Basis of preparation

(a) Statement of compliance

The Company's individual and consolidated quarterly information has been prepared and is 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 information and that alone is being disclosed, which corresponds to that used by it in its management.

(b) Reporting basis

The individual and consolidated quarterly information has 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 quarterly information 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 quarterly information 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 quarterly information.

(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 consequentlyaccounts 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 haverights 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 quarterly information is being 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 Company entity's quarterly 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
Neobus Chile SPA	Neobus Chile	Chilean Peso	Chile
NewRoad México S.A. de C.V.	NewRoad	Mexican Peso	Mexico
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

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
Volare Del Peru S.A.C.	Volare Peru	Novo Sol	Peru

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
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	Novo Sol	Peru
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 arerecognized in other comprehensive income:

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

- a financial liability designated as a hedge of the net investment in a foreign operation to theextent 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 adjustmentsarising 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 thetransactions.

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 translationdifference 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 losson disposal. When the Group disposes of only part of its interest in a subsidiary that includesa foreign operation while retaining control, the relevant proportion of the cumulative amount isreattributed 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 andavailable-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 Group 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 amountsand 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 for the period.

(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 usingtheeffective 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 threemonths or less from the acquisition date that are subject to an insignificant risk of changes intheir fair value, and are used by the Company in the management of its short-term commitments.

(e) Available-for-sale financial assets

Available-for-salefinancial 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 thanimpairment losses and foreign currency differences on debtinstruments, are recognized in other comprehensive income and presentedin the fair value reserve in equity. When an investment is derecognized, the gain or lossaccumulated 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 for the period.

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 fromequity. Repurchased shares are classified as treasury shares and are presented in the reservefor own shares. When treasury shares are sold or reissued subsequently, the amount receivedis recognized as an increase in equity, and the resulting surplus or deficit on the transaction ispresented 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 ofany 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 increasesand 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 inprofit 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 dateto 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 aretested annually for impairment.

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

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 historic 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 expenditure is capitalized only when it is probable that the future economic benefitsassociated with the expenditure will flow 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 leaseterm 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 installed and are available for use, or in the case of internally constructed assets, on the date construction is completed and the asset is available for use.

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

	Year
Buildings	40-60
Machinery	10-15
Vehicles	5
Furniture, fixtures and equipment	5-12

The 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 recognizedin profit or loss as incurred.

Development expenses are only capitalized if the development costs can be measured reliably, if the product or process is technically and commercially feasible, if the future economic rewards are probable and if the Company has the intention and resources to conclude the development and use or sell the asset. 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 recognizedin 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 for the period, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 180 thousand for income tax and 9% on taxable income for social contribution on net income in the period, 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 period 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 ofassets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The changes in deferred tax assets and liabilities in the period 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 thereporting 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 period;

(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 atthe Company’s option, and any dividends are discretionary Discretionary dividends thereon arerecognized 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 this quarterly information. 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 January 01, 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 September 30, 2016 and December 31, 2015 the Company had assets, liabilities and forwards denominated in foreign currency in the following amounts (thousands of reais):

	Consolidated			
	9/30/2016			
	Accounts CUSTOMERS ADVANCE	Trade accounts payable	Loans	Forwards
Currency				
US Dollars	363,445	4,588	360,600	118,270
Australian dollars	32,348	38,746	83,587	11,837
Novo Sol	136	182	-	-
South African rand	19,201	1,245	966	3,759
Chinese Renminbi	19,477	4,634	26,548	-
	434,607	49,395	471,701	133,866

	Consolidated			
	12/31/2015			
	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
Argentinian pesos	-	-	-	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

(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 46.0% 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 bymanagement.

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$ 32,806 (parent company) and R$ 87,539 (consolidated) as of September 30, 2016 (December 31, 2015 - R$ 32,572 and R$ 77,588) representing 6.5% and 5.8% respectively, of the outstanding accounts receivable balance of the parent company and consolidated (December 31, 2015 - 5.6% and 4.7%) 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			
		9/30/2016			
		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	2,388,960	2,726,350	1,726,246	783,305	216,799
Trade accounts payable	253,618	253,618	253,618	-	-
Derivative financial liabilities					
Derivative financial instruments	1,012	1,012	1,012	-	-

		Consolidated			
		12/31/2015			
		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	-	-

(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 - %		11.75	14.69	17.63
TJLP - %		7.50	9.38	11.25
Exchange rate - USD		3.40	4.25	5.10
Exchange rate - Euro		3.65	4.56	5.48
LIBOR - %		1.30	1.63	1.95
Cost of advances on foreign exchange contracts (ACC) discount - %		3.04	3.80	4.56
	Short-term investments	136,760	170,858	204,922
	Interbank transactions	77,447	82,640	90,834
	Loans and financing	(163,595)	(267,731)	(373,919)
	Forwards	(3,739)	(29,370)	(51,174)
	Receivables less payables	18,325	119,210	220,094
		65,198	75,607	90,757

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 Cost of Capital), Net debt/EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and Ratio between Debt/Shareholders' Equity. 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 September 30, 2016 and December 31, 2015 have been summarized below (Note 27):

	Consolidated		Industrial Segment		Financial Segment	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Total loans	2,388,960	2,474,846	1,725,232	1,755,647	663,728	719,199
Derivative financial instruments	1,012	921	1,012	921	-	-
Minus: cash and cash equivalents	(1,361,671)	(1,131,162)	(1,336,071)	(1,111,998)	(25,600)	(19,164)
Less: short-term investments	(221,591)	(232,211)	(221,591)	(232,211)	-	-
Less: derivative financial instruments	(3,782)	(1,803)	(3,782)	(1,803)	-	-
Net debt (A)	802,928	1,110,591	164,800	410,556	638,128	700,035

Total shareholders' equity (B)	1,912,430	1,828,085	1,677,313	1,602,208	235,117	225,877
Financial leverage index - % (A/B)	42	61	10	26	271	310

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 September 30, 2016 and December 31, 2015 which were fully classified in level 2:

	Consolidated	
	9/30/2016	**12/31/2015**
Assets		
Financial assets at fair value through profit or loss		
- Fixed income investment fund	165	152
- Trading derivatives	3,782	1,803
Available-for-sale assets		
- Bank deposit certificates	189,072	184,714
	193,019	186,669
Liabilities		
Financial liabilities at fair value through profit or loss		
- Trading derivatives	1,012	921
	1,012	921

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**	
	9/30/2016		**12/31/2015**	
Nature of assets	**Book value**	**Market value**	**Book value**	**Market value**
Loans and financing	2,388,960	2,349,884	2,474,846	2,441,926

(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**		**Amounts receivable**	
Company	**Counterparty**	**Status**	**Initial**	**Final**	**9/30/2016**	**9/30/2016**	**12/31/2015**	**9/30/2016**	**12/31/2015**
Marcopolo					USD k				
	BRADESCO	Sale	5/19/2016	12/13/2016	11,100	1,174	288	1,174	288
	SAFRA	Sale	6/2/2016	11/8/2016	1,420	657	-	657	-
	HSBC	Sale	5/18/2016	11/29/2016	10,720	1,833	-	1,833	-
	SANTANDER	Sale	7/29/2016	11/29/2016	2,200	86	41	86	41
						3,750	**329**	**3,750**	**329**

Masa					USD k				
	ABSA	Purchase	8/23/2016	1/31/2017	652	32	-	32	-
	STD					-	1,380	-	1,380
						32	**1,380**	**32**	**1,380**
MP Austrália					USD k				
	WESTERN UNION					-	4	-	4
						-	**4**	**-**	**4**
Volare Veículos					USD k				
	BBA					-	90	-	90
						-	**90**	**-**	**90**
						3,782	**1,803**	**3,782**	**1,803**

Liabilities

					Notional value	Fair value		Amounts payable	
Company	**Counterparty**	**Status**	**Initial**	**Final**	**9/30/2016**	**9/30/2016**	**12/31/2015**	**9/30/2016**	**12/31/2015**
Marcopolo					USD k				
	BRADESCO	Sale	9/26/2016	12/22/2016	4,700	(108)	(63)	(108)	(63)
	HSBC	Sale	8/11/2016	10/20/2016	3,300	(158)	-	(158)	-
	SAFRA	Sale	8/16/2016	11/24/2016	1,500	(25)	(73)	(25)	(73)
	SANTANDER	Sale	8/15/2016	11/22/2016	1,500	(19)	(38)	(19)	(38)
	BBA					-	(73)	-	(73)
						(310)	**(174)**	**(310)**	**(174)**
Masa					USD k				
	STD	Purchase	7/8/2016	10/31/2016	256	(72)	-	(72)	-
	ABSA	Purchase	7/29/2016	10/14/2016	249	(20)	-	(20)	-
						(92)	**-**	**(92)**	**-**
MP Austrália					USD k				
	WESTERN UNION	Purchase	10/9/2015	12/6/2016	1,412	(326)	(405)	(326)	(405)
	CITIBANK	Purchase	6/14/2016	10/6/2016	517	(72)	-	(72)	-
					SGD k				
	CITIBANK	Purchase	10/9/2015	10/6/2016	329	(30)	(50)	(30)	(50)
					CNY k				
	WESTERN UNION	Purchase	4/6/2016	11/15/2016	5,179	(91)	-	(91)	-
	CITIBANK	Purchase				-	(14)	-	(14)
					CHF k				
						-	(81)	-	(81)
	CITIBANK	Purchase	10/9/2015	10/6/2016	290	(91)	(197)	(91)	(197)
						(610)	**(747)**	**(610)**	**(747)**
						(1,012)	**(921)**	**(1,012)**	**(921)**

The Company had the following gains and losses from derivatives in the periods ended September 30, 2016 and 2015:

	Realized gains/losses			
	Interest on derivatives		**Exchange variance on derivatives**	
	9/30/2016	**9/30/2015**	**9/30/2016**	**9/30/2015**
Marcopolo	5,125	(1,124)	13,982	8,185
Masa	-	-	(299)	(478)
MP Austrália	-	-	-	(618)
Volare Veículos	(263)	-	(262)	16

6 Consolidated financial information

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

(a) Subsidiaries

	Percentage interest					
			9/30/2016			12/31/2015
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	-
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
San Marino	100.00	-	-	-	-	-
Rotas do Sul (2)	-	100.00	-	-	-	-
San Marino México (2)	-	100.00	-	-	-	-
NewRoad (2)	-	100.00	-	-	-	-
Neobus Chile (2)	-	100.00	-	-	-	-
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	-
Volare Peru	99.90	0.10	-	-	-	-

(1) Consolidated in MP Australia;
(2) Consolidated in San Marino.

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

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

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

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

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

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

(b) Joint arrangement (not consolidated)

	Percentage interest			
	9/30/2016		12/31/2015	
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	-	10.81	-	19.99
San Marino	-	-	45.00	-
Rotas do Sul (2)	-	-	-	45.00
San Marino México (2)	-	-	-	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 information of the direct joint ventures can be summarized as follows:

	Assets		Liabilities		Net revenue		Profit (loss)	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	9/30/2015	9/30/2016	9/30/2015
GBPolo	109,173	145,690	110,102	139,135	38,404	74,137	(7,020)	14,633
Kamaz	5,458	6,782	10,566	12,416	2,192	13,460	408	(1,728)
Loma	182,860	214,873	115,518	135,175	283,628	312,242	12,580	21,220
Superpolo	213,538	172,207	136,027	91,430	213,464	160,982	10,786	10,131
TMML	185,724	208,492	140,951	162,739	190,040	252,306	7,704	2,969

(c) Associates (not consolidated)

	Percentage interest			
	9/30/2016		12/31/2015	
Associated companies	**Direct**	**Indirect**	**Direct**	**Indirect**
Mercobus	40.00	-	40.00	-
MVC	-	-	26.00	-
Setbus	25.10	21.96	25.10	21.96
Spheros	40.00	-	40.00	-
Spheros Colombia (1)	-	40.00	-	40.00
Spheros Mexico (1)	-	40.00	-	40.00
WSul	30.00	-	30.00	-

(1) Consolidated in associate (not consolidated) Spheros

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

	Assets		Liabilities		Net revenue		Profit (loss)	
	9/30/2016	12/31/201	9/30/2016	12/31/201	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Mercobus	5,092	7,189	2,314	1,266	6,340	8,830	2,303	3,240
MVC	-	585,053	-	584,615	-	230,963	-	(14,965)
Setbus	11,418	11,801	24,545	22,996	11,026	10,159	(1,928)	(3,861)
Spheros	88,237	61,700	38,717	26,452	150,687	100,311	15,480	11,220
WSul	10,098	7,685	1,981	1,422	15,471	14,118	1,853	60

7 Cash and cash equivalents, financial assets and derivatives

7.1 Cash and cash equivalents

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Cash and banks				
Brazil	26,176	43,588	29,867	44,682
Foreign	105	260	213,798	128,388
Highly liquid marketable securities				
In Brazil (*)	999,541	879,395	1,118,006	958,092
Total cash and cash equivalents	1,025,822	923,243	1,361,671	1,131,162

(*) Substantially correspond to Bank Deposit Certificates - CDB remunerated at between 99.0% and 102.0% of the Interbank Deposit Certificate (CDI) rate, resulting in a weighted average of 100.2% of CDI as of September 30, 2016.

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

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Current				
Held for trading				
Fixed-income investment funds	165	152	165	152
Non-deliverable Forwards	3,750	329	3,782	1,803
Available for sale				
Bank deposit certificates (*)	186,996	184,714	189,072	184,714
	190,911	185,195	193,019	186,669
Noncurrent				
Available for sale				
Related-party transactions	70,888	114,878	32,354	47,345
	70,888	114,878	32,354	47,345

(*) 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 September 30, 2016.

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	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Current				
Domestic customers	143,615	252,236	235,457	331,026
Foreign customers	299,921	290,792	444,220	416,056
Related parties	68,503	44,347	-	-
Interbank transactions	-	-	337,731	357,634
Adjustment to present value	(4,495)	(3,571)	(6,097)	(4,178)
Allowance for doubtful accounts	(32,806)	(32,572)	(70,657)	(67,938)
	474,738	551,232	940,654	1,032,600
Noncurrent				
Interbank transactions	-	-	505,166	547,865
Allowance for doubtful accounts	-	-	(16,882)	(9,650)
	-	-	488,284	538,215
	474,738	551,232	1,428,938	1,570,815

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	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Amounts outstanding	320,627	351,874	1,288,489	1,308,040
Overdue:				
Up to 30 days	37,798	43,589	39,641	79,474
31 to 60 days	23,465	19,664	25,645	27,973
61 to 90 days	11,142	5,382	14,323	10,402
91 to 180 days	23,066	7,838	29,765	35,323
More than 181 days	95,941	159,028	124,711	191,369
Adjustment to present value	(4,495)	(3,571)	(6,097)	(4,178)
(-) Allowance for doubtful accounts	(32,806)	(32,572)	(87,539)	(77,588)
	474,738	551,232	1,428,938	1,570,815

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

	Parent Company	Consolidated
Balance at January 1, 2015	(28,428)	(77,681)
Allowance made in the period	(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)
Allowance made in the period	(1,023)	(17,744)
Reversal of provision for receivables (write-off)	789	3,853
Exchange variance	-	3,940
Balance at September 30, 2016	(32,806)	(87,539)

Accounts receivable are denominated in the following currencies:

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Reais	174,817	260,440	994,331	1,166,287
US Dollar	299,921	290,792	363,445	333,291
Australian Dollar	-	-	32,348	34,684
Rand	-	-	19,201	11,163
Renminbi	-	-	19,477	25,390
Novo Sol	-	-	136	-
	474,738	551,232	1,428,938	1,570,815

9 Inventories

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Finished goods	78,304	77,974	122,677	124,782
Goods in process	47,518	31,548	125,556	68,368
Raw materials and auxiliary materials	112,615	115,230	234,653	225,370
Advances to suppliers and other	1,633	2,637	26,140	26,582
Provision for inventory losses	(3,934)	(857)	(10,590)	(7,328)
	236,136	226,532	498,436	437,774

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

	Parent Company	Consolidated
Balance at January 1, 2015	(2,200)	(7,036)
Reversal of provision	1,973	4,833
Allowance made in the period	(630)	(3,773)
Exchange variance	-	(1,352)
Balance at December 31, 2015	(857)	(7,328)
Reversal of provision	-	3,231
Allowance made in the period	(3,077)	(7,883)
Exchange variance	-	1,390
Balance at September 30, 2016	(3,934)	(10,590)

10 Taxes and contributions recoverable

	Parent company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Current				
Corporate Income Tax (IRPJ)	103,501	19,091	67,189	26,841
Social Contribution on Net Income (CSLL)	10,605	6,029	14,017	8,712
Excise Tax (IPI)	12,938	11,551	13,400	11,674
Value Added Tax on Sales and Services - ICMS	20,049	6,393	30,457	12,752
Social Integration Program (PIS)	899	1,894	3,780	3,898
Contribution for Social Security Financing (COFINS)	4,358	6,934	20,407	18,089
National Social Security Institute (INSS)	9,896	14,112	10,520	14,701
Reintegra	3,632	7,292	4,559	7,642
Value added tax (IVA)	-	-	23,288	14,003
Other	45	45	61	74
	165,923	73,341	187,678	118,386
Noncurrent				
Value-Added Tax on Goods and Services (ICMS)	403	629	627	842
Contribution for Social Security Financing (COFINS)	-	-	10,142	-
Social Integration Program (PIS)	-	-	2,634	-
Value added tax (IVA)	-	-	213	65
	403	629	13,616	907
	166,326	73,970	201,294	119,293

11 Investments

	Parent company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Subsidiary	1,108,426	1,197,584	-	-
Joint subsidiaries	99,344	172,395	291,366	500,340
Associated companies	20,059	15,650	20,059	15,650
Other investments	-	-	181	139
	1,227,829	1,385,629	311,606	516,129

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

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

Subsidiary:

	Apolo	Ciferal	llmot	Mac	Mapla	MP Austrália	Masa	MIC	Moneo	MP Canada	Polomex	San Marino	Syncro	Trading	Volare Vehicles	Volare Trade	Volare Peru	Subsidiary Total 9/30/2016	Subsidiary Total 12/31/2015
			(1)	(1)	(1)	(1)	(1)	(1)		(1)	(1)	(2)					(1)		
Investment data																			
Capital	3,750	20,000	49,982	10,018	-	55,967	7,351	4,544	100,000	173,128	28,606	140,850	4,000	3,000	150,000	11,000	663		
Adjusted shareholders' equity	3,708	153,315	103,054	3,841	-	53,543	51,159	1,529	236,009	238,356	111,524	116,055	5,009	6,656	127,485	4,905	1,216		
Shares or quotas held	3,250	499,953	50,000	1	4,000	100	100,000	1,400,000	100,000	4,925,530	3,011,659	7,478,482	1	3,450,103	149,850	10,989	999		
% interest	65.00	99.99	100.00	100.00	99.99	100.00	100.00	100.00	100.00	100.00	3.61	100.00	99.99	99.99	99.90	99.90	99.90		
Net income (loss) for the period	(151)	(41,354)	7,806	3,667	(68)	1,938	2,562	(26)	9,166	307,387	6,648	(28,891)	286	456	(14,452)	(538)	592		
Changes in the investments																			
Opening 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
Advance for future capital increase												59,850						59,850	
Capital subscription	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,930	2,997	807	73,734	39,960
Dividends received	-	-	-	-	-	-	-	-	-	(343,899)	-	-	-	-	-	-	-	(343,899)	(22,675)
Equity in income of associates	(98)	(41,352)	7,806	3,667	(13,706)	1,938	2,562	(26)	9,166	328,388	240	(6,652)	286	456	(14,438)	(537)	591	278,291	25,288
Cumulative translation adjustment	-	-	(16,848)	(265)	(22)	(7,450)	(3,010)	(314)	-	(112,010)	(761)	(31)	-	-	-	-	(183)	(140,894)	172,882
Exchange variance	-	-	-	-	13,638	-	-	-	-	(21,001)	-	-	-	-	-	-	-	(7,363)	12,419
Transfer of joint subsidiary to subsidiary												62,888						62,888	
Capital reduction	-	-	-	-	-	-	-	-	-	(71,765)	-	-	-	-	-	-	-	(71,765)	(46,687)
Closing balances:																			
At equity value	2,410	153,308	103,054	3,841	-	53,543	51,159	1,529	236,009	238,356	4,026	116,055	5,008	6,655	127,358	4,900	1,215	1,108,426	1,197,584

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

Joint ventures:

	GBPolo	Kamaz	Loma	Metalpar	San Marino	Superpolo	TMML	New Flyer	Joint ventures Total 9/30/2016	Joint ventures Total 12/31/2015
	(1)	(1)	(1),(2)	(1)	(2)	(1)	(1)	(1)		
Investment data										
Capital	35,833	2,796	20,964	10,519	140,850	14,531	82,872	2,059,278		
Adjusted shareholders' equity	(929)	(5,108)	67,342	31,600	32,549	77,511	44,773	1,814,251		
Shares or quotas held	4,803,922	1	15,949,948	473,995	7,478,482	265,763	24,500	6,587,834		
% interest	49.00	50.00	50.00	1.00	45.00	20.61	49.00	10.81		
Net income (loss) for the period	(7,020)	408	12,580	4,800	(28,891)	10,786	7,704	247,705		
Changes in the investments										
Opening balances:										
At equity value	3,212	(2,817)	70,301	392	62,240	16,648	22,419	-	172,395	153,908
Acquisition of equity interest	-	-	-	-	20,915	-	-	-	20,915	-
Dividends received	-	-	-	-	-	(1,445)	-	-	(1,445)	(1,488)
Equity in income of associates	(3,440)	204	6,290	48	(15,876)	2,223	3,775	-	(6,776)	13,741
Cumulative translation adjustment	(227)	59	(12,468)	(124)	397	(1,451)	(4,255)	-	(18,069)	6,234
Impairment	-	-	-	-	(4,788)	-	-	-	(4,788)	-
Transfer of Joint Subsidiary to Subsidiary	-	-	-	-	(62,888)	-	-	-	(62,888)	-
Closing balances:										
At equity value	(455)	(2,554)	64,123	316	-	15,975	21,939	-	99,344	172,395
Goodwill on investments	-	-	(30,451)	-	-	-	-	-	(30,451)	(65,453)
Indirect interest - Superpolo	-	-	-	-	-	22,778	-	-	22,778	23,738
Indirect interest - New Flyer	-	-	-	-	-	-	-	199,695	199,695	369,660
At consolidated equity value	(455)	(2,554)	33,672	316	-	38,753	21,939	199,695	291,366	500,340

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

Associated companies:

						Associated companies	
						Total	
	MVC	**Mercobus**	**Spheros**	**Setbus**	**WSul**	**9/30/2016**	**12/31/2015**
	(*)	(1)					
Investment data							
Capital	-	222	15,000	1,000	6,100		
Adjusted shareholders' equity	-	2,778	49,520	(13,127)	8,117		
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 period	-	2,303	15,480	(1,928)	1,853		
Changes in the investments							
Opening balances:							
At equity value	114	2,369	14,099	(2,811)	1,879	15,650	53,833
Dividends received	-	(1,837)	-	-	-	(1,837)	(8,355)
Equity in income of associates	(114)	921	6,192	(484)	556	7,071	(29,898)
Cumulative translation adjustment	-	(342)	(483)	-	-	(825)	70
Closing balances:							
At equity value	-	1,111	19,808	(3,295)	2,435	20,059	15,650

(1) Overseas venture.
(*) Investment sold on June 10, 2016.

(b) Acquisition of joint subsidiary – San Marino Ônibus e Implementos Ltda

On August 3, 2016 the Company completed the acquisition of the share control of the company San Marino Ônibus e Implementos Ltda. Goodwill was determined under the acquisition of R$ 11,659 after the Purchase Price of R$ 24,413 had been allocated. The sum of the net assets acquired resulted in the following amounts:

	R$ thousand
Assets	
Current	
Cash and cash equivalents	4,127
Trade receivables	99,063
Inventories	59,272
Other	24,180
	186,642
Noncurrent	
Other assets	47,379
Property, plant and equipment	152,365
Intangible assets	4,068
	203,812
Total Assets	**390,454**
Liabilities	
Current	
Trade accounts payable	(44,468)
Loans and financing	(136,896)
Other	(31,345)
	(212,709)
Noncurrent	
Loans and financing	(106,833)
Other	(44,096)
Total Liabilities	**(150,929)**

Assets net of liabilities	**26,816**
% interest acquired	100.00%
Consideration	62,888
Shareholders’ equity acquired	26,816
Appreciation of assets	
Land	16,518
Buildings	7,895
Remaining goodwill	11,659

The Company is in the final stage of revising the fair values determined to allocate the goodwill under the acquisition, within the measurement period established in accordance with the accounting practices adopted in Brazil and IFRS, where Management believes that this revision will not materially alter the allocation reported this quarter.

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 in progress	Total
Balances at December 31, 2015	18,071	108,360	75,976	3,809	5,906	3,004	175	6,591	221,892
Additions	4	342	1,887	129	533	18	-	1,724	4,637
Write-offs	-	(5)	(486)	(10)	(20)	(4)	-	(177)	(702)
Transfers	-	3,588	(150)	-	-	-	-	(3,438)	-
Depreciation	-	(2,908)	(9,640)	(421)	(1,601)	(440)	-	-	(15,010)
Balances at September 30, 2016	18,075	109,377	67,587	3,507	4,818	2,578	175	4,700	210,817
Cost of property, plant and equipment	18,075	185,695	202,378	9,173	19,677	7,035	175	4,700	446,908
Accumulated depreciation	-	(76,318)	(134,791)	(5,666)	(14,859)	(4,457)	-	-	(236,091)
Residual value	18,075	109,377	67,587	3,507	4,818	2,578	175	4,700	210,817
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 in progress	Total
Balances at December 31, 2015	22,927	298,870	182,428	9,075	7,640	6,972	3,490	29,938	561,340
Foreign exchange variations	(75)	(428)	(4,824)	(202)	-	(446)	(608)	-	(6,583)
Additions	19	20,174	42,089	457	660	594	580	(1,132)	63,441
Write-offs	-	(5)	(2,302)	(43)	(47)	(4)	(509)	(177)	(3,087)
Acquisition of investment	40,997	59,627	41,987	1,650	-	3,946	785	3,373	152,365
Transfers	16,518	11,608	(164)	-	(95)	(11)	-	(3,443)	24,413
Depreciation	-	(4,325)	(22,517)	(979)	(1,896)	(1,382)	(574)	-	(31,673)
Balances at September 30, 2016	80,386	385,521	236,697	9,958	6,262	9,669	3,164	28,559	760,216
Cost of property, plant and equipment	80,386	492,724	527,073	22,927	22,970	21,077	16,386	28,559	1,212,102
Accumulated depreciation	-	(107,203)	(290,376)	(12,969)	(16,708)	(11,408)	(13,222)	-	(451,886)
Residual value	80,386	385,521	236,697	9,958	6,262	9,669	3,164	28,559	760,216
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 September 30, 2016 properties with a residual book value of R$ 24,017 thousand (R$ 27,413 thousand as of December 31, 2015) 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	Registered trademarks and licenses	Total
Balances at December 31, 2015	5,538	36	5,574
Additions	254	-	254
Write-offs	-	-	-
Amortization	(1,401)	(8)	(1,409)
Balances at September 30, 2016	4,391	28	4,419
Cost of Intangible assets	50,430	338	50,768
Accumulated amortization	(46,039)	(310)	(46,349)
Residual value	4,391	28	4,419
Annual amortization rates - %	20.0	7.0	

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

	Software	Registered trademarks and licenses	Customer portfolio	Other intangible assets	Goodwill	Total
Balances at December 31, 2015	9,869	36	3,073	11,033	286,586	310,597
Foreign exchange variations	(585)	-	(96)	(1,559)	(27,648)	(29,888)
Additions	661	-	-	-	1,070	1,731
Write-offs	(5)	-	-	(336)	(31,722)	(32,063)
Acquisition of investment	1,760	945		1,363	-	4,068
Transfers	-	-	-	-	(24,413)	(24,413)
Amortization	(2,169)	(8)	(2,898)	-	-	(5,075)
Balances at September 30, 2016	9,531	973	79	10,501	203,873	224,957
Cost of property, plant and equipment	66,942	1,283	19,294	12,276	203,873	303,668
Accumulated amortization	(57,411)	(310)	(19,215)	(1,775)	-	(78,711)
Residual value	9,531	973	79	10,501	203,873	224,957
Annual amortization rates - %	2.0	8.3	25.0	10.0		

At the end of each reporting period the Company conducts impairment tests on goodwill, or whenever there are signs that impairment may have occurred.

14 Related parties

(a) Related-party balances and transactions

The main asset and liability balances at September 30, 2016, 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 costs
Apolo	-	-	-	147	-	-	-	-
Ciferal	23	-	4,887	102	15,567	3,127	-	-
GB Polo	29,057	-	5,828	-	1,820	-	536	-
Kamaz	1,708	-	-	-	-	-	19	-
Ilmot	455	-	-	-	-	-	17	-
Loma	-	-	13,417	-	48,394	-	-	-
Mac	-	-	7,568	-	2,163	-	-	-
Masa	-	-	9,160	-	15,421	-	-	-
Moneo	26	-	-	-	-	-	3	-
Polomex	-	-	30,019	-	63,267	-	-	-
San Marino	-	-	46	-	607	-	-	-
Setbus	1,528	-	-	23	1	1,426	-	-
Spheros	-	-	1	2,676	27	24,341	-	-
Superpolo	-	-	1,896	-	4,951	-	-	-
Syncroparts	-	-	-	-	-	-	-	-
TMML	-	-	7,120	-	2,867	-	-	-
Trading	-	-	-	-	-	-	-	-
Volare Veículos	38,030	-	9,498	633	3,613	-	4,561	-
Volare Comércio	-	7	4,853	338	5,893	-	38	-
Volare Peru	-	-	1,252	-	4,629	-	-	-
WSul	61	-	-	954	-	5,319	-	-
Balance at 9/30/2016	70,888	7	95,545	4,873	169,220	34,213	5,174	-
Balance at 12/31/2015	114,878	2	72,875	4,845	168,592	52,028	3,869	-

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:

					9/30/2016
	Fixed	**Variable**	**Pension plan**	**Share-based payments**	**Total**
Board of Directors and Executive Board	6,185	4,646	108	82	**11,021**
Nonexecutive officers	6,032	6,813	230	47	**13,122**
	12,217	11,459	338	129	**24,143**

					9/30/2015
	Fixed	**Variable**	**Pension plan**	**Share-based payments**	**Total**
Board of Directors and Executive Board	6,280	4,957	121	29	**11,387**
Nonexecutive officers	5,508	1,040	187	22	**6,757**
	11,788	5,997	308	51	**18,144**

15 Loans and financing

	Average rate weighted % p.a.	Year of Maturity	Parent company 9/30/2016	Parent company 12/31/2015	Consolidated 9/30/2016	Consolidated 12/31/2015
Local currency						
FINAME	5.73	2016 to 2025	11,735	12,957	48,188	23,340
Bank loans	10.76	2016 to 2021	77	74	64,426	143
Interbank deposits	15.98	2017	-	-	48,668	39,425
FINEP	4.85	2017 to 2025	212,326	186,365	281,549	199,549
FDE – Development funds	3.00	2025	-	-	107,264	109,574
Fundepar - ES	-	2026	-	-	30,000	-
Exim	7.64	2017 to 2018	-	-	41,872	-
Special pre-shipment financing (*)	10.95	2017 to 2018	275,730	302,136	275,730	302,136
Export prepayments - Compulsory	9.20	2017 to 2019	404,502	556,339	404,502	556,339
Foreign currency						
Advances on export contracts - USD	4.08	2017	16,610	-	56,112	-
Export prepayments in US dollars	3.12	2018	271,757	413,004	271,757	413,004
Export prepayments - USD	3.26	2018	32,731	48,854	32,731	48,854
Financing in Rands	8.67	2017 to 2020	-	-	966	624
Financing in renminbi	5.00	2016 to 2017	-	-	26,548	22,911
Financing in Australian dollars	2.69	2016	-	-	83,587	79,173
Related parties in reais	CDI	-	7	2	-	-
Subtotal of local and foreign currency			1,225,475	1,519,731	1,773,900	1,795,072
Money market funding						
Local currency						
BNDES – Fixed-interest loans	4.06	2016 to 2024	-	-	480,727	613,321
BNDES – Floating interest loans	TJLP + 1.59	2016 to 2022	-	-	115,407	66,453
BNDES – Floating interest loans	SELIC + 1.58	2016 to 2022	-	-	18,926	-
Subtotal of money market funding			-	-	615,060	679,774
Total loans and financing			1,225,475	1,519,731	2,388,960	2,474,846
Current liabilities			(436,374)	(582,682)	(962,399)	(965,139)
Noncurrent liabilities			789,101	937,049	1,426,561	1,509,707

(*) 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		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
From 13 to 24 months	387,312	577,147	542,960	800,335
From 25 to 36 months	243,529	218,705	390,517	338,985
37 to 48 months	85,257	78,617	181,895	166,868
49 to 60 months	20,564	30,408	72,493	78,170
After 60 months	52,439	32,172	238,696	125,349
	789,101	937,049	1,426,561	1,509,707

(a) Loans and financing

The FINAME financing loans are secured by a statutory lien on the financed assets of R$ 24,017 as of September 30, 2016 (R$ 22,317 as of December 31, 2015).

The Company has secured bank loans amounting to R$ 256,498 thousand as of September 30, 2016 (R$ 506,424 thousand as of December 31, 2015). 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)	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
1 to 12 months	250,978	256,531	228,502	235,174
From 13 to 24 months	182,240	206,892	166,332	192,044
From 25 to 36 months	123,833	133,351	114,495	124,095
After 36 months	111,015	135,205	105,731	128,461
	668,066	731,979	615,060	679,774

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 September 30, 2016 and December 31, 2015, 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			
	9/30/2016		12/31/2015	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Civil	964	-	964	-
Labor	14,077	27,696	11,065	16,677
Tax	14,615	135,839	13,494	125,939
	29,656	163,535	25,523	142,616

	Consolidated			
	9/30/2016		12/31/2015	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Civil	2,007	442	964	442
Labor	16,974	28,208	12,689	16,677
Tax	14,811	183,675	13,688	172,091
	33,792	212,325	27,341	189,210

	Parent company		Consolidated	
Judicial deposits	**9/30/2016**	**12/31/2015**	**9/30/2016**	**12/31/2015**
Civil	980	980	3,694	980
Labor	4,137	2,676	6,104	3,855
Tax	2,073	1,772	8,055	7,592
	7,190	5,428	17,853	12,427

(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		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
REINTEGRA–credit appropriation (i)	530	484	530	484
Special Tax Arrangement – tax credit (ii)	11,129	10,171	11,129	10,171
Other contingent liabilities of lesser amounts	2,956	2,839	3,152	3,033
	14,615	13,494	14,811	13,688

(i) 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.
(ii) Contingency regarding the dispute of the procedures adopted to obtain tax incentives for product sales.

. Possible losses - not provisioned for

	Parent company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
PIS, COFINS and Social Security Fund (FINSOCIAL) - offset	6,849	6,497	6,849	6,497
COFINS – rebate application (i)	19,612	18,207	19,612	18,207
PIS, COFINS – credit	7,572	6,992	7,572	6,992
PIS – offsetting (ii)	12,697	11,444	12,697	11,444
IPI – credit	1,805	1,825	1,805	1,825
IRPJ – understated inflationary profit	2,726	2,609	2,726	2,609
IRPJ and CSLL - negative balance (iii)	15,532	14,445	15,532	14,445
IRPJ and CSLL – Overseas profits (iv)	26,265	24,319	26,265	24,319
IRPJ and CSLL – IR paid overseas	3,220	2,957	3,220	2,957
REINTEGRA – offsetting (v)	13,807	12,822	13,807	12,822
ICMS – shipment of goods with a reduced tax rate to non-taxpayers (vi)	-	-	33,921	32,135
ICMS – disreputable documents (vii)	14,216	13,139	14,216	13,139
ISS – services received from third parties	5,242	4,782	5,242	4,782
INSS – services acquired from legal entities	6,296	5,901	6,296	5,901
Other contingent liabilities of lesser amounts	-	-	13,915	14,017
	135,839	125,939	183,675	172,091

(i) Contingencies rated as possible losses 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 rated as a possible loss relating to 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) Contingency rated as a possible defeat, 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.

(iv) Contingency rated as a possible defeat, 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.

(v) Contingency rated as a possible defeat, 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.

(vi) Contingency rated as a possible defeat, 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.

(vii) Contingency rated as a possible defeat, 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			
	9/30/2016		12/31/2015	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Contingency				
Tax	12,937	12,189	11,851	11,166
Social security	-	2,662	-	2,438
	12,937	14,851	11,851	13,604

(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 the period ended September 30, 2016 was R$ 9,121 (R$ 8,695 as of September 30, 2015). 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 September 30, 2016 and December 31, 2015, 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	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Present value of actuarial obligations	(216,263)	(196,773)	(218,470)	(198,861)
Fair value of the plan's assets	248,800	219,711	251,339	222,042
Surplus not subject to refund or reduction in future contributions	(32,537)	(22,938)	(32,869)	(23,181)
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 September 30, 2016.

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

	Parent company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
January 01	-	-	-	-
Plan participant contributions	7,198	10,165	7,282	10,298
Actuarial losses (gains)	(7,198)	(10,165)	(7,282)	(10,298)
Net annual (Expenses)/revenue recognized	-	-	-	-
September 30	-	-	-	-

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

	Parent company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
January 01	219,711	210,184	222,042	212,329
Sponsor contributions	7,198	10,165	7,282	10,298
Employee contributions	207	482	208	490
Benefits paid	(7,596)	(9,806)	(7,596)	(9,807)
Expected return on plan assets	29,280	8,686	29,403	8,732
September 30	248,800	219,711	251,339	222,042

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

	Parent company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
January 01	196,773	205,606	198,861	207,698
Actuarial (Gains) losses	6,893	(27,666)	6,750	(28,049)
Cost of current services	1,854	4,545	1,920	4,675
Financial cost	18,132	23,612	18,327	23,854
Employee contributions	207	482	208	490
Benefits paid	(7,596)	(9,806)	(7,596)	(9,807)
September 30	216,263	196,773	218,470	198,861

The amounts recognized in the statement of income are:

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Cost of current services	1,854	4,545	1,920	4,675
Financial cost	(320)	(706)	(324)	(715)
Total included as personnel cost	1,534	3,839	1,596	3,960

The main actuarial premises at the reporting date are:

. **Economic hypotheses**

	Percentage p.a.			
	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Discount rate (*)	12.68	12.68	12.68	12.68
Expected return on plan assets	12.68	12.68	12.68	12.68
Future salary increases	7.52	7.52	7.52	7.52
Inflation	5.00	5.00	5.00	5.00

(*) The discount rate is: inflation 5.00% p.a. plus interest of 7.31% p.a. for the period ended September 30, 2016 (inflation of 5.00% p.a. plus interest of 7.31% p.a. For the financial year ended December 31, 2015).

. **Demographic hypotheses**

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
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

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	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Assets				
Provision for technical assistance	17,831	24,214	22,577	43,390
Provision for commissions	29,660	36,864	33,199	40,923
Allowance for doubtful accounts	4,426	5,175	30,301	24,952
Provision for profit sharing	35,163	18,118	35,365	19,493
Provision for contingencies	29,655	25,523	33,825	27,341
Provision for sureties with third parties	75	75	149	146
Provision for inventory losses	3,934	857	8,528	7,328
Provision for outsourced services	11,624	12,231	11,624	12,231
Provision for contractual termination	36,690	13,779	36,690	13,779
Industrial development program - PDI	18,779	-	18,779	-
Appropriation of (gains) losses on derivatives	(3,440)	(155)	(3,440)	(882)
Adjustment to present value	3,164	2,590	3,172	2,919

Fiscal depreciation	(31,866)	(32,565)	(36,282)	(45,318)
Tax loss/negative social contribution base	-	-	72,843	-
IR/CS over foreign income	(223,971)	-	(223,971)	-
Other provisions	20,514	11,956	54,935	36,451
Calculation basis	(47,762)	118,662	98,294	182,753
Statutory rate - %	34	34	34	34
Deferred income and social contribution taxes Assets and (Liability)	(16,239)	40,345	33,420	62,136

(b) Estimated realization of deferred tax assets and liability

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:

Assets (Liabilities)

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
13 months onwards	(16,239)	40,345	33,420	62,136
	(16,239)	40,345	33,420	62,136

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

	Parent company				Consolidated			
	7/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	9/30/2016	9/30/2015	7/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	9/30/2016	9/30/2015
Reconciliation								
Net income before income and social contribution taxes	239,188	2,617	312,060	67,714	288,891	9,308	375,260	83,616
Statutory rate - %	34	34	34	34	34	34	34	34
	81,324	890	106,100	23,023	98,223	3,165	127,588	28,429
Permanent additions and exclusions								
Equity in net income of subsidiaries	(88,323)	(2,323)	(93,091)	(14,097)	(22,079)	(2,977)	(29,392)	(14,600)
D&O profit shares	(269)	(547)	(1,380)	(1,717)	(269)	(547)	(1,380)	(1,717)
PDI tax incentive (i)	(6,385)	-	(6,385)	-	(6,385)	-	(6,385)	-
Tax loss of related company	-	-	-	-	18,444	-	18,444	-
Interest on shareholders' equity	-	-	-	(14,722)	-	-	-	(14,722)
IR/CS over foreign income	76,469	-	76,469		27,338	-	27,338	-
Other additions (exclusions)	(651)	(2,775)	1,568	(2,703)	(4,808)	1,635	8,591	7,041
	62,165	(4,755)	83,281	(10,216)	110,464	1,276	144,804	4,431
Income and social contribution taxes								
Current	(12,055)	4,761	(26,697)	3,986	(93,860)	(6,644)	(116,088)	(20,707)
Deferred charges	(50,110)	(6)	(56,584)	6,230	(16,604)	5,368	(28,716)	16,276
	62,165	(4,755)	83,281	(10,216)	110,464	1,276	144,804	4,431

(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 September 30, 2016, the subscribed and paid-in capital consisted of 909,008,235 (896,900,084 as of December 31, 2015) registered shares with no par value, of which 341,625,744 are common shares and 567,382,491 are preferred shares.

Of the total subscribed capital, 329,121,374 (327,101,649 as of December 31, 2015) 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 4,949,901 preferred nominative shares, purchased at the average cost of R$ 4.6379 (in reais) per share. In the quarter 974,068 preferred nominative shares were sold, at an average weight price of R$ 1.8500 per share, generating a negative balance of R$ 2,715. The market value of the treasury stock as of September 30, 2016 was R$ 22,957. 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 Insurance coverage

As of September 30, 2016 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**	**9/30/2016**	**12/31/2015**
Inventories and storage	Fire and other risks	543,446	605,020
Buildings and contents	Fire and other risks	928,889	801,880
Vehicles	Collision and civil liability	32,488	35,714
		1,504,823	1,442,614

21 Guarantees

As of September 30, 2016, the Company had issued endorsements/sureties of R$ 16,217 (R$ 18,126 as of September 30, 2015), 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$ 24,017 (R$ 27,413 as of December 31, 2015) submitted as collateral for bank loans and contingencies.

22 Employee profit sharing

The employee profit sharing was calculated in accordance with the terms established in the Marcopolo Targets/Efficiency Program Agreement (EFIMAR).

The amounts are classified in profit or loss for the period as follows:

	Parent company				Consolidated			
	7/1/2016 to 9/30/2016	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**	**7/1/2016 to 9/30/2016**	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**
Cost of goods sold and services rendered	17,274	3,812	21,792	8,990	17,274	3,812	21,792	8,990
Sales expenses	7,299	357	8,656	2,007	7,299	357	8,656	2,007
Management expenses	2,720	1,026	3,860	2,386	2,582	1,453	4,494	3,225
	27,293	5,195	34,308	13,383	27,155	5,622	34,942	14,222

23 Revenue

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

	Parent company				Consolidated			
	7/1/2016 to 9/30/2016	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**	**7/1/2016 to 9/30/2016**	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**
Gross sales of products and services	486,389	485,726	1,315,104	1,454,803	788,108	761,616	1,981,023	2,304,974
Sales taxes and returns	(51,710)	(81,418)	(173,732)	(267,090)	(79,945)	(102,972)	(224,794)	(353,245)
Net revenue	434,679	404,308	1,141,372	1,187,713	708,163	658,644	1,756,229	1,951,729

24 Expenses by nature

	Parent company				Consolidated			
	7/1/2016 to 9/30/2016	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**	**7/1/2016 to 9/30/2016**	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**
Costs on sales of goods products and services	249,198	209,940	659,176	623,418	391,290	335,941	984,898	1,046,601
Outsourced services and other	40,387	50,646	101,568	114,343	79,467	84,706	161,213	183,909
Direct compensation	92,796	95,222	257,997	271,045	151,666	175,909	401,933	483,050
D&O compensation	4,553	3,742	10,761	11,543	4,553	3,742	10,761	11,543
Employee profit shares	27,293	5,195	34,308	13,383	27,155	5,622	34,942	14,222
Depreciation and amortization charges	5,405	5,825	16,419	17,211	14,356	12,057	36,748	35,238
Private pension expenses	5,539	2,766	5,539	8,654	6,043	2,709	5,666	8,695
Other expenses	6,171	536	38,726	40,524	44,849	3,286	101,235	71,832
Total cost of sales, distribution and administrative expenses	**431,342**	**373,872**	**1,124,494**	**1,100,121**	**719,379**	**623,972**	**1,737,396**	**1,855,090**

25 Other operating income (expenses)

	Parent company				Consolidated			
	7/1/2016 to 9/30/2016	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**	**7/1/2016 to 9/30/2016**	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**
Sale of New Flyer shares	-	-	-	-	269,503	-	269,503	-
IOF - Tax on financial transactions	(1,448)	(180)	(1,663)	(379)	(1,454)	(205)	(1,684)	(439)
Labor indemnities	(4,561)	(997)	(14,560)	(10,256)	(4,561)	(997)	(14,560)	(10,256)
Restructuring of sales network	(25,908)	-	(25,908)	-	(32,705)	-	(32,705)	-
Other income (expenses)	(4,469)	(4,222)	(12,715)	(3,736)	(4,560)	(3,651)	(20,662)	1,403
Other operating income (expenses)	(36,386)	(5,399)	(54,846)	(14,371)	226,223	(4,853)	199,892	(9,292)

26 Finance income

	Parent company				Consolidated			
	7/1/2016 to 9/30/2016	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**	**7/1/2016 to 9/30/2016**	**7/1/2015 to 9/30/2015**	**9/30/2016**	**9/30/2015**
Finance income								
Interest and monetary variance earnings	2,609	2,329	7,609	6,388	2,634	4,409	5,109	12,852
Interest on derivatives	3,371	-	6,872	479	3,371	-	6,872	479
Income on short-term investments	27,920	24,909	81,020	63,873	31,583	25,976	90,823	69,333
Exchange variance	40,742	73,839	262,961	178,239	45,573	91,038	278,476	197,070
Exchange variance on derivatives	4,217	14,226	28,793	16,286	4,217	14,298	29,403	16,672
Adjustment of accounts receivable to present value	4,683	4,952	13,619	14,893	6,983	6,727	17,092	20,335
	83,542	120,255	400,874	280,158	94,361	142,448	427,775	316,741
Finance costs								
Interest on loans and financing	(19,706)	(17,706)	(55,365)	(47,731)	(25,776)	(15,229)	(64,607)	(52,239)
Interest on derivatives	(115)	(1,217)	(1,747)	(1,603)	(115)	(1,217)	(2,010)	(1,603)
Exchange variance	(38,076)	(120,172)	(231,374)	(252,911)	(43,332)	(142,381)	(248,317)	(277,111)
Exchange variance on derivatives	(5,934)	(3,999)	(14,811)	(8,101)	(6,024)	(5,192)	(15,982)	(9,567)
Bank expenses	(986)	(2,135)	(5,125)	(4,079)	(1,861)	(2,445)	(7,444)	(5,934)
Present value adjustment of accounts payable	(6,262)	(4,279)	(16,222)	(12,703)	(8,307)	(5,251)	(19,326)	(16,958)
	(71,079)	(149,508)	(324,644)	(327,128)	(85,415)	(171,715)	(357,686)	(363,412)
Finance income	12,463	(29,253)	76,230	(46,970)	8,946	(29,267)	70,089	(46,671)

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	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Profit attributable to Marcopolo shareholders	228,779	77,930	230,456	79,185
Weighted average number of shares issued (in thousands)	904,058	890,976	904,058	890,976
Earnings per share	0.2530	0.0874	0.2549	0.0888

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common and preferred sharesoutstanding 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 comparedwith the number of shares issued assuming the exercise of the stock options.

	Parent company		Consolidated	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Profit attributable to Marcopolo shareholders	228,779	77,930	230,456	79,185
Weighted average number of shares issued (in thousands)	904,058	890,976	904,058	890,976
Adjustments:				
Exercising of share call options	4,950	5,924	4,950	5,924
Earnings per share	0.25168	0.08689	0.2535	0.08829

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	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Assets						
Current						
Cash and cash equivalents	1,361,671	1,131,162	1,336,071	1,111,998	25,600	19,164
Financial assets stated at fair value through profit and loss	189,237	184,866	189,237	184,866	-	-
Derivative financial instruments	3,782	1,803	3,782	1,803	-	-
Trade receivables	940,654	1,032,600	604,830	678,442	335,824	354,158
Inventories	498,436	437,774	498,436	437,774	-	-
Other accounts receivable	296,243	200,714	240,147	154,971	56,096	45,743
	3,290,023	2,988,919	2,872,503	2,569,854	417,520	419,065

	Consolidated		Industrial		Finance	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Noncurrent						
Financial assets stated at fair value through profit and loss	32,354	47,345	32,354	47,345	-	-
Trade receivables	488,284	538,215	-	-	488,284	538,215
Other accounts receivable	65,918	76,318	62,015	74,421	3,903	1,897
Investments	311,606	516,129	311,606	516,129	-	-
Property, plant and equipment	760,216	561,340	759,888	560,948	328	392
Goodwill and intangible assets	224,957	310,597	224,586	310,154	371	443
	1,883,335	2,049,944	1,390,449	1,508,997	492,886	540,947
Total assets	5,173,358	5,038,863	4,262,952	4,078,851	910,406	960,012
Liabilities						
Current						
Trade accounts payable	253,618	249,138	253,618	249,138	-	-
Loans and financing	962,399	965,139	685,229	690,540	277,170	274,599
Derivative financial instruments	1,012	921	1,012	921	-	-
Other accounts payable	524,802	376,976	513,241	362,116	11,561	14,860
	1,741,831	1,592,174	1,453,100	1,302,715	288,731	289,459
Noncurrent						
Loans and financing	1,426,561	1,509,707	1,040,003	1,065,107	386,558	444,600
Other accounts payable	62,241	74,799	62,241	74,799	-	-
	1,488,802	1,584,506	1,102,244	1,139,906	386,558	444,600
Minority interests	30,295	34,098	30,295	34,098	-	-
Shareholders' equity attributable to controlling shareholders	1,912,430	1,828,085	1,677,313	1,602,132	235,117	225,953
Total liabilities	5,173,358	5,038,863	4,262,952	4,078,851	910,406	960,012

Statements of operations income

	Consolidated		Industrial		Finance	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Operations						
Net revenue from sales and services	1,756,229	1,951,729	1,712,853	1,913,916	43,376	37,813
Cost of goods sold and services rendered	(1,519,782)	(1,624,544)	(1,519,782)	(1,624,544)	-	-
Gross profit	236,447	327,185	193,071	289,372	43,376	37,813
Operating revenue (expense)						
Sales expenses	(100,179)	(113,277)	(88,378)	(109,612)	(11,801)	(3,665)
Administrative expenses	(117,435)	(117,269)	(104,909)	(105,477)	(12,526)	(11,792)
Other net operating income (expenses)	199,892	(9,292)	202,079	(8,842)	(2,187)	(450)
Equity in income of associates	86,446	42,940	86,446	42,940	-	-
Operating income	305,171	130,287	288,309	108,381	16,862	21,906
Finance income						
Finance income	427,775	316,741	427,775	316,741	-	-
Finance expenses	(357,686)	(363,412)	(357,686)	(363,412)	-	-
Profit before income and social contribution taxes	375,260	83,616	358,398	61,710	16,862	21,906
Income and social contribution taxes	(144,804)	(4,431)	(137,106)	4,615	(7,698)	(9,046)
Net income for the period	230,456	79,185	221,292	66,325	9,164	12,860

29 Statements of cash flow by business segment – indirect method

	Consolidated		Industrial Segment		Financial Segment	
	9/30/2016	**9/30/2015**	**9/30/2016**	**9/30/2015**	**9/30/2016**	**9/30/2015**
Cash flows from operating activities						
Net income for the period	**230,456**	**79,185**	**221,292**	**66,325**	**9,164**	**12,860**
Reconciliation of income (loss) to cash provided by operating activities						
Depreciation and amortization	36,748	35,238	36,552	35,017	196	221
Gain on sale of investment assets, property, plant and equipment and intangible assets	171,549	2,163	171,547	2,087	2	76
Equity in net income of subsidiaries	(86,446)	(42,940)	(86,446)	(42,940)	-	-
Allowance for doubtful accounts	4,642	(179)	(1,021)	(3,067)	5,663	2,888
Current and deferred income and social contribution taxes	144,806	4,431	137,108	(4,615)	7,698	9,046
Interest and exchange variance appropriated	(108,440)	227,248	(136,094)	208,390	27,654	18,858
Minority interests	1,677	1,255	1,677	1,255	-	-
Changes in assets and liabilities						
(Increase) decrease in trade accounts receivable	226,508	112,693	163,906	81,432	62,602	31,261
(Increase) decrease in securities	10,754	(38,137)	10,754	(38,137)	-	-
(Increase) decrease in inventories	(21,690)	(4,506)	(21,690)	(4,506)	-	-
(Increase) decrease in other accounts receivable	(21,240)	(62,935)	(8,881)	(63,466)	(12,359)	531
Increase (decrease) in trade payables	(29,898)	(102,728)	(29,898)	(102,728)	-	-
Increase (decrease) in actuarial liabilities	-	13,607	-	13,469	-	138
Increase (decrease) in accounts payable and provisions	31,376	91,857	25,567	89,040	5,809	2,817
Cash produced by operating activities	**590,802**	**316,252**	**484,373**	**237,556**	**106,429**	**78,696**
Taxes on profit paid	(116,088)	(20,707)	(99,282)	(11,331)	(16,806)	(9,376)
Net cash provided by operating activities	**474,714**	**295,545**	**385,091**	**226,225**	**89,623**	**69,320**
Cash flows from investment activities						
Investments	-	(628)	-	(628)	-	-
Acquisition of investment in subsidiary	4,127	-	4,127	-	-	-
Dividends from subsidiaries, joint ventures and associated companies	16,020	24,830	16,020	24,830	-	-
Additions to property, plant and equipment	(63,441)	(115,955)	(63,412)	(115,869)	(29)	(86)
Acquisition of intangible assets	(1,731)	(1,608)	(1,698)	(1,513)	(33)	(95)
Receipt on sale of property, plant and equipment	34	84	34	84	-	-
Net cash provided by investment activities	**(44,991)**	**(93,277)**	**(44,929)**	**(93,096)**	**(62)**	**(181)**
Cash flows from financing activities						
Treasury shares	1,802	2,788	1,802	2,788	-	-
Loans secured from unrelated parties	556,798	559,546	390,118	389,380	166,680	170,166
Payment of loans – principal	(681,992)	(381,774)	(458,893)	(172,503)	(223,099)	(209,270)
Payment of loans – interest	(80,357)	(45,340)	(53,651)	(26,188)	(26,706)	(19,152)
Share issuance	20,915	-	20,915	-	-	-
Payment of interest in shareholders' equity and dividends	-	(86,933)	-	(82,226)	-	(4,707)
Net cash used in financing activities	**(182,834)**	**48,287**	**(99,709)**	**111,250**	**(83,125)**	**(62,963)**
Exchange variance on cash and cash equivalents	(16,380)	35,993	(16,380)	35,993	-	-
Net increase (decrease) in cash and cash equivalents	**230,509**	**286,548**	**224,073**	**280,372**	**6,436**	**6,176**
Cash and cash equivalents at	1,131,162	642,615	1,111,998	615,112	19,164	27,503

	Consolidated		Industrial Segment		Financial Segment	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015	9/30/2016	9/30/2015
at beginning of period						
Cash and cash equivalents at at end of period	1,361,671	929,163	1,336,071	895,484	25,600	33,679

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	
	9/30/2016	9/30/2015
Brazil	1,214,503	1,407,512
Africa	66,921	73,815
Australia	265,536	247,076
China	42,854	45,075
Mexico	163,087	178,251
Peru	3,328	-
	1,756,229	1,951,729

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

	Consolidated	
	9/30/2016	12/31/2015
Brazil	769,134	581,383
Africa	12,200	12,699
Australia	137,035	162,507
Canada	46,440	88,943
China	4,311	6,098
Mexico	15,951	20,237
Peru	45	-
Uruguay	57	70
	985,173	871,937

31 Subsequent Events

(a) Interest on shareholders' equity

The Board of Director's Meeting held November 7, 2016 approved the payment to all company shareholders of interest on capital for FY 2016, at the rate of R$ 0.131 per share, from which income tax withheld at source will be deducted in accordance with the existing legislation. The net value of said interest will be included in the mandatory dividend declared in advance, for the 2016 financial year.

(b) Capital increase via private subscription

At a meeting held November 7, 2016 the Board of Directors approved the Company's capital increase, within the authorized capital limit, with the possibility of partial ratification via the issuance for private subscription of new preferred book-entered shares. The increase will be at least R$ 24,409 thousand and at most R$ 97,638 thousand, via the private issuance of at least 9,040,583 preferred book-entered shares and at most 36,162,333 preferred both-entered shares, with no par value. The entire capital increase will be allocated to the Company's cash.

* * *

(A free translation of the original in Portuguese)

1 Shareholders os Marcopolo S.A. with over 5% of common shares and/or preferred shares, to the level of individuals, as of September 30,2016:

SHAREHOLDER	COMMON		PREFERRED		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%
Bellpart Participações Ltda	151.954.920	44,48	-	0,00	151.954.920	16,72
Paulo Pedro Bellini	132.600	0,04	891.900	0,16	1.024.500	0,11
Mauro Gilberto Bellini	-	0,00	3.413.325	0,60	3.413.325	0,38
James Eduardo Bellini	-	0,00	2.104.795	0,37	2.104.795	0,23
Viviane Maria Pinto Bado	32.163.544	9,41	7.752	0,00	32.171.296	3,54
Therezinha Lourdes C. Pinto	-	0,00	596.256	0,11	596.256	0,07
Vate Part. e Adm. Ltda	10.363.420	3,03	-	0,00	10.363.420	1,14
Davos Participações Ltda	32.000.000	9,37	-	0,00	32.000.000	3,52
Subtotal Controlling Group	**226.614.484**	**66,33**	**7.014.028**	**1,24**	**233.628.512**	**25,70**
Fund. Banco Central – CENTRUS	51.265.984	15,01	-	0,00	51.265.984	5,64
Fund Petrobras Seg Soc Petros	-	0,00	83.291.100	14,68	83.291.100	9,16
Wellington Manag.Comp.(exterior)	-	0,00	27.815.400	4,90	27.815.400	3,06
T Rowe Price Funds Sicav (exterior)	-	0,00	31.233.862	5,50	31.233.862	3,44
Ações em tesouraria	-	0,00	4.949.901	0,87	4.949.901	0,54
Outros acionistas no exterior (*)	18.145.924	5,31	270.072.112	47,60	288.218.036	31,71
Outros acionistas (*)	45.599.352	13,35	143.006.088	25,20	188.605.440	20,75
TOTAL	**341.625.744**	**100,00**	**567.382.491**	**100,00**	**909.008.235**	**100,00**
PROPORTION		**37,58**		**62,42**		**100,00**

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

2 Capital Breakdown of Bellpart Participação Ltda. as of September 30, 2016:

Table denoting quotas:

SHAREHOLDERS	QUOTAS		
	NUMBERS	FACE VALUE	%
James Eduardo Bellini	95.064.957	95.064.957	41,05
Mauro Gilberto Bellini	95.064.957	95.064.957	41,05
Paulo Alexander Pacheco Bellini	41.430.086	41.430.086	17,90
TOTAL	**231.560.000**	**231.560.000**	**100,00**

3 Capital Breakdown of Davos Participação Ltda. as of September 30, 2016:

Table denoting quotas:

SHAREHOLDERS	QUOTAS		
	NUMBERS	FACE VALUE	%
Paulo Pedro Bellini	4.120.000	4.120.000	20,00
James Eduardo Bellini	4.120.000	4.120.000	20,00
Mauro Gilberto Bellini	4.120.000	4.120.000	20,00
Viviane Maria Pinto Bado	8.240.000	8.240.000	40,00
TOTAL	**20.600.000**	**20.600.000**	**100,00**

4 Capital Breakdown of Vate - Participações e Administração Ltda. as of September 30, 2016:

Table denoting quotas:

SHAREHOLDERS	QUOTAS		
	NUMBERS	FACE VALUE	%
Therezinha Lourdes Comerlato Pinto	11.851.059	11.851.059	51,00
Viviane Maria Pinto	11.250.728	11.250.728	49,00
TOTAL	**23.101.787**	**23.101.787**	**100,00**

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

Consolidated Shareholdings of Controlling Shareholders, Executives and free float. Position on 09/30/2016

Table denoting quotas:

SHAREHOLDERS	COMMON		PREFERRED		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%
Parent companies	226.614.484	66,33	7.014.028	1,24	233.628.512	25,70
Controllers' spouses	1.100.800	0,32	985.200	0,17	2.086.000	0,23
Executives	-	-	-	-	-	-
Board of Directors	100	0,00	1.600	0,00	1.700	0,00
Executive Board	356.000	0,10	2.551.557	0,46	2.907.557	0,32
Audit Committee (*)	504.696	0,15	758.760	0,14	1.263.456	0,14
Treasury stock	-	0,00	4.949.901	0,87	4.949.901	0,54
Other	113.049.664	33,10	551.121.445	97,13	664.171.109	73,07
TOTAL	**341.625.744**	**100,00**	**567.382.491**	**100,00**	**909.008.235**	**100,00**
Free Float in the Market	**113.049.664**	**33,10**	**551.121.445**	**97,13**	**664.171.109**	**73,07**

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

Consolidated Shareholdings of Controlling Shareholders, Executives and free float. Position on 09/30/2015

Table denoting quotas:

SHAREHOLDERS	COMMON		PREFERRED		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%
Parent companies	226.087.076	66,18	6.662.320	1,20	232.749.396	25,95
Controllers' spouses	1.111.936	0,33	987.256	0,18	2.099.192	0,23
Executives	-	-	-	-	-	-
Board of Directors	100	0,00	1.600	0,00	1.700	0,00
Executive Board	356.000	0,10	2.630.602	0,47	2.986.602	0,33
Audit Committee (*)	504.696	0,15	758.760	0,14	1.263.456	0,14
Treasury stock	-	0,00	5.923.969	1,07	5.923.969	0,66
Other	113.565.936	33,24	538.309.833	96,94	651.875.769	72,69
TOTAL	**341.625.744**	**100,00**	**555.274.340**	**100,00**	**896.900.084**	**100,00**
Free Float in the Market	**113.565.936**	**33,24**	**538.309.833**	**96,94**	**651.875.769**	**72,69**

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

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

(A free translation of the original in Portuguese)

Report on the quarterly information review

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

Introduction

We have reviewed the interim, individual and consolidated financial statements of the company Marcopolo S.A. ("Company"), included in the Quarterly Information Form - ITR for the quarter ended September 30, 2016, which comprises the balance sheets as of September 30, 2016 and related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the nine month periods then ended, including the explanatory notes.

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

Review scope

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

Conclusion about the interim information

Our review did not detect any facts that suggest the individual and consolidated interim financial statements were not prepared, in all material aspects, in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, that applies to Quarterly Information - ITR, presented in accordance with the standards issued by the Brazilian Securities Commission - CVM.

Other matters

Statements of added value

We have also reviewed the individual and consolidated Statements of added value (DVA) for the nine-month period ended September 30, 2016, prepared by Company management, the presentation of which in the interim information is required by the standards issued by the CVM - Brazilian Securities

Commission applicable to the preparation of the Quarterly Information - ITR and is considered supplementary information to IFRS which does not require the publication of DVAs. These statements were subject to the audit procedures described earlier and our review did not detect any facts that suggest they have not been prepared, in all material respects, in accordance with the individual and consolidated interim financial statements.

Porto Alegre, November 7, 2016

KPMG Auditores Independentes
CRC 2SP014428/F-RS

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