(A free translation of the original in Portuguese)

Marcopolo S.A.
and Subsidiaries
Financial Statements at
December 31, 2009 and 2008
and Report of Independent Auditors

(A free translation of the original in Portuguese)

Report of Independent Auditors

To the Board of Directors and Stockholders
Marcopolo S.A.

1 We have audited the accompanying balance sheets of Marcopolo S.A. ("the Company") and the consolidated balance sheets of Marcopolo S.A. and its subsidiaries as of December 31, 2009 and 2008 and the related statements of income, of changes in stockholders' equity, of cash flows and of value added of the Company and the related consolidated statements of income, of cash flows and of value added for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.

2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the companies, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of Marcopolo S.A. and of Marcopolo S.A. and its subsidiaries at December 31, 2009 and 2008 and the results of operations, the changes in stockholders' equity, cash flows and value added to the Company's operations, and the consolidated results of operations, cash flows and value added to the operations of the Company and its subsidiaries for the years then ended, in accordance with accounting practices adopted in Brazil.

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4 Certain aspects of accounting practices adopted in Brazil differ from the International Financial Reporting Standards ("IFRS"). The nature of these differences and the corresponding impacts on stockholders' equity at December 31, 2009 and 2008 and the net results for the years then ended are presented in Note 27

Caxias do Sul, April 30, 2010
except for Note 27 which is dated
April 30, 2010

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RS

Carlos Biedermann
Contador CRC 1RS029321/O-4

Marcopolo S.A. and Subsidiaries

Balance Sheets at December 31

In thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
Assets	**2009**	**2008**	**2009**	**2008**
Current assets				
Cash and cash equivalents (Note 4)	404,800	201,009	503,925	434,351
Marketable securities (Note 4)	5,228		37,438	83
Trade accounts receivable (Note 5)	404,674	419,193	706,100	687,299
Inventories (Note 6)	134,657	169,468	244,195	310,581
Taxes recoverable (Note 7)	74,459	146,092	94,344	173,497
Deferred income tax and social contribution (Note 17)	24,634	38,029	35,004	40,875
Other accounts receivable	21,463	38,307	48,389	64,178
	1,069,915	1,012,098	1,669,395	1,710,864
Non-current assets				
Long-term receivables				
Related parties (Note 12)	721	1,278		
Taxes recoverable (Note 7)	1,553	1,004	2,434	2,940
Deferred income tax and social contribution (Note 17)	8,130	19,151	25,080	26,329
Judicial deposits (Note 15)	11,776	12,236	13,745	14,617
Trade accounts receivable (Note 5)			398,943	329,726
Other accounts receivable	14,633		14,394	291
Investments (Note 8)	326,065	338,333	927	912
Property, plant and equipment (Note 9)	127,773	108,718	290,768	268,982
Intangible assets (Note 10)	64,184	65,764	68,416	68,794
Deferred charges (Note 11)			8,144	11,590
	554,835	546,484	822,851	724,181
Total assets	1,624,750	1,558,582	2,492,246	2,435,045

	Parent company		Consolidated	
Liabilities and stockholders' equity	**2009**	**2008**	**2009**	**2008**
Current liabilities				
Suppliers	120,033	105,372	207,070	188,833
Loans and financing (Note 14)	126,682	287,594	385,633	628,416
Salaries and vacation pay	46,371	50,813	58,582	62,506
Taxes and contributions payable	26,409	14,980	42,433	23,862
Related parties (Note 12)	1,175	1,415		
Advances from customers	13,812	17,421	19,613	32,103
Commissioned representatives	16,292	14,253	20,512	22,937
Interest on own capital and dividends (Note 19)	43,508	59,810	43,576	59,810
Management profit sharing	7,552	7,074	7,552	7,074
Other accounts payable	32,070	38,911	68,792	92,386
	433,904	597,643	853,763	1,117,927
Non-current liabilities				
Loans and financing (Note 14)	437,863	216,294	868,729	551,703
Provision for contingencies (Note 15)	15,874	45,755	27,287	56,552
Benefits to employees (Note 16)	8,039	10,570	8,059	10,573
Other accounts payable		24	1,550	2,972
	461,776	272,643	905,625	621,800
Minority interest			8,815	11,809
Stockholders' equity				
Capital (Note 18)	450,000	450,000	450,000	450,000
Capital reserves	(806)	708	(806)	708
Revenue reserves	308,782	236,066	303,755	231,279
Carrying value adjustments (Note 8)	(26,479)	7,580	(26,479)	7,580
Treasury stock	(2,427)	(6,058)	(2,427)	(6,058)
	729,070	688,296	724,043	683,509
Total liabilities and stockholders' equity	1,624,750	1,558,582	2,492,246	2,435,045

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

Marcopolo S.A. and Subsidiaries

Statements of Income
Years Ended December 31
In thousands of reais, unless otherwise indicated (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Gross sales and service revenues	1,694,343	1,906,889	2,554,486	3,024,210
Sales deductions				
Taxes on sales	(352,196)	(222,352)	(496,786)	(492,047)
Net sales and service revenues	1,342,147	1,684,537	2,057,700	2,532,163
Cost of sales and services	(1,107,269)	(1,384,395)	(1,661,864)	(2,058,094)
Gross profit	234,878	300,142	395,836	474,069
Operating expenses (income)				
Selling expenses	78,531	81,037	152,166	146,196
Management fees	8,301	8,330	8,301	8,330
Administrative expenses	43,008	43,583	90,470	92,120
Other operating expenses (income), net	(12,240)	(210)	(35)	(4,863)
Operating profit before equity results and financial income (expenses)	117,278	167,402	144,934	232,286
Results from investments				
Equity in the results of investees (Note 8)	2,603	31,016		
Amortization of goodwill		(6,645)		(6,645)
Financial result				
Financial expenses (Note 24)	(140,709)	(150,515)	(183,099)	(209,884)
Financial income (Note 24)	192,771	119,913	229,540	171,022
Income before taxation and profit sharing	171,943	161,171	191,375	186,779
Income tax and social contribution (Note 17)				
For the year	(27,608)	(56,499)	(47,187)	(84,920)
Deferred		38,018		40,605
Management profit sharing	(7,552)	(7,074)	(7,552)	(7,074)
Minority interest			(93)	(944)
Net income for the year	136,783	135,616	136,543	134,446
Net income per share - R$	0.612	0.608	0.610	0.603

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

Marcopolo S.A.

Statements of Changes in Stockholders' Equity

In thousands of reais, unless otherwise indicated (A free translation of the original in Portuguese)

		Capital reserves		Revenue reserves							
	Capital	**Investment subsidies**	**Gain on sales of treasury stock**	**Legal**	**For future capital increase**	**For payment of interim dividends**	**For purchase of own shares**	**Carrying value adjustments**	**Retained earnings (accumulated deficit)**	**Treasury stock**	**Total**
At December 31, 2007 (adjusted)	450,000	688	498	13,136	87,286	41,219	18,619	(14,106)		(3,362)	593,978
Sale of treasury stock			(478)							2,408	1,930
Purchase of shares										(5,104)	(5,104)
Exchange variation on investments abroad								21,686			21,686
Net income for the year									135,616		135,616
Appropriations:											
Legal reserve				6,780					(6,780)		
Interest on own capital and dividends											
Common shares - R$ 0,1672 per share									(14,280)		(14,280)
Preferred shares - R$ 0,1672 per share									(22,979)		(22,979)
Proposed dividends											
Common shares - R$ 0,0665 per share									(5,680)		(5,680)
Preferred shares - R$ 0,0665 per share									(9,139)		(9,139)
Additional dividends proposed											
Common shares - R$ 0,0347 per share									(2,963)		(2,963)
Preferred shares - R$ 0,0347 per share									(4,769)		(4,769)
Reserve for future capital increase					53,731				(53,731)		
Reserve for payment of dividends						3,781			(3,781)		
Reserve for purchase of own shares							11,514		(11,514)		
At December 31, 2008	450,000	688	20	19,916	141,017	45,000	30,133	7,580		(6,058)	688,296

Statements of Changes in Stockholders' Equity
In thousands of reais, unless otherwise indicated **(continued)**

		Capital reserves		Revenue reserves							
	Capital	Investment subsidies	Gain on sales of treasury stock	Legal	For future capital increase	For payment of interim dividends	For purchase of own shares	Carrying value adjustments	Retained earnings (accumulated deficit)	Treasury stock	Total
At December 31, 2008	450,000	688	20	19,916	141,017	45,000	30,133	7,580		(6,058)	688,296
Sale of treasury stock			(1,514)							3,631	2,117
Purchase of shares											
Reversal of additional dividends					7,731						7,731
Exchange variation on investments abroad								(34,059)			(34,059)
Net income for the year									136,783		136,783
Appropriations:											
Legal reserve				6,839					(6,839)		
Interest on own capital											
Common shares - R$ 0,1880 per share									(16,056)		(16,056)
Preferred shares - R$ 0,1880 per share									(25,994)		(25,994)
Proposed dividends											
Common shares - R$ 0,1330 per share									(11,359)		(11,359)
Preferred shares - R$ 0,1330 per share									(18,389)		(18,389)
Reserve for future capital increase					47,885				(47,885)		
Reserve for purchase of own shares							10,261		(10,261)		
At December 31, 2009	450,000	688	(1,494)	26,755	196,633	45,000	40,394	(26,479)		(2,427)	729,070

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

Marcopolo S.A. and Subsidiaries

Statements of Cash Flows – Indirect Method
Years Ended December 31

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

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Cash flows from operating activities				
Net income for the year	136,783	135,616	136,543	134,446
Adjustments to reconcile net income with cash generated by (used in) operating activities:				
Depreciation and amortization	16,575	29,981	39,711	47,869
Cost of permanent asset disposals	12,728	8,379	19,024	13,797
Equity in the results of investees	(2,603)	(31,016)		
Allowance for doubtful accounts	4,798	5,764	15,695	14,267
Deferred income tax and social contribution	24,416	(38,018)	7,120	(40,605)
Interest and exchange variations	(36,023)	45,931	(151)	54,248
Minority interest			(2,994)	3,973
Changes in assets and liabilities				
(Increase) decrease in trade accounts receivable	9,721	(138,341)	(139,987)	(225,080)
(Increase) decrease in other accounts receivable	73,755	(6,256)	72,818	22,439
(Increase) decrease in inventories	34,811	(42,086)	48,746	(69,251)
(Increase) decrease in marketable securities	(5,228)		(37,355)	
Increase (decrease) in suppliers	14,637	(35,907)	54,052	(35,909)
Increase (decrease) in other accounts payable	(34,808)	13,680	(46,600)	(2,425)
Net cash provided by (used in) operating activities	249,562	(52,273)	166,622	(82,231)
Cash flows from investing activities				
Investments	(62,366)	(37,174)	(15)	(14,384)
Related parties	317	7,253		(5,726)
Dividends from subsidiaries	38,153	13,163		
Purchases of property, plant and equipment	(41,753)	(58,738)	(103,944)	(110,322)
Pre-operating expenses in new units				(7,475)
Non-current financial investment				70,984
Net cash used in investing activities	(65,649)	(75,496)	(103,959)	(66,923)
Cash flows from financing activities				
Loans and financing	404,653	530,503	732,404	1,114,379
Payment of loans and interest	(307,973)	(446,879)	(643,977)	(991,565)
Payment of dividends and interest on own capital	(78,919)	(59,810)	(78,919)	(59,810)
Treasury stock	2,117	(3,174)	2,117	(3,174)
Net cash provided by financing activities	19,878	20,640	11,625	59,830
Effect of the exchange variation on cash and cash equivalents			(4,714)	28,150
Cash and cash equivalents at the beginning of the year	201,009	308,138	434,351	495,525
Cash and cash equivalents at the end of the year	404,800	201,009	503,925	434,351
Net increase (decrease) in cash and cash equivalents	203,791	(107,129)	69,574	(61,174)

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

Marcopolo S.A. and Subsidiaries

Statements of Value Added
Years Ended December 31

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

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Revenues	**1,694,352**	**1,917,083**	**2,563,670**	**3,027,565**
Goods and products sold and services rendered	1,694,343	1,906,889	2,554,486	3,024,210
Other revenues	4,807	15,958	24,879	17,622
Allowance for doubtful accounts	(4,798)	(5,764)	(15,695)	(14,267)
Inputs purchased from third parties (include State Value-added Tax (ICMS) and Excise Tax (IPI))	**(1,218,985)**	**(1,505,198)**	**(1,834,138)**	**(2,337,808)**
Cost of products sold and services rendered	(1,107,269)	(1,416,385)	(1,661,865)	(2,204,000)
Materials, energy, outsourced services and other	(119,149)	(66,420)	(147,428)	(110,829)
Loss/recovery of asset values	7,433	(22,393)	(24,845)	(22,979)
Gross value added	**475,367**	**411,885**	**729,532**	**689,757**
Depreciation, amortization and depletion	**(16,575)**	**(29,981)**	**(39,711)**	**(47,869)**
Net value added generated by the entity	**458,792**	**381,904**	**689,821**	**641,888**
Value added received through transfer	**195,374**	**150,929**	**229,540**	**171,022**
Equity in the results of investees	2,603	31,016		
Financial income	192,771	119,913	229,540	171,022
Total value added to distribute	**654,166**	**532,833**	**919,361**	**812,910**
Distribution of value added	**654,166**	**532,833**	**919,361**	**812,910**
Personnel	**271,880**	**283,647**	**408,994**	**413,876**
Direct remuneration	215,296	240,441	328,644	348,557
Benefits	37,106	26,089	58,408	43,271
Government Severance Indemnity Fund for Employees (FGTS)	19,478	17,117	21,942	22,048
Taxes, fees and contributions	**100,860**	**(39,920)**	**183,828**	**50,704**
Federal	81,199	(5,076)	150,913	29,749
State	19,590	(34,920)	32,773	20,734
Municipal	71	76	142	221
Remuneration of third-party capital	**144,643**	**153,490**	**189,996**	**213,884**
Interest	140,709	150,515	183,099	209,884
Rents	3,934	2,975	6,897	4,000
Interest on own capital, dividends and retentions	**136,783**	**135,616**	**136,543**	**134,446**
Interest on own capital	42,050	37,259	42,050	37,259
Dividends	29,748	22,551	29,748	22,551
Earnings reinvested	64,985	75,806	64,745	74,636

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

1 Operations

Marcopolo S.A. ("Marcopolo" or "the Company") is a limited liability company headquartered in Caxias do Sul, State of Rio Grande do Sul.

The Company's purpose is the manufacture and sale of buses, automotive vehicles, vehicle bodies, parts, agricultural and industrial machinery, imports and exports and investments in other companies.

Sales are carried out in domestic and foreign markets through its subsidiaries or commercial representatives.

The Company's subsidiaries, as well as the names under which they can be identified in these financial statements, are the following:

. Banco Moneo S.A. (“Banco Moneo”);
. Brasa Middle East FZE (“Brasa”);
. Ciferal Indústria de Ônibus Ltda (“Ciferal”);
. GB Polo (“GB Polo”);
. Ilmot International Corporation (“Ilmot”);
. Laureano S.A. (“Laureano”);
. Loma Hermosa S.A. (“Loma”);
. Marcopolo Argentina S.A. (“Marsa”);
. Marcopolo Auto Components Co Ltd. (“MAC”);
. Marcopolo Indústria de Carroçarias S.A. (“MPC”);
. Marcopolo International Corp. (“MIC”);
. Marcopolo International Corporation S.A. (“MIC UY”);
. Marcopolo Latinoamérica S.A. (“Mapla”);
. Marcopolo South África Pty Ltd. (“Masa”);
. Marcopolo Trading S.A. (“Trading”);
. Moneo Investimentos S.A. (“Moneo”);
. MVC Componentes Plásticos Ltda. (“MVC”);
. Polo Plastic Component (“Polo Plastic”);
. Polo Serviços em Plásticos Ltda (“Polo Serviços”)
. Polomex S.A. de C.V. (“Polomex”);
. Poloplast Componentes S.A. de C.V. (“Poloplast”);
. Poloplast Paineis e Componentes Ltda (“Painéis”);

. Rotas do Sul Logística Ltda. ("Rotas do Sul");
. Russian Busses Marco ("Russian");
. San Marino Bus de México S.A. de C.V. ("San Marino México");
. San Marino Ônibus e Implementos Ltda. ("San Marino");
. Spheros Climatização do Brasil S.A. ("Spheros");
. Spheros México S.A. de C.V. ("Spheros México");
. Spheros Thermosystems Colombia Ltda. ("Spheros Colombia");
. Syncroparts Comércio e Distribuição de Peças Ltda. ("Syncro");
. Superpolo S.A. ("Superpolo");
. Tata Marcopolo Motors Limited ("Tata"), and
. WSul Espumas Indústria e Comércio Ltda. ("WSul");

2 Presentation of the Financial Statements and Significant Accounting Practices

2.1 Presentation of the financial statements

These financial statements were approved by the Company's Board of Directors on February 24, 2010.

The financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, based on the provisions of Brazilian Corporation Law and rules of the Brazilian Securities Commission (CVM).

The significant accounting practices adopted in the preparation of these financial statements are consistent with the standards and guidelines applicable to the financial statements for the year ended December 31, 2009, which will differ from those that will be adopted to prepare the financial statements at December 31, 2010, as described in the item 2.3 below.

The preparation of financial statements requires the use of estimates to record certain assets, liabilities revenues and expenses. The Company's financial statements therefore include estimates related to the selection of the useful lives of property, plant and equipment, provisions for contingent liabilities, income taxes and other similar liabilities. The actual results may differ from the estimates.

2.2 Description of the principal accounting practices adopted

The principal accounting practices adopted in the preparation of these financial statements are described below:

(a) Determination of net income

Net income is determined on the accrual basis of accounting.

(b) Accounting estimates

Accounting estimates are based on objective and subjective factors, according to management's judgment, to determine the appropriate amount to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the residual value of property, plant and equipment, the allowance for doubtful accounts, inventories, deferred income tax assets, provision for contingencies, valuation of derivative instruments and liabilities related to employee benefits. The settlement of transactions involving these estimates may result in different amounts due to inaccuracies inherent to the process of their determination. The Company reviews the estimates and assumptions at least once a year.

(c) Foreign currency

Monetary assets and liabilities denominated in foreign currencies were translated into Brazilian reais using the foreign exchange rate on the balance sheet date. Differences arising from the conversion of currency are recognized in the statements of income. For investee companies located abroad, their assets and liabilities are translated into reais using the exchange rate on the balance sheet date.

(d) Cash and cash equivalents

These comprise cash, bank deposits, short-term investments with high liquidity and immaterial risk of change in value, less any overdraft balances. The overdraft account balances are included in loans, as current liabilities, and in cash and cash equivalents for statements of cash flows purposes.

(e) Financial instruments

Classification and measurement

The Company classifies its financial assets according to the following categories: measured at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets when first recorded.

Financial assets measured at fair value through profit or loss

These are financial assets held for active and frequent trading. Derivatives are also classified as held for trading, unless they have been designated as hedge instruments. These assets are classified as current assets. Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are recorded in the statements of income in "financial result" in the period they occur, unless the instrument has been contracted in connection with another instrument. In this case, the variations are recognized in the same item in the statements of income affected by this latter instrument.

Loans and receivables

These comprise loans granted and receivables which are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. Loans and receivables are included in current assets, except for those with maturity of more than 12 months after the balance sheet date (these are classified as non-current assets). The Company's loans and receivables comprise loans granted to related companies, trade accounts receivable, other accounts receivable and cash and cash equivalents, excluding short-term investments. Loans and receivables are recorded at amortized cost, based on the effective interest rate method.

Fair value

Fair values of investments with public quotations are based on current purchase prices. For financial assets without an active market or public quotation, the Company determines fair value through valuation techniques, which consist of the use of recent transactions with third parties, the reference to other substantially similar instruments, the analysis of discounted cash flows and option pricing models which preferentially use information from sources rather than internally-generated data.

The Company evaluates, at the balance sheet date, if there is objective evidence that a financial asset or a group of financial assets is overstated (impaired) in relation to its recoverable value. If there is such evidence for available-for-sale financial assets, the cumulative loss - calculated as the difference between the acquisition cost and current market value minus any impairment loss of this financial asset previously recognized in results - is transferred from equity to the statement of income.

(f) Derivative instruments and hedge activities

Initially, derivatives are recognized at fair value at the date when the derivative agreement is signed and subsequently recalculated at their fair value, with the changes in fair value recorded in the statements of income, except when the derivative is designated as a hedge of cash flows.

Although the Company uses derivatives for protection, it has not designated any instruments as hedges for accounting purposes.

The fair value of derivative instruments is disclosed in Note 20.

(g) Trade accounts receivable

Trade accounts receivable are initially stated at present value, net of the allowance for doubtful accounts. The allowance for doubtful accounts is established when there is objective evidence that the Company will not be able to realize the amounts due in accordance with the original terms of the accounts receivable. The amount of the allowance is the difference between the book value and the recoverable value.

The present value is calculated based on the effective interest rate of credit sales. This rate is compatible with the nature, term and risks of similar transactions under normal market conditions. The rate at December 31, 2009 and 2008 corresponds, on average, to 8.8% p.a. (Note 5).

(h) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the Weighted Moving Average method. The costs of finished products and work in process comprise raw materials, direct labor, other direct costs and related general production expenses (based on the normal operational capacity), except for borrowing costs. The net realizable value is the estimated sales price in the normal course of business, net of the completion costs and selling expenses. Imports in transit are stated at the accumulated cost of each import (Note 6).

(i) Deferred income tax and social contribution

Deferred taxes are calculated on income tax and social contribution losses and the temporary differences between the tax calculation bases of assets and liabilities and the respective book values in the financial statements. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred tax assets (Note 17).

Deferred tax assets are recognized to the extent that it is probable sufficient future taxable profit will be available to offset temporary differences and/or tax losses, considering projections of future income based on internal assumptions and future economic scenarios which may, therefore, suffer changes.

(j) Other current and non-current assets

These assets are stated at cost or net realizable values including accrued earnings, as well as monetary and foreign exchange rate variations, when applicable.

(k) Investments in subsidiary and associated companies

(i) Cost and/or equity value

Investments in subsidiary and associated companies are recorded based on the equity accounting method, with the equity in the results of investees recognized in the statements of income as operating income (or expense). In the event of exchange variation on investments in associated and subsidiary companies abroad, changes in the value of an investment exclusively arising from the exchange variation are recorded in the account "Carrying value adjustments", in stockholders' equity, and will be recorded in results of operations only when the investment is sold or written down as a loss. To calculate equity in the results, unrealized gains or transactions between the Company and its associated and similar companies are eliminated proportionately to the Company's interest; unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred.

When necessary, the accounting practices of the subsidiary and associated companies are altered to be consistent with the practices adopted by the Company.

(ii) Goodwill

Goodwill on the acquisition of an investment is calculated as the difference between the purchase amount and book value of the stockholders' equity of the company acquired. Goodwill recorded in intangible assets based on expected future profitability was amortized up to December 31, 2008 (Note 10).

(l) Foreign currency translation

Transactions in foreign currency are translated into Brazilian reais using the exchange rates in effect on the transaction dates. Balance sheet account balances are translated at the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recorded in the statements of income.

(m) Property, plant and equipment

These are stated at acquisition, formation or construction cost. Depreciation is calculated on the straight-line method, in accordance with the rates disclosed in Note 9. Land is not depreciated.

Gains and losses on sales are determined by comparing the sales amounts with the book value and are included in the statements of operations.

The costs of charges on borrowings used to finance the construction of property, plant and equipment are capitalized during the period necessary to construct and prepare the asset for the intended use.

Repairs and maintenance costs are allocated to results during the period in which they are incurred. The cost of major renovations is included in the book value of the asset when it is probable that future economic benefits which exceed the performance standard initially evaluated for the existing asset will be obtained by the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Determination of economic useful life

As established by the Technical Interpretation ICPC 10 issued by the Committee of Accounting Pronouncements (CPC) and approved by CVM Deliberation 619/09, the Company completed the first of the periodical analyses intended to review and adjust the estimated economic useful lives of its property, plant and equipment used to calculate the depreciation and to determine the residual value of these items. This analysis was conducted by a specialized company, which issued an Appraisal Report dated December 31, 2009. This report was prepared taking into consideration the Company's operating plans for the next years, internal past information, such as the level of maintenance and utilization of the property, plant and equipment items, external comparison elements, such as technologies available, manufacturers' recommendations and manuals and the lifetime of the assets. Considering that the main items of the Company's property, plant and equipment are not sold, except as scrap, the residual value of these items was deemed to be zero. The new estimate of the remaining useful lives of property, plant and equipment is presented in Note 9 and was prospectively recorded as from January 1, 2009.

(n) Intangible assets

(i) Research and development

Research expenditures are recognized as expenses when incurred.

(ii) Computer programs (software)

Software licenses acquired are capitalized and amortized over their estimated useful life, at the rates described in Note 10.

Ongoing costs of software development or maintenance are expensed as incurred. Expenditures directly associated with identifiable and unique software, controlled by the Company and which will probably generate economic benefits greater than the costs for more than one year, are recognized as intangible assets. Expenditures for development of software recognized as assets are amortized using the straight-line method over the useful lives, at the rates described in Note 10.

(iii) Other intangible assets

The acquisition costs of patents, trademarks, licenses and exploration rights are capitalized and amortized using the straight-line method over the useful lives, at the rates described in Note 10.

(o) Deferred charges

Deferred charges, recorded up to December 31, 2008, comprise pre-operating expenses and are amortized over up to five years.

(p) Impairment of assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed to identify evidence of impairment annually, and also whenever events or changes in circumstances indicate that the book value may not be recoverable. In this case, the recoverable value is calculated to verify if there is any loss. In the event of a loss, it is recognized at the amount by which the book value of the asset exceeds its recoverable value, which is the higher between the net sales price and the value in use of an asset. For evaluation purposes, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(q) Leases

Leases of property, plant and equipment in which the Company substantially assumes all ownership risks and benefits are classified as financial leases. These financial leases are recorded as a financed purchase, recognizing at the beginning of the lease a property, plant and equipment item and a financing liability (lease). Property, plant and equipment acquired in finance leases are depreciated at the rates defined in Note 9.

(r) Current and long-term liabilities

These liabilities are stated at known or estimated amounts including, when applicable, accrued charges and monetary and/or exchange variations incurred through the balance sheet date.

(s) Provisions

A provision is recorded in the balance sheet when there is a legal or presumed present obligation as a result of a past event, and it is probable that financial resources will be required to settle the obligation. The provisions are recorded based on the best estimates of the risks involved.

(t) Employee benefits

(i) Pension obligations

The liability related to the defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the market value of the plan assets, adjusted for actuarial gains or losses and costs of past service. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by estimating the future cash outflow using the interest rates of government bonds with maturities approximating those of the related liability.

The actuarial gains and losses arising from changes in actuarial assumptions and amendments in the pension plans are charged or credited to results according to the average remaining service period of the related employees.

For the defined contribution plans, the Company pays contributions to pension plans administered publicly or privately on compulsory, contractual or voluntary bases. When the contributions have been made, the Company has no further obligations related to additional payments. The regular contributions comprise net periodic costs of the period in which they are due and therefore are included in the personnel costs.

(ii) Termination benefits

Termination benefits are paid when the employment relationship is terminated before the normal date of retirement or whenever an employee accepts voluntary termination in exchange for these benefits. The Company recognizes the termination benefits when it is clearly committed to the termination of the employment relationship according to a formal and detailed plan without the possibility of withdrawal, or when termination benefits are granted due to a voluntary dismissal offer.

(iii) Profit sharing and bonuses

Profit sharing and bonuses are normally recognized at the end of the year, when the amount can be accurately calculated by the Company.

(iv) Share-based remuneration

The Company offers to its employees and executives share-based remuneration plans, to be settled in Company stock, according to which the Company receives services in exchange for stock purchase options. The fair value of options granted is recognized as an expense during the period in which the right is obtained, i.e., the period during which specific vesting conditions must be met. At the date of the balance sheet, the Company revises the estimated number of options which will vest and subsequently recognizes the impact of the change in initial estimates, if any, in the statements of income against stockholders' equity on a prospective basis.

(u) Borrowings

Borrowings are initially recognized at fair value, upon receipt of funds, net of transaction costs. Subsequently, the borrowings are presented at amortized cost, that is, plus charges and interest in proportion to the period elapsed ("pro rata temporis").

(v) Interest on own capital

Interest on own capital is first recorded as a financial expense and is then reversed in the statements of income and stated as an appropriation of retained earnings in the statements of changes in stockholders' equity. For tax purposes, interest on own capital is treated as a financial expense, thus reducing the income tax and social contribution calculation basis.

(w) Revenue recognition

Revenue comprises the present value of goods and services sold in the normal course of business, and is calculated on the accrual basis of accounting. Sales revenue is recognized when: (i) the sales value can be accurately calculated; (ii) costs incurred or to be incurred related to the sale can be accurately calculated; (iii) it is probable that the Company will obtain the economic benefits; and (iv) significant risks and benefits of ownership of goods are transferred to the purchaser.

Revenue from royalties is recognized on the accrual basis of accounting, in accordance with the substance of the related agreements. Interest income is recognized in proportion to the time elapsed, taking into consideration the outstanding principal and the effective rate during the period up to maturity, when this revenue will be credited to the Company.

2.3 Standards and interpretations of standards that are not yet effective

The CPC accounting pronouncements and interpretations of standards, from CPC 15 to CPC 40, were published and are mandatory for accounting periods beginning on or after January 1, 2010. In addition, other pronouncements and interpretations were also published, which alter the accounting practices adopted in Brazil, within the process of convergence with the international standards. Under the terms of these new standards, the figures for 2009, presented herein, should be restated for comparison purposes. The Company did not early adopt these standards for the year ended December 31, 2009.

3 Consolidated Financial Statements

The accounting policies were applied on a consistent basis in all consolidated companies and are unchanged from those used in the prior year.

The consolidated financial statements include those of Marcopolo S.A. and of the following subsidiaries and jointly-controlled subsidiaries:

All amounts in thousands of reais unless otherwise indicated

	Percentage holding			
	2009		2008	
	Direct	Indirect	Direct	Indirect
Subsidiaries				
Banco Moneo		100.00		100.00
Brasa (i)		100.00		100.00
Ciferal	99.99	0.01	99.99	0.01
Ilmot (i)	100.00		100.00	
Laureano (i)		100.00		100.00
MAC (i)	100.00		100.00	
MPC (i)		100.00		100.00
MIC (i)		100.00		100.00
MIC UY(i)	100.00			
Mapla (i)	99.99	0.01	99.99	0.01
Marsa (i)	90.00	10.00	90.00	10.00
Masa (i)	100.00			100.00
Painéis				100.00
Trading	99.99		99.99	
Moneo	100.00		100.00	
Polo Serviços	99.00	1.00	99.00	1.00
Polomex (i)	3.61	70.39	3.61	70.39
Poloplast (i)	100.00			100.00
Syncroparts	99.99	0.01	99.99	0.01
Jointly-controlled subsidiaries				
Loma (i)(ii)	33.00		33.00	
MVC	46.00		46.00	
Painéis		46.00		
Polo Plastic (i)(iii)				50.00
Russian (i)(iii)				50.00
San Marino	45.00		39.59	
Rotas do Sul		45.00		39.59
San Marino México (i)		45.00		39.59
Spheros	40.00		40.00	
Spheros Colômbia (i)		40.00		40.00
Spheros México (i)		40.00		40.00
Superpolo (i)		50.00		50.00
Tata (i)	49.00		49.00	
WSul	30.00		30.00	
GB Polo (i)	49.00		49.00	

All amounts in thousands of reais unless otherwise indicated

(i) Subsidiaries abroad;
(ii) In January 2010, Loma's percentage holding increased from 33% to 40%;
(iii) In December 2009, Marcopolo terminated these partnerships.

	Percentage holding			
	2009		2008	
	Direct	Indirect	Direct	Indirect
Exclusive Investment Funds				
Fundo de Investimento Paradiso Multimercado	100.00		100.00	
FIDC Marcopolo Financeiro	30.00		30.00	

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

(a) Intercompany balances are eliminated on consolidation.

(b) Investments in capital, reserves and retained earnings of subsidiaries are eliminated.

(c) Intercompany revenues and expenses, as well as unrealized profits on intercompany transactions, are eliminated. Unrealized losses are also eliminated but only when there is no evidence of impairment of the related assets.

(d) Taxes on unrealized profit are eliminated and presented as deferred taxes in the consolidated balance sheet.

(e) The minority interest amounts are shown separately in the consolidated financial statements.

(f) Aiming at a higher level of transparency in the financial statements, the balances and transactions of funds in which the Company is the sole quotaholder were also consolidated.

(g) In the consolidation of the financial statements of FIDC, the balance of credit rights was included in domestic trade accounts receivable, the fund's equity was recorded as borrowing and the balance of subordinated quotas held by Moneo was eliminated.

(h) The financial statements of Superpolo, Polo Plastic, Russian, WSul, San Marino, Spheros, Tata, Loma, MVC and GB Polo are consolidated in proportion to the investment in their capital.

All amounts in thousands of reais unless otherwise indicated

The amounts of the main balances in the financial statements of these companies are as follows:

	Superpolo		Polo Plastic		Russian	
	2009	2008	2009	2008	2009	2008
Assets						
Current assets	44,602	60,910		11,010		32,550
Non-current assets						
Long-term receivables		54				
Property, plant and equipment and intangible assets	34,574	41,892		5,716		5,112
Total assets	79,176	102,856		16,726		37,662
Liabilities and stockholders' equity						
Current liabilities	40,680	64,462		9,288		62,956
Non-current liabilities						
Long-term liabilities	11,906	13,724				212
Stockholders' equity	26,590	24,670		7,438		(25,506)
Total liabilities and stockholders' equity	79,176	102,856		16,726		37,662
Statements of operations						
Net operating revenue	103,010	109,970	5,280	19,948	5,184	41,920
Gross profit (loss)	24,616	14,920	606	726	(1,386)	(13,112)
Operating profit (loss)	7,146	498	(552)	260	(6,942)	(25,814)
Income tax and social contribution	(628)	(144)	(36)		714	
Net income (loss) for the year	6,518	330	(588)	246	(6,228)	(26,406)

	Wsul		San Marino		Spheros	
	2009	2008	2009	2008	2009	2008
Assets						
Current assets	4,970	3,071	98,689	85,173	25,725	26,988
Non-current assets						
Long-term receivables				5,044		
Property, plant and equipment and intangible assets	3,717	4,843	50,840	52,665	4,425	4,578
Total assets	8,687	7,914	149,529	142,882	30,150	31,566
Liabilities and stockholders' equity						
Current liabilities	1,450	823	89,720	99,661	9,398	13,158
Non-current liabilities						
Long-term liabilities		97	45,678	31,354	22	
Stockholders' equity	7,237	6,994	14,131	11,867	20,730	18,408
Total liabilities and stockholders' equity	8,687	7,914	149,529	142,882	30,150	31,566
Statements of operations						
Net operating revenue	12,707	15,253	216,927	246,181	55,158	68,635
Gross profit	1,613	3,830	29,184	42,172	12,575	16,433
Operating profit	470	1,770	2,696	2,099	4,913	10,948
Income tax and social	(227)	(503)	(160)	218	(1,620)	(4,383)

All amounts in thousands of reais unless otherwise indicated

contribution						
Net income for the year	243	1,267	2,536	2,314	3,293	6,565

		Tata		**Loma**		**MVC(1)**
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Assets						
Current assets	56,776	25,131	34,739	45,728	25,665	23,934
Non-current assets						
Long-term receivables				3,404		6,556
Property, plant and equipment and intangible assets	91,667	100,749	15,409	20,191	27,939	24,946
Total assets	148,443	125,880	50,148	69,323	53,604	55,436
Liabilities and stockholders' equity						
Current liabilities	78,606	70,033	13,951	18,081	27,424	26,351
Non-current liabilities						
Long-term liabilities	50,496	38,416	4,852	5,057	7,213	11,555
Stockholders' equity	19,341	17,431	31,345	46,185	18,967	17,530
Total liabilities and stockholders' equity	148,443	125,880	50,148	69,323	53,604	55,436
Statements of operations						
Net operating revenue	94,124	11,610	91,815	104,506	78,626	11,283
Gross profit (loss)	(4,188)	(4,259)	23,133	25,888	13,028	(248)
Operating profit (loss)	(14,976)	(8,769)	14,497	16,404	1,696	(3,920)
Income tax and social contribution	(20)		(4,894)	(5,352)	(259)	4,516
Net income (loss) for the year	(14,996)	(10,149)	9,603	12,885	1,437	607

(1) As from June 2009, Painéis started to be consolidated by MVC.

	GB Polo
	2009
Assets	
Current assets	36,892
Non-current assets	
Long-term receivables	
Property, plant and equipment and intangible assets	39,073
Total assets	75,965
Liabilities and stockholders' equity	
Current liabilities	44,282
Stockholders' equity	31,683
Total liabilities and stockholders' equity	75,965

All amounts in thousands of reais unless otherwise indicated

	GB Polo
	2009
Statement of income	
Net operating revenue	14,369
Gross profit (loss)	2,292
Operating profit (loss)	324
Income tax and social contribution	-
Net income for the year	324

The reconciliation of net income for the year and stockholders' equity is as follows:

	Net income for the year		Stockholders' equity	
	2009	2008	2009	2008
Parent company	136,783	135,616	729,070	688,296
Realization of profits recorded by the parent company in transactions with subsidiaries, net of income tax and social contribution	4,787	3,617		
Elimination of the profits recorded by the parent company in transactions with subsidiaries, net of income tax and social contribution	(5,027)	(4,787)	(5,027)	(4,787)
Consolidated	136,543	134,446	724,043	683,509

4 Cash and Cash Equivalents and Marketable Securities

4.1 Cash and cash equivalents

	Parent company		Consolidated	
	2009	2008	2009	2008
Cash and banks				

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
In Brazil	64,364	54,713	73,800	71,883
Abroad			15,059	15,948
Highly liquid marketable securities				
In Brazil	340,436	146,296	415,066	222,754
Abroad				123,766
Total cash and cash equivalents	404,800	201,009	503,925	434,351

4.2 Marketable securities

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Held for trading				
Financial Treasury Bills			19,791	
Fixed income funds			7,797	
Bank Deposit Certificates			4,066	
Derivative -Non Deliverable Forward	5,228		5,228	
Other			556	83
Total marketable securities	5,228		37,438	83

The financial investments mainly refer to bank deposit certificates and fixed income funds, remunerated at rates that vary from 100 % to 106 % of the Interbank Deposit Certificate (CDI) interest rate, resulting in a weighted average of 102.46 % of CDI. Financial investments abroad are remunerated at the average rate of 3.90% per annum (p.a.) plus the U.S. dollar exchange variation. The banks managing these funds are considered prime institutions.

5 Trade Accounts Receivable

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Current assets				
Domestic market	308,711	258,144	397,274	336,713

All amounts in thousands of reais unless otherwise indicated

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Foreign market	127,905	187,135	174,511	259,363
Interbank accounts			190,809	139,967
Adjustment to present value	(4,897)	(3,839)	(5,672)	(4,215)
Allowance for doubtful accounts	(27,045)	(22,247)	(50,822)	(44,529)
	404,674	419,193	706,100	687,299
Non-current assets				
Domestic market				
Foreign market			1,217	6,699
Interbank accounts			397,726	323,027
			398,943	329,726
	404,674	419,193	1,105,043	1,017,025

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

6 Inventories

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Finished products	36,986	40,003	53,510	54,305
Work in process	17,792	17,166	33,867	37,421
Raw and auxiliary materials	78,849	105,545	151,953	205,737
Advances to suppliers and others	2,111	7,656	7,935	15,282
Provision for losses on inventories	(1,081)	(902)	(3,070)	(2,164)
	134,657	169,468	244,195	310,581

All amounts in thousands of reais unless otherwise indicated

7 Taxes and Contributions Recoverable

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Current				
Corporate Income Tax (IRPJ)	42,032	43,998	43,894	50,056
Social Contribution on Net Income (CSLL)	11,347	20,044	11,970	22,395
Excise Tax (IPI)	3,999	4,550	5,780	5,709
State Value-added Tax on Sales and Services (ICMS)	2,540	58,465	3,413	59,161
Social Integration Program (PIS)	2,430	4,089	3,018	4,485
Social Contribution on Revenues (COFINS)	6,480	13,834	8,101	14,512
Value Added Tax (IVA)			10,565	339
Other	5,631	1,112	7,603	16,840
	74,459	146,092	94,344	173,497
Non-current				
ICMS	1,553	1,004	2,073	2,940
Other			361	
	1,553	1,004	2,434	2,940
	76,012	147,096	96,778	176,437

8 Investments

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
In subsidiaries and jointly-controlled subsidiaries	325,338	337,606		
Other investments	727	727	927	912
	326,065	338,333	927	912

All amounts in thousands of reais unless otherwise indicated

Investments in subsidiaries and jointly-controlled subsidiaries are shown below:

	Subsidiaries													Jointly-controlled subsidiaries							Total	
	Ciferal	Ilmot (1)	Mac (1)	Mapla (1)	Marsa (1)	Masa (1)	Moneo	Polo	Polomex (2)	Painéis	Poloplást (1)	Syncro-parts	Trading	GB Polo S.A.E (1)	Loma (1)	MVC	San Marino	Spheros	Tata (1)	Wsul	2009	2008
Investments data																						
Capital	20,000	26,802	4,948	915	337	7,338	100,000	500	15,340		6,703	4,000	1,000	31,179	21,684	34,011	15,036	3,300	41,144	6,100		
Adjusted stockholders'/ quotaholders' equity	74,986	41,516	3,530	(10,032)	(792)	2,887	119,637	7,814	33,100		979	13,184	9,467	31,683	31,346	18,967	14,132	20,729	19,340	7,235		
Shares or quotas held	499,953	50,000	1	4,000	736,000	100,000	100,000	1	3,011,659	1	8,167,725	1	3,450,103	4,803,922	15,949,948	1	7,478,482	244,898	24,500	1,830,000		
Percentage holding	99.99	100.00	100.00	99.99	90.00	100.00	100.00	99.00	3.61	46.00	100.00	99.99	99.99	49.00	33.00	46.00	45.00	40.00	49.00	30.00		
Net income (loss) for the year	29,396	3,875	(1,607)	(38,494)	(1,114)	1,427	10,548	479	107	(365)	(2,915)	618	693	311	8,236	1,437	2,535	3,292	(14,406)	241		
Changes in investments																						
Opening balances	65,582	49,368	4,310	37,796	223		97,893	7,337	1,597	5,849		12,565	9,073		15,242	8,064	4,704	7,363	8,542	2,098	337,606	268,857
Payment of capital			1,755				25,000												10,598		37,353	27,752
Acquisition of investment						621					3,903			19,847			642				25,013	9,477
Transfers																						(38)
Dividends received	(19,999)						(13,806)						(300)		(3,722)			(326)			(38,153)	(13,163)
Reversal of dividends																						
Equity in the earnings (loss)	29,396	3,861	(1,607)	(38,552)	(1,002)	2,087	10,548	474	4	(291)	(2,545)	618	693	25	3,169	661	1,033	1,305	(7,347)	73	2,603	31,016
Cumulative translation adjustments	7	(11,713)	(928)	(9,275)	66	180			(406)	(533)	) (379			(4,347)	) (4,345		(20)	(50)	(2,316)		(34,059)	21,686
Capital decrease										(5,025)											(5,025)	(7,981)
Closing balances:																						
Net equity	74,986	41,516	3,530	(10,031)	(713)	2,888	119,635	7,811	1,195		979	13,183	9,466	15,525	10,344	8,725	6,359	8,292	9,477	2,171	325,338	337,606

(1) Subsidiary abroad.
(2) The subsidiary began to use the U.S. dollar as its functional currency.

All amounts in thousands of reais unless otherwise indicated

9 Property, Plant and Equipment

(a) Summary of changes in property, plant and equipment - Parent company

	Land	Buildings and constructions	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Other	Construction in progress	Total
At December 31, 2007	12,575	34,123	31,950	1,961	2,685	1,091	99	18,116	102,600
Acquisition	311	3,668	15,911	481	1,700	654		219	22,944
Disposal		(31)	(156)	(81)	(49)	(71)	(1)	(9)	(398)
Depreciation		(4,016)	(10,679)	(369)	(970)	(394)			(16,428)
At December 31, 2008	12,886	33,744	37,026	1,992	3,366	1,280	98	18,326	108,718
Cost of PP&E	12,886	92,214	105,556	5,019	10,577	3,149	98	18,326	247,825
Accumulated depreciation		(58,470)	(68,530)	(3,027)	(7,211)	(1,869)			(139,107)
Net book value	12,886	33,744	37,026	1,992	3,366	1,280	98	18,326	108,718
At December 31, 2008	12,886	33,744	37,026	1,992	3,366	1,280	98	18,326	108,718
Acquisition	3,339	6,351	21,621	194	770	329		3,642	36,246
Disposal	(1,754)	(4,492)	(1,384)	(15)	(16)	(29)		(13)	(7,703)
Transfer		2,726	1,517		(17)			(4,226)	
Depreciation		(1,363)	(6,441)	(385)	(1,014)	(285)			(9,488)
At December 31, 2009	14,471	36,966	52,339	1,786	3,089	1,295	98	17,729	127,773
Cost of PP&E	14,471	96,073	126,605	5,172	11,225	3,271	98	17,729	274,644
Accumulated depreciation		(59,107)	(74,266)	(3,386)	(8,136)	(1,976)			(146,871)
Net book value	14,471	36,966	52,339	1,786	3,089	1,295	98	17,729	127,773
Annual depreciation rates (*) %		2.5% p.a.	11.0% p.a.	10.0% p.a.	20.0% p.a.	20.0% p.a.			

All amounts in thousands of reais unless otherwise indicated

(b) Summary of changes in property, plant and equipment - Consolidated

	Land	Buildings and constructions	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Other	Construction in progress	Total
At December 31, 2007	18,518	73,399	77,902	4,172	4,823	3,177	1,130	35,636	218,757
Foreign exchange effects	28	4,505	2,358	132	33	235	756	1,865	9,912
Acquisition	2,063	6,769	40,841	2,730	503	3,076	17,076	11,749	84,807
Disposal		(93)	(3,948)	(680)	(339)	(492)	(2,429)	(5,441)	(13,422)
Transfer	(200)	200					(201)	201	
Depreciation		(7,297)	(18,128)	(1,571)	(1,128)	(1,139)	(1,809)		(31,072)
At December 31, 2008	20,409	77,483	99,025	4,783	3,892	4,857	14,523	44,010	268,982
Cost of PP&E	20,409	153,248	209,908	12,631	13,049	9,032	25,415	44,010	487,702
Accumulated depreciation		(75,765)	(110,883)	(7,848)	(9,157)	(4,175)	(10,892)		(218,720)
Net book value	20,409	77,483	99,025	4,783	3,892	4,857	14,523	44,010	268,982
At December 31, 2008	20,409	77,483	99,025	4,783	3,892	4,857	14,523	44,010	268,982
Foreign exchange effects	(617)	(10,761)	(4,856)	(291)	(14)	(172)	(1,834)	(6,868)	(25,413)
Acquisition	4,644	26,949	58,182	1,004	864	569	2,109	1,692	96,013
Disposal	(1,756)	(4,654)	(5,494)	(431)	(32)	(334)	(2,581)	(3,691)	(18,973)
Transfer		2,726	1,723	148	(17)	32	5	(4,617)	
Depreciation		(4,317)	(21,054)	(827)	(1,119)	(1,142)	(1,382)		(29,841)
At December 31, 2009	22,680	87,426	127,526	4,386	3,574	3,810	10,840	30,526	290,768
Cost of PP&E	22,680	166,132	248,692	10,156	12,603	8,396	16,249	30,526	515,434
Accumulated depreciation		(78,706)	(121,166)	(5,770)	(9,029)	(4,586)	(5,409)		(224,666)
Net book value	22,680	87,426	127,526	4,386	3,574	3,810	10,840	30,526	290,768
Annual depreciation rates (*) %		2.5% p.a.	11.0% p.a.	10.0% p.a.	20.0% p.a.	20.0% p.a.	10.0% p.a.		

All amounts in thousands of reais unless otherwise indicated

10 Intangible Assets

(a) Summary of changes in intangible assets - Parent company

			Goodwill acquired		
	Software	Trademarks and patents	San Marino	Loma	Total
At December 31, 2007	11,231	349	31,943		43,523
Acquisition	21,412			14,382	35,794
Amortization	(6,821)	(87)	(3,777)	(2,868)	(13,553)
At December 31, 2008	25,822	262	28,166	11,514	65,764
Cost of intangible assets	39,124	1,216	34,932	14,382	89,654
Accumulated amortization	(13,302)	(954)	(6,766)	(2,868)	(23,890)
Net book value	25,822	262	28,166	11,514	65,764
At December 31, 2008	25,822	262	28,166	11,514	65,764
Acquisition	1,677		3,830		5,507
Amortization	(7,013)	(74)			(7,087)
At December 31, 2009	20,486	188	31,996	11,514	64,184
Cost of intangible assets	40,805	1,217	38,762	14,382	95,166
Accumulated amortization	(20,319)	(1,029)	(6,766)	(2,868)	(30,982)
Net book value	20,486	188	31,996	11,514	64,184
Annual amortization rates %	20.0% p.a.	15.0% p.a.			

(b) Summary of changes in intangible assets - Consolidated

				Goodwill acquired		
	Software	Trademarks and patents	Other	San Marino	Loma	Total
At December 31, 2007	11,531	785		31,943		44,259
Acquisition	24,691	820			14,382	39,893
Disposal		(375)				(375)
Amortization	(7,511)	(827)		(3,777)	(2,868)	(14,983)
At December 31, 2008	28,711	403		28,166	11,514	68,794

All amounts in thousands of reais unless otherwise indicated

	Software	Trademarks and patents	Other	Goodwill acquired: San Marino	Goodwill acquired: Loma	Total
Cost of intangible assets	42,162	2,097		34,932	14,382	93,573
Accumulated amortization	(13,451)	(1,694)		(6,766)	(2,868)	(24,779)
Net book value	28,711	403		28,166	11,514	68,794
At December 31, 2008	28,711	403		28,166	11,514	68,794
Foreign exchange effects	(259)	(1)				(260)
Acquisition	2,943	130	1,028	3,830		7,931
Disposal	(47)	(4)				(51)
Amortization	(7,694)	(78)	(226)			(7,998)
At December 31, 2009	23,654	450	802	31,996	11,514	68,416
Cost of intangible assets	45,877	1,485	1,028	38,762	14,382	101,534
Accumulated amortization	(22,223)	(1,035)	(226)	(6,766)	(2,868)	(33,118)
Net book value	23,654	450	802	31,996	11,514	68,416
Annual amortization rates %	20.0% p.a.	15.0% p.a.	10.0% p.a.			

11 Deferred Charges

	Consolidated				
			2009	2008	Amortization rate
	Cost	Amortization	Net	Net	p.a. %
Pre-operating expenses	24,345	(16,201)	8,144	11,590	20.0%
	24,345	(16,201)	8,144	11,590	

Pre-operating expenses mainly refer to development and implementation costs of new units up to December 31, 2008, which were deferred during the construction and development phase of the projects until the units started to operate normally.

All amounts in thousands of reais unless otherwise indicated

12 Related Parties

The main asset and liability balances at December 31, 2009, as well as the operations with related parties that influenced the results for the period, arise from transactions between the Company and its subsidiaries carried out under normal market conditions for the respective types of transactions.

	Asset balances of loans and current accounts	Liability balances of loans and current accounts	Trade accounts receivable	Trade accounts payable	Purchases of products/ services	Sales of products/ services	Financial income	Financial expenses
Associated companies								
Brasa			645			563		
Ciferal		1,175	4,760	58	1,678	41,658		625
GB Polo			80			899		
Ilmot	557					3,583	29	
Loma			119			383		
MAC			357			621	4	
MPC			807			312		
MIC						45,824		
MIC UY			1,004			4,499		
Mapla			342			464	3	
Marsa						157		
Masa			56,630			62,834		
Trading	5						1	
Moneo	54						3	
MVC	9		378	1,571	10,108	756	1	
Polo Painéis						10	4	
Polo							1	
Polomex			3,710			44,047		
Russian						187		
San Marino			242			2,096		
Spheros				2,086	15,413	9		
Superpolo			1,531			4,633	4	
Syncroparts	3							
Tata			5,536			5,223		
WSul	93			494	3,811			
In 2009	721	1,175	76,141	4,209	31,010	218,758	50	625
In 2008	1,278	1,415	93,190	2,781	44,465	406,153	55	810

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

All amounts in thousands of reais unless otherwise indicated

13 Remuneration of Key Management Personnel

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

					Parent company	
	Fixed	Variable	Retirement plan	Share-based payment	2009	2008
Board of Directors and statutory directors	8,687	7,552	48	116	16,403	15,153
Non-statutory directors	5,031	5,031	193	79	10,334	7,107
	13,718	12,583	241	195	26,737	22,260

14 Loans and Financing

	Weighted average rate % p.a.	Parent company 2009	Parent company 2008	Consolidated 2009	Consolidated 2008
Local currency					
FINAME	2.32	7,673	1,927	8,547	3,085
Bank loans	2.58	1,805	34,389	46,187	35,813
FINEP	6.29	106,568	80,629	116,572	127,964
Special pre-shipment financing	4.83	315,349	209,300	315,349	209,300
FIDC - Marcopolo Financeiro	CDI + 1.40			24,573	33,911
Foreign currency					
Advances on exchange contracts	4.54	45,484	69,038	48,432	78,898
Export prepayments in U.S. dollars	2.24	70,190	94,952	71,028	96,450
Financing in U.S. dollars	6.75	17,476	13,653	21,363	148,918
Financing in Argentine Pesos	20.00			2,319	2,718
Financing in Colombian Pesos	8.32			17,157	27,410
Financing in South African Rands	10.00			26,062	6,850
Financing in Euros	5.50			14,283	10,488
Financing in Indian Rupees	11.00			27,997	23,306
Funds raised in the open market					
Local currency					
BNDES	TJLP + 1.00			514,493	375,008
		564,545	503,888	1,254,362	1,180,119
Current liabilities		(126,682)	(287,594)	(385,633)	(628,416)
Long-term liabilities		437,863	216,294	868,729	551,703

All amounts in thousands of reais unless otherwise indicated

Long-term liabilities fall due as follows:

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
2010		84,339		216,542
2011	50,331	50,677	205,704	136,087
2012	338,267	81,278	461,937	199,074
2012 onwards	49,265		201,088	
	437,863	216,294	868,729	551,703

(a) Loans and financing

The FINAME (Government Agency for Machinery and Equipment Financing) loan is guaranteed by liens of the financed assets totaling R$ 8,547 at December 31, 2009 (R$ 3,085 at December 31, 2008) and the FINEP (Fund for Financing Studies and Projects) bank loan has a mortgage guarantee of R$ 15,800 and bank guarantees.

(b) Funds raised in the open market

The funds raised in the open market refer to funds raised by Banco Moneo S.A. from the National Bank for Economic and Social Development (BNDES) to finance FINAME operations. These liabilities bear financial charges of 1% p.a. in addition to the Long-term Interest Rate (TJLP) variation.

15 Provision for Contingencies and Judicial Deposits

(a) Contingent liabilities

The Company is a party in labor, civil, tax and other lawsuits in progress, and is disputing these matters both at the administrative and legal levels. The lawsuits, when applicable, are supported by judicial deposits. The provisions for losses arising from the lawsuits are estimated and updated by management, based on the opinion of external legal counsel.

At December 31, 2009 and 2008, the probable and possible contingent risks according to the opinion of legal counsel are show below. Contingencies involving probable risks of loss have been provided.

All amounts in thousands of reais unless otherwise indicated

	Parent company				Consolidated			
	2009		2008		2009		2008	
Nature of the contingent liability	Probable	Possible	Probable	Possible	Probable	Possible	Probable	Possible
Civil	150		165		592	482	165	482
Labor	2,090	4,181	1,734	3,577	2,603	5,258	3,161	4,513
Tax	13,634	234,882	43,856	107,366	24,092	243,550	53,226	114,932
	15,874	239,063	45,755	110,943	27,287	249,290	56,552	119,927

	Parent company		Consolidated	
Judicial deposit	**2009**	**2008**	**2009**	**2008**
Civil			118	734
Labor	552	533	1,031	830
Tax	11,224	11,703	12,596	13,053
	11,776	12,236	13,745	14,617

(i) Civil and labor contingencies

The Company is a party in civil and labor lawsuits of R$ 3,195 (R$ 3,326 in 2008), which include claims for indemnities for work accidents and occupational diseases. None of these lawsuits refers to individually significant amounts.

(ii) Tax contingencies

The Company and subsidiaries are party to various tax lawsuits, described as follows:

. Provided

Contingencies in the amount of R$ 2,211 (R$ 36,305 in 2008) regarding the discussion on the transfer to suppliers of ICMS credits arising from exports. The lawsuits are in progress as tax collection actions at the Court of Justice of the State of Rio Grande do Sul.

Contingencies in the amount of R$ 8,950 (R$ 7,551 in 2008) regarding Corporate Income Tax (IRPJ) debts arising from the alleged inappropriate use of the Special Export Program (BEFIEX) tax benefit. The lawsuits are awaiting judgment by the Federal Regional Court of the 4th Region.

Contingencies in the amount of R$ 2,879 (R$ 2,623 in 2008), relating to the discussion on the ICMS levied on indirect exports carried out by third-parties. The lawsuit is in progress at the State Court of Rio de Janeiro.

Contingencies in the amount of R$ 2,466 (R$ 3,396 classified as possible loss in 2008), regarding Corporate Income Tax (IRPJ) concerning the use of tax losses without any restrictions as to amount or time. The lawsuit awaits judgment by the Federal Regional Court of the 2nd Region.

There are other contingent liabilities, with lower values, totaling R$ 7,586 (R$ 6,747 in 2008), for which unfavorable outcomes are deemed as probable.

. Not provided

Contingencies in the amount of R$ 4,051 (R$ 1,266 in 2008), deemed as possible loss, regarding requests for the offset with other federal tax and contribution liabilities of credits arising from lawsuits relating to the Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Social Security Fund (FINSOCIAL); these requests have not been totally approved by the tax authorities. The claims were challenged and are in progress at the Federal Revenue Judgment Office.

Contingencies in the amount of R$ 1,783 (R$ 1,648 in 2008), deemed as possible loss, regarding Corporate Income Tax (IRPJ) concerning (i) tax credit arising from understated inflationary profit and interest on own capital used for Corporate Income Tax (IRPJ) purposes, and (ii) alleged inappropriate use of IPI premium credit due to the loss of the BEFIEX benefit. The lawsuits are in progress at the Federal Regional Court and Higher Chamber of Tax Appeals.

Contingencies in the amount of R$ 215,700 (R$ 101,056 in 2008), deemed as possible loss, regarding Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) for amounts allegedly due on exports intermediated by foreign subsidiaries, carried out in the period from 1999 to 2007 which, according to the tax authorities, characterize simulated transactions. The processes are awaiting ruling on the appeals to the Administrative Board of Tax Appeals (1999, 2000, 2001, 2002 and 2003) and to the Federal Revenue Officer of Judgments in Porto Alegre (2004 to 2007).

Contingencies in the amount of R$ 10,825 (zero in 2008), deemed as possible loss, regarding earnings from financial investments that allegedly were not reported for taxation by the Corporate Income tax (IRPJ), Social Contribution on Net Income (CSLL), Social Integration Program (PIS), and Social Contribution on Revenues (COFINS). The process is awaiting judgment by the Administrative Board of Tax Appeals.

All amounts in thousands of reais unless otherwise indicated

Contingency in the amount of R$ 8,668 (R$ 5,435 in 2008) of a subsidiary, deemed as possible loss, regarding State Value-added Tax (ICMS) liabilities from shipments of goods with a reduced tax rate to non-taxpayers established out of the state. The disputes are in progress at the Taxpayers Council of the State of Rio de Janeiro.

Contingency in the amount of R$ 2,523 (zero in 2008), deemed as possible loss, related to discussions on the incidence of Service Tax (ISSQN) on services received from third parties, however subject to taxpayer substitution, which in theory are outside the scope of the ISSQN since they are manufacturing activities.

There are other contingent liabilities, with lower values, totaling R$ 5,740 (R$ 10,522 in 2008), for which unfavorable outcomes are deemed as possible.

(b) Contingent assets

The contingent assets at December 31, 2009 and 2008 are summarized below, together with the possibilities of a favorable outcome according to the opinion of legal counsel:

	2009		2008	
	Parent company and consolidated		Parent company and consolidated	
Nature of contingent asset	**Probable**	**Possible**	**Probable**	**Possible**
Tax	41,775	37,015	47,979	40,089
Social security	2,830	1,450	2,455	1,260
	44,605	38,465	50,434	41,349

(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): lawsuits claiming the right to (i) the maintenance and use, through reimbursement, of credits from IPI tax incentives, considered sectorial, which were terminated in October 1990 by means of the Transitory Constitutional Provisions Act (ADCT) and are no longer recognized by the Ministry of Finance, (ii) the price-level restatement of the credit reimbursements paid late by the Ministry of Finance, (iii) the maintenance of the presumed IPI credits used as payment of PIS and COFINS contributions, levied on inputs used to manufacture exported products, suspended in the last three quarters of 1999, and (iv) maintenance and reimbursement of IPI credit premium on exports, established by Decree Law No. 491/69 and gradually reduced until its termination. The lawsuits are awaiting judgment by the Superior Courts of Justice and the Federal Regional Courts.

. Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) - lawsuits claiming the right to (i) the payment of PIS and COFINS on billings, without including other revenues, and without considering the increase in tax rates, (ii) the reimbursement of differences in judicial deposits arising from the use of price-level restatement indexes lower than the actual and official inflation indexes, (iii) the exclusion of ICMS and ISSQN from the calculation basis of PIS and COFINS contributions, (iv) right to the credits on acquisition of inputs from legal entities, according to Law 10485/02, from May to July 2004, as well as right to include in the presumed credit, under the terms of Normative Instruction (IN) 358/03, the labor used in the preparation of finished products or work in process contained in the opening inventories; (v) exemption in transactions destined for the Manaus Free Trade Zone; and (vi) non-enforceability of the PIS contribution during the effective period of Provisional Measure 1212/95. The lawsuits are awaiting judgment by the Federal Regional Courts.

. Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) - lawsuits claiming (i) the deduction of the CSLL itself and of the IRPJ in the determination of taxable income for the purposes of calculation of CSLL, (ii) the exclusion of export revenues from taxable income subject to social contribution and Tax on Bank Account Outflows (CPMF), (iii) the use of tax losses, without any amount or time restrictions, in the determination of IRPJ and CSLL taxable income, (iv) the deduction of the price-level restatement of IPI reimbursements in the determination of the IRPJ and CSLL taxable income, (v) reimbursement of the Social Contribution on Net Income levied on the interest on own capital, before Law 9430/96 and (vi) the deduction, from the IRPJ and CSLL calculation basis, of tax losses recorded by foreign associated and subsidiary companies. The lawsuits are awaiting judgment by the Federal Regional Courts and the Superior Court of Justice.

. Tax on Financial Transactions (IOF) and Income Tax Withheld at Source (IRRF) - lawsuit claiming the exemption from IOF and IRRF on loan transactions and corresponding income between group companies. The lawsuit is awaiting judgment by the Federal Regional Court.

. Eletrobrás Compulsory Loan - lawsuit claiming the reimbursement of the compulsory loan made to Eletrobrás. The lawsuit is awaiting execution of the decision, which is in progress at the Court of Justice of the State of Rio Grande do Sul.

. The Company has adhered to the Tax Recovery Program - REFIS and awaiting approval and debt consolidation by the Brazilian Federal Revenue Secretariat. Accordingly, no gains were recorded in 2009.

. Tax on Bank Account Outflows (CPMF): lawsuit claiming the declaration of unconstitutionality of the CPMF rate increase from January to March 2004. Lawsuit in progress at the Court of Justice of the State of Rio Grande do Sul.

(ii) Social security contingencies

. The Company is the plaintiff in a lawsuit against the National Institute of Rural Settlement and Agrarian Reform (INCRA) contribution assessed on the payroll, and is awaiting judgment at the Federal Regional Court.

. National Institute of Social Security (INSS) contribution: lawsuits claiming the declaration of non-incidence of the contribution on termination pay, sick pay, accident allowance, maternity leave, vacation pay and 1/3 vacation and the declaration of non-enforceability of arrears penalties in the case of voluntary reporting of INSS debits. Lawsuits in progress at the Federal Regional Court of the 1st and 4th Region.

16 Pension Plan and Post-employment Benefits to Employees

The Company 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 social security benefits to all employees of the sponsors: Marcopolo (main sponsor), Syncroparts, Trading, Polo Serviços, Banco Moneo and Fundação Marcopolo. The total consolidated contributions for the year amounted to R$ 5,399 (R$ 5,930 in 2008). The actuarial method for the calculation of cost and contributions is that of capitalization. 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.

All amounts in thousands of reais unless otherwise indicated

In accordance with CVM Resolution 371, of December 13, 2000, the Company, based on an actuarial report, opted to record at the end of 2001 the deficit (surplus) of the plan against retained earnings as a prior year adjustment. At December 31, 2009 and 2008, the amounts related to post-employment benefits were determined by an actuarial valuation carried out by the independent actuaries Towers Perrin Forster & Crosby Ltda., and were recorded in the financial statements as follows:

	Parent company	
	2009	**2008**
Present value of totally or partially funded actuarial obligations	(112,915)	(128,470)
Fair value of plan assets	130,070	105,996
Net (gains) losses not recognized in the balance sheet	(25,194)	11,904
Net liability	(8,039)	(10,570)

	Subsidiaries	
	2009	**2008**
Present value of totally or partially funded actuarial obligations	(292)	(1,947)
Fair value of plan assets	336	1,604
Net (gains) losses not recognized in the balance sheet	(64)	1,220
Net assets (liabilities)	(20)	877

	Consolidated	
	2009	**2008**
Present value of totally or partially funded actuarial obligations	(113,207)	(130,417)
Fair value of plan assets	130,406	107,600
Net (gains) losses not recognized in the balance sheet	(25,258)	13,124
Non-recognition of assets by subsidiaries (*)		(880)
Net liabilities	(8,059)	(10,573)

(*) According to the restrictions determined in paragraph 49, item g, of CVM Resolution 371, of

December 13, 2000.

All amounts in thousands of reais unless otherwise indicated

The changes in net actuarial liabilities are as follows:

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Net liabilities at the beginning of the year	(10,570)	(13,200)	(10,573)	(13,200)
Expenses in the year	(2,818)	(2,938)	(2,886)	(3,197)
Company contributions in the year	5,349	5,550	5,399	5,930
Other		18	1	(106)
Net liabilities at the end of the year	(8,039)	(10,570)	(8,059)	(10,573)

The net expense with pension plan and post-employment benefits is as follows:

	Parent company		Consolidated	
Expenses	**2009**	**2008**	**2009**	**2008**
Cost of current service	3,905	3,574	3,975	3,818
Interest cost	11,626	10,459	11,641	10,650
Actual return on plan assets	(12,290)	(10,727)	(12,307)	(10,935)
Amortization of actuarial losses		28	1	68
Employee contributions	(423)	(396)	(424)	(404)
Total expenses for the year	2,818	2,938	2,886	3,197

The amount of actuarial gains or losses to be recognized as income or expense is the amount of unrecognized gains and losses that exceed, each year, the highest of the following limits:

(i) 10% of the present value of the total actuarial obligations of the defined benefit.

(ii) 10% of the fair value of plan assets.

The amount that exceeds the limits will be amortized annually by dividing it by the remaining estimated average length of service for the plan's participants.

All amounts in thousands of reais unless otherwise indicated

The main actuarial assumptions on the balance sheet date are:

Economic assumptions:

	Percentage p.a.	
	2009	**2008**
Discount rate	10.66	9.20
Expected rate of return on plan assets	10.31	11.51
Future salary increases	7.12	7.12
Inflation	4.00	4.00

Demographic assumptions:

	2009	**2008**
Mortality table	AT 2000	AT 1983
Disability mortality table	RRB 1983	RRB 1983
Disability table	RRB 1944	RRB 1944

17 Income Tax and Social Contribution

(a) Deferred income tax and social contribution

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

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Assets				
Provision for technical assistance	12,942	17,504	15,067	19,161
Provision for commissions	16,502	14,253	19,063	16,450
Allowance for doubtful accounts	9,887	4,985	46,821	8,504
Provision for profit sharing	19,058	20,242	20,779	21,311
Pension plan	8,039	10,570	8,059	10,573
Provision for contingencies	15,874	45,755	25,386	56,218
Provision for sureties to third parties	1,805	2,342	2,194	2,731
Provision for inventory losses	1,081	902	2,578	902
Provision for third-party services	12,468	15,423	16,118	15,423

All amounts in thousands of reais unless otherwise indicated

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Appropriation of (gains) losses with derivatives	(5,228)	32,047	(9,155)	32,703
Adjustment to present value	3,306	3,494	3,554	3,501
Other provisions	631	659	7,623	4,303
Income tax and social contribution losses			18,631	5,880
Calculation basis	96,365	168,176	176,718	197,660
Standard rate %	34%	34%	34%	34%
Deferred income tax and social contribution	32,764	57,180	60,084	67,204
Current	(24,634)	(38,029)	(35,004)	(40,875)
Long-term	8,130	19,151	25,080	26,329

(b) Estimate of the realization of deferred tax credits

The recovery of the tax credits recorded at December 31, 2009 in the parent company and consolidated financial statements is based on estimates of taxable income, as well as on the realization of temporary differences, in the following years:

	Parent company	Consolidated
2010	24,634	35,004
2011	8,130	21,519
2012		3,284
2013		277
	32,764	60,084

(c) Reconciliation of the income tax and social contribution expense

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Reconciliation				
Profit before taxation and profit sharing	171,943	161,171	191,375	186,779

All amounts in thousands of reais unless otherwise indicated

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Standard rate %	34%	34%	34%	34%
	58,460	54,798	65,067	63,505
Permanent additions and deductions				
Equity in the results of investees	(885)	(10,545)		
Interest on own capital	(14,297)	(12,668)	(14,297)	(12,668)
PDI tax incentive	(4,591)	(8,493)	(4,591)	(8,493)
Amortization of goodwill		(2,259)		(2,259)
Management profit sharing	(680)	(637)	(680)	(637)
IRPJ/CSLL recovery	(10,289)		(10,289)	
Other additions (deductions)	(110)	(1,715)	(3,970)	(1,466)
Temporary additions and deductions				
Tax losses			15,947	6,333
	27,608	18,481	47,187	44,315
Income tax and social contribution				
Current	(27,608)	(56,499)	(47,187)	(84,920)
Deferred		38,018		40,605
	27,608	18,481	47,187	44,315

(d) Transitional Tax Regime

The Transitional Tax System (RTT) will be effective until enactment of law that will govern the tax effects of the new accounting methods, and seeks tax neutrality.

The system is optional for calendar years 2008 and 2009, as long as the following is observed: (i) be applied to both 2008 and 2009, not to only one calendar year; and (ii) declaration of the option in the Federal Corporate Income Tax Return (DIPJ).

The Company opted for the RTT in 2008. Consequently, for income tax and social contribution on net income calculation purposes in 2009 and 2008, the Company used the prerogatives defined in RTT.

18 Stockholders' Equity (Parent Company)

(a) Capital

Authorized capital comprises 2,100,000,000 nominative shares with no par value, of which 700,000,000 are common and 1,400,000,000 preferred.

At December 31, 2009, subscribed and paid-up capital comprised 224,225,021 (224,225,021 at December 31, 2008) nominative shares with no par value, 85,406,436 of which are common and 138,818,585 preferred.

Of the total subscribed capital, 63,797,407 (74,056,682 in 2008) preferred nominative shares are held by stockholders abroad.

(b) Reserves

(i) Legal reserve

In accordance with Article 193 of Law No. 6404/76, this reserve is recorded at 5% of the net income of each year, up to the limit of 20% of capital.

(ii) Statutory reserves

. At least 25% of the remaining balance of net income must be appropriated for the payment of a compulsory dividend on all shares of the Company;

. The remaining balance of the net income must be fully appropriated to the following reserves:

(iii) reserve for future capital increase - to be used for future capital increases and established at 70% of the remaining balance of the net income for each year, but cannot exceed 60% of capital;

(iv) reserve for payment of interim dividends - to be used for the payment of interim dividends in accordance with Paragraph 1 of Article 33 of the Company's by-laws and established at 15% of the remaining balance of the net income for each year, but cannot exceed 10% of capital;

(v) reserve for the purchase of own shares - to be used for the purchase of shares issued by the Company, to be cancelled, remain in treasury and/or sold, and established at 15% of the remaining balance of the net income for each year, but cannot exceed 10% of capital.

All amounts in thousands of reais unless otherwise indicated

(c) Treasury stock

Treasury stock comprises 554,824 preferred nominative shares, purchased at an average cost of R$ 4.3745 (in reais) per share. The market value of the treasury stock, calculated at the closing date for the period, was R$ 2,427. According to Paragraph 3 of article 168 of Brazilian Corporation Law and CVM Instruction No. 390/03, the shares will be used to grant managers and employees share purchase options, pursuant to the Stock Option Plan approved by the Extraordinary General Meeting held on December 22, 2005.

19 Interest on Own Capital - Law 9249/95 and Dividends

As provided by Law No. 9249/95, the Company calculated interest on capital based on the TJLP in effect during the year, in the amount of R$ 42,050 (R$ 37,259 in 2008) of which R$ 13,420 was paid as from September 30, 2009, at R$ 0.060 per share, R$ 13,420 paid as from December 30, 2009, at 0,060 per share, and R$ 15,210 to be paid beginning on March 31, 2010, at 0.068 per share, for both common and preferred shares, and recorded as financial expenses, as required by tax legislation. For the purposes of these financial statements, interest on own capital was reversed from financial expenses for the year and charged to retained earnings.

The income tax and social contribution expense for the year was reduced by approximately R$ 14,297 (R$ 12,668 in 2008), as a result of the deductibility of the interest on own capital credited to the stockholders.

Also in the year ended December 31, 2009, the Company proposed dividends for the current year in the amount of R$ 29,748 (R$ 14,819 in 2008) to be paid beginning on March 31, 2010, at R$ 0.1330 per share, which was approved at the Board of Directors' meeting held on December 11, 2009.

The calculation of the compulsory minimum dividend is as follows:

	2009	**2008**
Net income for the year	136,783	135,616
Legal reserve (5%)	(6,839)	(6,780)
Dividend calculation basis	129,944	128,836
Amount of the compulsory minimum dividends (25%)	32,486	32,209

All amounts in thousands of reais unless otherwise indicated

	2009	**2008**
Interest on own capital imputed to dividends		
Gross amount	42,050	37,259
Withholding income tax (15%)	(6,307)	(5,589)
Withholding income tax - Suspended withholding	1,628	1,171
Net amount of interest credited (i)	37,371	32,841
Dividends credited in advance (ii)	29,748	14,819
Additional proposed dividends (iii) (*)		7,731
Net amount of interest and dividends credited and proposed (i) + (ii) + (iii)	67,119	55,391

(*) The Company allocated 15% of retained earnings to reserves for payment of interim dividends, after allocations to legal reserve and reserve for payment of dividends and interest on own capital, limited to 10% of the capital. As the limit was reached, the Company proposed additional dividends in the amount of R$ 7,731 in 2008, which were reversed in 2009, based on decision of the Board of Directors.

The amount of this interest was imputed to the compulsory minimum dividend declared in advance for the current year pursuant to item V of CVM Resolution No. 207/96.

20 Financial Instruments

The estimated realizable values of the Company's financial assets and liabilities are determined according to information available in the market and appropriate valuation methodologies. However, considerable judgment is required in the interpretation of market data to produce the estimate of the most adequate realizable values. Consequently, the estimates below do not necessarily indicate the amounts that could be realized in the current market. The use of different market methodologies may have a material effect on the estimated realizable values.

These instruments are managed through operating strategies to obtain liquidity, profitability and security. The control policy consists of the constant monitoring of the rates contracted against those effective in the market. The Company and its subsidiaries do not invest in derivatives or any other risk assets for speculative purposes.

(a) Cash and banks and financial investments

The market values of current account balances in banks are similar to the recorded balances, considering their characteristics and maturities.

Financial investments are classified as held for trading. The market value is recognized in the balance sheets.

(b) Related party loans receivable/payable

The financial conditions are comparable with those practiced with third parties.

(c) Investments

These mainly comprise investments in non-public subsidiaries, recorded on the equity accounting method, in which the Company has a strategic interest, as described in Note 8 to the financial statements. Considerations of market value of the shares held are not applicable.

(d) Loans and financing

These are recorded based on the contractual interest rate of each operation. The difference between the book value and the market value, calculated in accordance with the discounted cash flow method, may be summarized as follows:

	2009		2008	
	Book value	Market value	Book value	Market value
Loans and financing	1,254,362	1,253,654	1,180,119	1,158,471

(e) Derivatives

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

The table below presents an estimate of the market value of the positions with the NDF and Forward contracts. Unrealized gains and losses on derivatives are recorded in loans and financing (in case of loss) or in financial investments (in case of gain) with a corresponding entry under the caption income (expenses) from exchange variation.

All amounts in thousands of reais unless otherwise indicated

Company	Counterparty	Position	Beginning	End	Notional amount 2009	Market value 2009	Market value 2008	Amounts receivable/payable 2009	Amounts receivable/payable 2008
Marcopolo					USD thousand				
	BBA	Sale	7/13/09	2/22/10	712	218	(688)	218	(688)
	Bradesco	Sale	8/26/09	5/25/10	16,400	404	(806)	404	(806)
	Brasil	Sale	7/13/09	5/25/10	41,001	3,574	(10,189)	3,574	(10,189)
	Citibank	Sale	10/16/09	5/25/09	7,260	48	(5,004)	48	(5,004)
	HSBC	Sale	7/13/09	6/14/10	11,703	984	(4,866)	984	(4,866)
	Santander	Sale	8/8/08	6/3/09			(6,662)		(6,662)
	Real	Sale	8/8/08	7/2/09			(1,493)		(1,493)
	Unibanco	Sale	9/4/08	2/26/09			(1,732)		(1,732)
	Votorantin	Sale	9/19/08	4/7/09			(607)		(607)
Ciferal									
	Brasil	Sale	9/30/08	2/7/09			(656)		(656)
Masa									
	Citibank	Purchase	7/7/09	5/18/10	29,543	(4,958)		(4,958)	
	ABSA	Purchase	7/24/09	7/12/10	20,607	(1,558)	(2,984)	(1,558)	(2,984)
	NEDBANK	Purchase	7/13/09	7/12/10	9,977	(390)	(3,786)	(390)	(3,786)

The Company had gains and losses from derivatives in the years ended December 31, 2009 and 2008, as follows:

Company	Realized gains/losses 2009	Realized gains/losses 2008
Marcopolo	18,463	(40,190)
Ciferal	(52)	255
Masa	(8,132)	(10,133)

The Company does not have margin deposits for the outstanding derivative financial instruments at December 31, 2009.

(f) Credit risk

The sales and credit policies of the Company and its subsidiaries are determined by management and aim to minimize problems arising from the default of customers. This objective is achieved by management through a careful selection of the customer portfolio, which considers the payment capacity (credit analysis) of the customers and diversification of sales (risk spread). The Company also recorded allowances for doubtful accounts of R$ 27,045 (parent company) and R$ 50,822 (consolidated) at December 31, 2009 (R$ 22,247 and R$ 44,529 at December 31, 2008) equivalent to 6.3% and 4.4%, respectively, of the outstanding accounts receivable of the parent company and consolidated (5.0% and 4.9% at December 31, 2008), to cover credit risk.

All amounts in thousands of reais unless otherwise indicated

(g) Foreign exchange rate risk

The results of the Company and its subsidiaries are susceptible to changes as their liabilities are affected by the volatility of foreign exchange rates, mainly the U.S. dollar.

The strategy adopted to prevent or reduce the effects of the fluctuations in exchange rates is to maintain a "natural hedge" with assets that are also subject to exchange variations.

At December 31, 2009 and 2008, the Company had assets and liabilities in foreign currency in the amounts described below:

				2009
	Accounts receivable	**Suppliers**	**Loans**	**Forwards**
Currencies				
U.S. Dollars	182,388	77,521	139,551	134,143
Argentine Pesos	5,761	1,865	336	
Indian Rupees	7,854	29,202	27,997	
South African Rands	35,844	9,132	26,062	104,644
Euros	3,340	1,072	14,283	
Egyptian pound	6,252	20,544		
Colombian Pesos	6,314	5,081	19,139	
	247,753	144,417	227,368	238,787

				2008
	Accounts receivable	**Suppliers**	**Loans**	**Forwards**
Currencies				
U.S. Dollars	404,676	179,951	215,814	80,740
Argentine Pesos	12,505	1,182	2,268	
Indian Rupees	3,387	6,516	23,306	
South African Rands	18,777	3,569	6,850	
Euros	13,667	19,081	10,488	
Colombian Pesos	11,298	6,643	25,692	
	464,310	216,942	284,418	80,740

(h) Sales and purchase price risk

Considering that exports are equivalent to 27.3% of the projected revenues of the parent company and subsidiaries for 2010, a possible volatility of foreign exchange rates represents, in fact, a price risk that may alter the results planned by management.

On the other hand, the purchases of raw material considered as commodities represent approximately 40% of total purchases, and accordingly, the Company is subject to the effects of market price oscillations of these items.

To mitigate these risks, the Company constantly monitors the price trends.

(i) Interest rate risk

The results of the Company and its subsidiaries 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 market interest rates with the purpose of evaluating the need to contract new instruments to hedge against the volatility risk of these rates.

(j) Liquidity risk

This is the risk of not having liquid funds sufficient to meet financial commitments, due to the mismatch of terms or volume in expected receipts and payments.

To manage cash liquidity in local and foreign currency, assumptions for future disbursements and receipts are determined, and these are monitored daily by the treasury area.

(k) Risk of change in tax legislation

The results of the Company and its subsidiaries are susceptible to the effects of changes in tax legislation that establish new taxes, increase rates or restrict tax benefits.

The Company and its subsidiaries monitor and plan their operations considering changes in tax legislation so as to minimize such impacts on the operations.

(l) Sensitivity analysis

The table below presents the sensitivity analysis of the financial instruments, describing risks that may result in material losses for the Company. It describes the most probable scenario (scenario I) according to an evaluation carried out by management, considering a twelve-month period, when the next financial statements should be disclosed. In addition, two other 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, a deterioration of 50%, in accordance with CVM Instruction No. 475/08.

All amounts in thousands of reais unless otherwise indicated

Assumptions	Effects in results	Probable scenario (Scenario I)	Scenario II	Scenario III
CDI		9.50%	11.88%	14.25%
TJLP		6.0%	7.5%	9.0%
Exchange rate - US$		1.8000	2.2500	2.7000
Libor		1.00%	1.25%	1.50%
Cost of ACC * discount		2.50%	3.13%	3.75%
	Financial investments	46,732	58,415	70,098
	Interbank accounts	73,162	86,250	99,337
	Loans and financing	(87,329)	(138,108)	(188,973)
	Forward contracts	(3,118)	(10,746)	(18,373)
	Accounts receivable less accounts payable	6,250	53,440	100,630
		35,697	49,251	62,719

(*) Advances against Foreign Exchange Contracts

21 Insurance Coverage

At December 31, 2009, the Company had insurance cover against fire and sundry risks for property, plant and equipment items and inventories at amounts considered sufficient to cover eventual losses.

The main insurance coverage is as follows:

		Consolidated	
		Amounts insured	
Description	**Risk**	**2009**	**2008**
Inventories and warehouses	Fire and sundry risks	304,943	277,257
Buildings and contents	Fire and sundry risks	438,012	472,190
Vehicles	Collision, civil liability	4,523	1,896
		747,478	751,343

All amounts in thousands of reais unless otherwise indicated

22 Sureties and Guarantees

At December 31, 2009, the Company had sureties and/or guarantees of R$ 10,751 (R$ 82,773 in 2008) and "vendor" agreements, as guarantor of the operation, in the amount of R$ 13,972 (R$ 17,422 in 2008), in connection with the financing of customers by banks, which have as a counter-guarantee the respective assets financed.

23 Profit Sharing

In 2009, in conformity with Law No. 10101 of December 19, 2000, the management opted for the semi-annual payment of profit sharing, thus paying part in July 2009 and the balance in February 2010.

The employee profit sharing was calculated in accordance with the terms established in the Instrument for the Agreement of the Marcopolo Targets/Efficiency Program (EFIMAR), dated March 7, 2008, which was approved by employee union.

The amounts are classified in the result for the year as follows:

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Cost of sales and services	13,345	19,179	15,426	21,017
Selling expenses	2,565	2,257	2,675	2,308
Administrative expenses	1,176	1,155	2,042	1,274
	17,086	22,591	20,143	24,599

All amounts in thousands of reais unless otherwise indicated

24 Financial Results

	Parent company		Consolidated	
	2009	**2008**	**2009**	**2008**
Financial income				
Interest and monetary variations received	26,078	9,577	28,305	10,554
Income from financial investments	23,128	33,288	44,062	76,621
Foreign exchange variations	123,531	43,368	131,826	49,791
Adjustment to present value of accounts receivable	20,034	33,680	25,347	34,056
	192,771	119,913	229,540	171,022
Financial expenses				
Interest on loans and financing	28,294	33,047	58,598	86,736
Foreign exchange variations	99,399	104,173	108,119	109,081
Bank expenses	6,301	2,863	6,807	3,580
Adjustment to present value of accounts payable to suppliers	6,715	10,432	9,575	10,487
	140,709	150,515	183,099	209,884
Net financial result	52,062	(30,602)	46,441	(38,862)

25 Balance Sheets and Statements of Income by Segment

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

	Consolidated		Industrial segment		Financial segment	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Assets						
Current assets						
Cash and cash equivalents	503,925	434,351	470,931	407,355	32,994	26,996
Marketable securities	37,438	83	9,850	83	27,588	
Trade accounts receivable	706,100	687,299	507,688	523,149	198,412	164,150
Inventories	244,195	310,581	244,195	310,581		
Other accounts receivable	177,737	278,550	170,195	271,736	7,542	6,814
	1,669,395	1,710,864	1,402,859	1,512,904	266,536	197,960
Non-current assets						
Trade accounts receivable	398,943	329,726	1,217	6,699	397,726	323,027
Other accounts receivable	55,653	44,177	47,726	44,177	7,927	
Investments	927	912	927	912		

All amounts in thousands of reais unless otherwise indicated

	Consolidated		Industrial segment		Financial segment	
	2009	2008	2009	2008	2009	2008
Property, plant and equipment	290,768	268,982	290,423	268,654	345	328
Intangible assets	68,416	68,794	68,120	68,752	296	42
Deferred charges	8,144	11,590	8,144	11,590		
	822,851	724,181	416,557	400,784	406,294	323,397
Total assets	2,492,246	2,435,045	1,819,416	1,913,688	672,830	521,357
Liabilities and stockholders' equity						
Current liabilities						
Financial institutions	385,633	628,416	218,686	507,193	166,947	121,223
Suppliers	207,070	188,833	207,070	188,833		
Other liabilities	261,060	300,678	246,436	285,613	14,624	15,065
	853,763	1,117,927	672,192	981,639	181,571	136,288
Non-current liabilities						
Financial institutions	868,729	551,703	496,610	264,007	372,119	287,696
Other liabilities	36,896	70,097	36,876	70,094	20	3
	905,625	621,800	533,486	334,101	372,139	287,699
Minority interest	8,815	11,809	8,815	11,809		
Stockholders' equity	724,043	683,509	604,923	586,139	119,120	97,370
Total liabilities and stockholders' equity	2,492,246	2,435,045	1,819,416	1,913,688	672,830	521,357
Statements of income						
Net revenues	2,057,700	2,532,163	2,008,510	2,499,435	49,190	32,728
Cost of sales	(1,661,864)	(2,058,094)	(1,661,864)	(2,058,094)		
Gross profit	395,836	474,069	346,646	441,341	49,190	32,728
Operating expenses (income)						
Selling expenses	152,166	146,196	126,701	136,490	25,465	9,706
Management fees	8,301	8,330	8,301	8,330		
Administrative expenses	90,470	92,120	82,989	86,909	7,481	5,211
Other operating expenses (income), net	(35)	(4,863)	348	(6,416)	(383)	1,553
Operating profit before equity results and financial income (expenses)	144,934	232,286	128,307	216,028	16,627	16,258
Amortization of goodwill		(6,645)		(6,645)		
Financial result						
Financial expenses	(183,099)	(209,884)	(183,099)	(209,869)		(15)
Financial income	229,540	171,022	228,610	169,580	930	1,442
Profit before taxation and profit sharing	191,375	186,779	173,818	169,094	17,557	17,685
Income tax and social contribution	(47,187)	(44,315)	(40,189)	(37,992)	(6,998)	(6,323)
Management profit sharing	(7,552)	(7,074)	(7,552)	(7,074)		
Minority interest	(93)	(944)	(93)	(944)		
Net income for the year	136,543	134,446	125,984	123,084	10,559	11,362

All amounts in thousands of reais unless otherwise indicated

26 Statements of Cash Flows by Business Segment - Indirect Method

	Consolidated		Industrial segment		Financial segment	
	2009	2008	2009	2008	2009	2008
Cash flows from operating activities						
Net income for the year	136,543	134,446	125,984	123,084	10,559	11,362
Adjustments to reconcile net income with cash generated by (used in) operating activities:						
Depreciation and amortization	39,711	47,869	39,596	47,834	115	35
Cost on sale of permanent assets	19,024	13,797	19,024	13,797		
Allowance for doubtful accounts	15,695	14,267	7,012	7,259	8,683	7,008
Deferred income tax and social contribution	7,120	(40,605)	14,560	(40,605)	(7,440)	
Interest and exchange variations	(151)	54,248	(30,791)	39,976	30,640	14,272
Minority interest	(2,994)	3,973	(2,994)	3,973		
Changes in assets and liabilities						
(Increase) decrease in trade accounts receivable	(139,987)	(225,080)	(22,343)	(25,306)	(117,644)	(199,774)
(Increase) decrease in other accounts receivable	72,818	22,439	74,028	27,146	(1,210)	(4,707)
(Increase) decrease in inventories	48,746	(69,251)	48,746	(69,251)		
Increase (decrease) in marketable securities	(37,355)		(9,767)		(27,588)	
Increase (decrease) in suppliers	54,052	(35,909)	54,052	(35,909)		
Increase (decrease) in other accounts payable	(46,600)	(2,425)	(46,371)	(1,016)	(229)	(1,409)
Net cash provided by (used in) operating activities	166,622	(82,231)	270,736	90,982	(104,114)	(173,213)
Cash flows from investing activities						
Investments	(15)	(14,384)	(25,015)	(39,384)	25,000	25,000
Related parties		(5,726)	9	(5,751)	(9)	25
Dividends from subsidiaries			14,000	1,936	(14,000)	(1,936)
Purchases of property, plant and equipment	(103,944)	(110,322)	(103,558)	(110,035)	(386)	(287)
Pre-operating expenses in new units		(7,475)		(7,475)		
Financial investments - non current		70,984		70,984		
Net cash used in investing activities	(103,959)	(66,923)	(114,564)	(89,725)	10,605	22,802
Cash flows from financing activities						
Loans and financing	732,404	1,114,379	508,520	885,863	223,884	228,516
Payments of loans and interest	(643,977)	(991,565)	(519,600)	(905,539)	(124,377)	(86,026)
Payment of dividends and interest on own capital	(78,919)	(59,810)	(78,919)	(59,810)		
Treasury stock	2,117	(3,174)	2,117	(3,174)		
Net cash provided by (used in) financing activities	11,625	59,830	(87,882)	(82,660)	99,507	142,490
Foreign exchange effects on cash and cash equivalents	(4,714)	28,150	(4,714)	28,150		
Cash and cash equivalents at the beginning of the year	434,351	495,525	407,355	460,608	26,996	34,917
Cash and cash equivalents at the end of the year	503,925	434,351	470,931	407,355	32,994	26,996
Net increase (decrease) in cash and cash equivalents	69,574	(61,174)	63,576	(53,253)	5,998	(7,921)

27 Reconciliation of Stockholders' Equity and Net Income for the Year Prepared in Accordance with Accounting Practices Adopted in Brazil and International Financial Reporting Standards

In compliance with the Level II Corporate Governance regulations of the São Paulo Stock Exchange (BM&FBOVESPA – Bolsa de Valores, Mercadorias e Futuros), the reconciliation between stockholders' equity and net income for the year determined in accordance with accounting practices adopted in Brazil (BRGAAP) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), is presented below.

27.1 Description of the transition to IFRS

The consolidated financial information in IFRS was prepared based on the financial statements of the Company prepared in accordance with BRGAAP, as described in Note 2.

The financial statements for the year ended December 31, 2007 are the first statements for which reconciliations of stockholders' equity and net income to IFRS have been prepared.

IFRS 1 (Adoption of the International Accounting Standards for the First Time) was applied in the preparation of the reconciliation of stockholders' equity and net income to IFRS.

January 1, 2006 was defined as the transition date for the preparation of the reconciliations of stockholders' equity and net income for the year to IFRS. However, in accordance with IFRS 1, the first financial statements in IFRS of an entity are those annual financial statements for which the Company adopts IFRS by means of an explicit and unqualified affirmation that these statements have been prepared in accordance with IFRS. A reconciliation of stockholders' equity and net income for the year is not a complete financial statement and, therefore, it is not considered a financial statement prepared in accordance with IFRS. In addition, in the future, when the Company prepares the first annual financial statements in accordance with IFRS, it is possible that the amounts presented in the reconciliation may have to be adjusted for reasons such as: the date of transition to IFRS is not the date used to prepare the reconciliations or new or additional accounting standards and interpretations have been issued by the International Accounting Standards Board (IASB) and might impact the financial statements.

In addition, there are differences between BRGAAP and IFRS which affect the disclosure of information in the financial statements, such as the disclosure of specific information on financial assets, disclosure of information by segment, and others. These disclosure differences are not presented in this reconciliation of stockholders' equity and net income.

IFRS 1 permits certain exceptions from the full retroactive application of certain standards. All the IFRS effective on the date of these financial statements, in their latest versions, have been applied, retrospectively, for the preparation of the reconciliation of stockholders' equity and net income for the years presented, except for the optional exemptions and the mandatory exceptions to the retrospective treatment adopted by the Company, as described below.

27.1.1 Optional exemptions adopted by the Company for the retroactive application of standards

The Company adopted the following optional exemptions from full retroactive application:

Exemption for business combinations: The Company opted not to remeasure the business acquisitions that took place before the IFRS transition date in compliance with IFRS 3; therefore, the goodwill arising from acquisitions before that date was maintained at the amortized net carrying value as of December 31, 2005, determined in accordance with BRGAAP. For business acquisitions after January 1, 2006, IFRS 3 has been followed for the preparation of the reconciliation of stockholders' equity and net income.

Exemption for presenting the fair value of property, plant and equipment as acquisition cost: The Company opted not to remeasure its property, plant and equipment on the transition date at fair value, and opted to maintain the acquisition cost adopted under BRGAAP as the property, plant and equipment amount, monetarily adjusted in accordance with IAS 21 and IAS 29.

Exemption from calculating employee benefits: The Company opted to recognize all actuarial gains and losses arising from employee benefit plans on the IFRS transition date against retained earnings. From that date onward, the Company recognizes the actuarial gains and losses through net income.

Exemption from presenting cumulative translation adjustments: The Company opted to present the accumulated effects on the IFRS transition date resulting from the conversion of the financial statements of subsidiaries and investee companies with a functional currency different from the Company's reporting currency (the Brazilian real) in retained earnings as of the opening balance sheet. As from the IFRS transition date, the Company recognized the conversion adjustments directly in a specific stockholders' equity account.

Exemption related to measurement of compound financial instruments: The Company does not have compound financial instruments on the IFRS transition date or on prior dates which may have an effect on the transition date.

Exemption related to the recognition of investments in subsidiaries, jointly-owned subsidiaries and associated companies: The Company's subsidiaries, jointly-owned subsidiaries and associated companies did not prepare financial statements under IFRS on the transition date and, for this reason, the Company opted to adopt the same IFRS transition date for all its subsidiaries, jointly-owned subsidiaries and associated companies.

Exemption related to the classification of financial instruments: The Company opted to classify and value its financial instruments according to IAS 32 and IAS 39 on the IFRS transition date. Retroactive analyses to the original contracting dates of the financial instruments existing on the IFRS transition date were not made.

Mandatory exceptions adopted by the Company for the retroactive application of Standards

No impacts on the Company's consolidated financial statements due to applying the mandatory exceptions in accordance with IFRS 1 were identified.

27.2 Narrative description of the differences in the reconciliation between IFRS and BRGAAP

(a) Business combinations

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

When the acquisition cost is higher than the fair value of the interest of the acquiring entity in the net identifiable assets, liabilities and contingent liabilities of the acquired entity, the acquiring entity records a goodwill arising from the transaction relating to such difference. Goodwill and other intangible assets with an indefinite useful life are not amortized. The recovery value must be evaluated at least once a year and whenever there is an indication that the value of the asset cannot be recovered by the entity. When the recoverable value of the goodwill or of any other asset is less than its carrying amount, an impairment loss must be recorded in income for the year.

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

In accordance with BRGAAP, the following practices must be adopted: goodwill or negative goodwill is calculated by the difference between the acquisition cost and the net asset value of the acquired entity per the accounting records. The fair value approach is generally not used. Goodwill can be attributed to: incremental value of the assets (generally property, plant and equipment), which is classified as intangible assets and is amortized over the same useful life, expected future profitability or other reasons. The goodwill based on expected future profitability must be amortized according to projections of such future profitability over a period of no more than ten years, except when it refers to a concession by a public authority, in which case it will be amortized over the concession term. Goodwill which cannot be economically supported ("without economic basis") must be expensed at the time of the purchase, and negative goodwill without economic basis must be recorded as a gain only when the investment is disposed of or discontinued. Since January 1, 2008, with the publication of Law No. 11638/07 and subsequently Brazilian Accounting Pronouncements Committee (CPC) Pronouncement 08 – Transaction Costs and Premium in the Issuance of Marketable Securities, BRGAAP requires transaction costs to be accounted for as part of the acquisition price. Minority interest is recorded at cost.

All amounts in thousands of reais unless otherwise indicated

The differences between the purchase price allocation in accordance with BRGAAP and in accordance with IFRS, for the purpose of this reconciliation, for business combinations after January 1, 2006, is as follows:

San Marino

A 39.59% interest in San Marino was acquired on March 5, 2007, and 5.41% was acquired on January 30, 2009, with the following goodwill under BRGAAP and IFRS:

	BRGAAP	IFRS
Current assets	72,038	72,038
Non-current assets:	36,255	47,912
Other receivables	1,273	1,273
Property, plant and equipment	34,982	44,019
Intangible assets		2,620
Current liabilities	(74,576)	(74,576)
Non-current liabilities	(27,231)	(29,885)
Assets, net of liabilities	6,486	15,489
% interest acquired	45%	45%
Net assets acquired	2,919	6,970
Total purchase price	41,972	41,972
Goodwill	39,053	35,002

All amounts in thousands of reais unless otherwise indicated

Loma

A 33% interest in Loma was acquired on January 1, 2008 with the following goodwill under BRGAAP and IFRS:

	BRGAAP	IFRS
Current assets	32,308	32,308
Non-current assets:	24,203	26,672
Other receivables	10,038	10,038
Property, plant and equipment	14,165	10,594
Intangible assets		6,040
Current liabilities	(12,688)	(13,527)
Dividends payable to former stockholder	(9,119)	(9,119)
Minority interest	(737)	(737)
Non-current liabilities	(6,596)	(6,596)
Assets, net of liabilities	27,371	29,001
% interest acquired	33%	33%
Net assets acquired	9,032	9,570
Total purchase price	23,371	23,371
Goodwill	14,339	13,801

The Company calculated the fair values of assets and liabilities shown above in a preliminary manner and based on internal information and available market data. In addition, the Company contracted external experts to validate these estimates in relation to the fair value of the brand and property, plant and equipment; however, the Company does not expect that such evaluations will affect substantially the stockholders' equity at December 31, 2008 and the net income for the year then ended.

(b) Employee benefits

The accounting practices related to employee benefits in IFRS are described in Note 27.1.1 (Exemption for calculating employee benefits).

(c) Deferred charges

In accordance with IFRS, pre-operating costs do not meet the definition of an intangible asset and should be expensed. The costs incurred to obtain an internally generated intangible asset are normally not capitalized.

The transition rules to the new accounting practices adopted in Brazil , through Brazilian Accounting Pronouncements Committee (CPC) Pronouncement 13 - First-time Adoption of Law No. 11638/07 and MP No. 449/08, determined that initial adjustments to the new practices shall be recorded as follows: deferred charges that cannot be reclassified to other groups of assets shall be written-off in the opening balance sheet, at the transition date, by recording the amount against retained earnings, net of tax effects, or maintained in this group until completely amortized, subject to impairment testing in accordance with Brazilian

Accounting Pronouncements Committee (CPC) Pronouncement 01 – Impairment of Assets. In the case of goodwill previously recorded in this category, a meticulous analysis must be performed in relation to its destination: to intangible assets if related to amounts paid to independent third parties, based on expectations of future profitability (goodwill); to investments, if paid based on the difference between the carrying value and the fair value of assets acquired and liabilities assumed; to the income statement, as a loss, if without economic substance.

Pre-operating expenses and restructuring expenses generated after January 1, 2009 will have the same treatment under BRGAAP as under IFRS.

(d) Income tax and social contribution on net income

Current income tax and social contribution expenses are calculated in accordance with the statutory tax bases effective on the date of the financial statements. Periodically, management evaluates the positions taken in relation to tax matters which are subject to interpretation and recognizes a provision when the payment of income tax and social contribution is expected in accordance with the taxable bases.

Deferred income tax and social contribution are fully recognized in accordance with the concept described in IAS 12 (the liability method) on the differences between assets and liabilities recognized for tax purposes and the corresponding amounts recognized for IFRS purposes.

Deferred income tax and social contribution assets are recognized only to the extent to which it is probable that a positive taxable basis will exist against which temporary difference may be used and tax losses may be offset, in accordance with IFRS. Income tax effects should be reflected in the financial statements in the same periods that the assets and liabilities which generate these effects are recorded.

Differences between the asset and liability book bases (presented in the accounting records) and tax bases (amounts which will be deductible or taxable for income tax purposes) are classified between temporary and permanent. Deferred tax assets are only initially recognized to the extent to which it is probable that they will be realized against taxable income to be generated in the future. Deferred tax assets and liabilities should always be classified as non-current and should not be discounted.

In accordance with BRGAAP, deferred tax assets on tax losses and temporary differences are recognized to the extent that their realization is probable and when the following conditions are met: (a) taxable income is reported in at least three of the last five years, and (b) future taxable income is expected based on a feasibility study that shows that the deferred tax credits can be realized within a maximum of 10 years (or shorter period established by legislation), considering future taxable income discounted to present value. Deferred tax liabilities are recognized on temporary differences, except when they refer to differences in the value of assets not intended for sale. Deferred tax assets and liabilities should be classified as current or non-current based on their estimate of realization.

(e) Accounting for dividends and interest on own capital

In accordance with IFRS, dividends proposed or declared after the balance sheet date but before the authorization for the release of the financial statements should not be recognized as liabilities unless they fall into the definition of liabilities at the balance sheet date. Interest on own capital is recorded, net of tax benefit, directly in stockholders' equity.

In accordance with BRGAAP, at the end of the year, a liability should be recorded in the balance sheet for dividends proposed by management that, subsequent to the close of the year, will be submitted to stockholders for approval. The tax benefit arising from interest on own capital is considered, under BRGAAP, in net income for the year, reducing current income tax and social contribution expense.

(f) Tax incentives

In accordance with IFRS and BRGAAP, tax incentives received by the Company fall into the concept of income, since they are cash inflows in the normal course of business that result in an increase in stockholders’ equity. Therefore, these tax incentives are classified as income.

(g) Exemption for measurement of employee benefits

The Company elected to recognize all actuarial gains and losses relating to employee benefit plans at the at the IFRS transition date against retained earnings. After this date, the Company recognizes the actuarial gains and losses as incurred directly through profit and loss. In BRGAAP, the Company recognizes the actuarial gains and losses following “corridor” method, which means that only gains and losses greater than 10% of the plan assets or 10% of the projected benefit obligation, the greater of both, are recognized.

All amounts in thousands of reais unless otherwise indicated

27.3 Reconciliation of stockholders' equity and net income for the year between IFRS and BRGAAP

Reconciliation of stockholders' equity at December 31

	2009	2008
Stockholders' equity, including minority interest	**732.858**	**695.318**
Reversal of deferred charges, net	(8,144)	(11,590)
Adjustment of employee benefits, net	8,059	(12,240)
Reversal of goodwill amortization	9,634	9,634
Adjustment of allocation of purchase price in business combination	(739)	(1,397)
Deferred income tax and social contribution	(2,995)	5,302
Stockholders' equity in IFRS, including minority interest	738,673	685,027

All amounts in thousands of reais unless otherwise indicated

Reconciliation of net income for the years ended December 31

	2009	2008
Net income in BRGAAP	**136.543**	**134.446**
Reversal of deferred charges, net	3,446	(5,660)
Adjustment of employee benefits, net	20,299	(12,559)
Reversal of goodwill amortization		6,645
Adjustment of allocation of purchase price in business combination	658	(875)
Tax benefit on interest on own capital	(14,297)	(12,668)
Deferred income tax and social contribution	(8,297)	4,059
Other		510
Net income in IFRS	**138,352**	**113,898**

All amounts in thousands of reais unless otherwise indicated

27.4 Changes in stockholders' equity under IFRS

	Controlling Stockholders' equity	Minority interest	Total stockholders' equity
Balances at December 31, 2007	**587,949**	**7,836**	**595,785**
Net income for the year	113,898		113,898
Dividends and interest on own capital for the year, net of the income tax and social contribution benefit on interest on own capital	(47,141)		(47,141)
Purchase of own shares, net of sales	(3,174)		(3,174)
Currency translation on foreign investments	21,686		21,686
Minority interest		3,973	3,973
Balances at December 31, 2008	**673,218**	**11,809**	**685,027**
Net income for the year	138,352		138,352
Dividends and interest on own capital for the year, net of the income tax and social contribution benefit on interest on own capital	(49,770)		(49,770)
Purchase of own shares, net of sales	2,117		2,117
Currency translation on foreign investments	(34,059)		(34,059)
Minority interest		(2,994)	(2,994)
Balances at December 31, 2009	**729,858**	**8,815**	**738,673**

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