

# MARCOPOLO S.A.

## Consolidated Information – 2Q10



**Caxias do Sul, August 9, 2010 - Marcopolo S.A. (BM&FBOVESPA: POMO3; POMO4),** one of the leading companies in the world dedicated to the development of solutions for public passenger transportation, disclosed its earnings results for the second quarter of 2010 (2Q10). The Consolidated Financial Statements have been prepared in accordance with the IFRS – *International Financial Reporting Standards*, established by the IASB - *International Accounting Standards Board* and CVM Instruction 457, July 13, 2007.

### Net Revenues was R\$ 1.4 billion and EBITDA totaled R\$ 210.7 million during the first half of 2010

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#### HIGHLIGHTS FIRST HALF 2010

- **Consolidated Net Revenues** totaled R\$ 1,407.0 million.
- **Gross Income** totaled R\$ 317.1 million, with a 22.5% margin.
- **Net Income** totaled R\$ 148.1 million with a margin of 10.5%.
- **EBITDA** was R\$ 210.7 million, with a 15.0% margin. **Adjusted EBITDA**, due to the exchange rate variation on exports, totaled R\$ 212.3 million, with a margin of 15.1%.
- **Production** in Brazil was 8,516 units and consolidated worldwide production was 13,007 units.

(R\$ million, except when otherwise indicated)

Selected Information	2Q10	2Q09	Var. %	1H10	1H09	Var. %
Net Revenues	727.7	475.6	53.0	1,407.0	939.0	49.8
- Revenues in Brazil	533.2	332.0	60.6	978.7	595.8	64.3
- Revenue from exports/foreign income	194.5	143.6	35.4	428.3	343.2	24.8
Gross Income	153.3	78.9	94.3	317.1	178.7	77.4
EBITDA	100.1	47.7	109.8	210.7	92.9	126.8
Net income	79.1	33.7	134.7	148.1	55.1	168.8
Profit per share	0.353	0.150	135.3	0.661	0.247	167.6
Return on Invested Capital (ROIC) <sup>(1)</sup>	19.7%	18.4%	1.3pp	19.7%	18.4%	1.3pp
Investment in fixed assets	14.7	26.6	(44.7)	38.8	64.6	(39.9)
Gross margin	21.1%	16.6%	4.5pp	22.5%	19.0%	3.5pp
EBITDA margin	13.8%	10.0%	3.8pp	15.0%	9.9%	5.1pp
Net margin	10.9%	7.1%	3.8pp	10.5%	5.9%	4.6pp
Balance Sheet Data	6/30/10	3/31/10	Var. %			
Net Equity	864.8	797.2	8.5			
Cash and Cash Equivalents	578.3	504.0	14.7			
Short-Term Financial Liabilities	273.6	321.2	(14.8)			
Long-Term Financial Liabilities	878.0	910.4	(3.6)			
Net Financial Liabilities – Industrial Seg.	79.1	219.3	(63.9)			

Notes: <sup>(1)</sup> ROIC (Return on Invested Capital) = EBIT for the last 12 months ÷ (inventory+ clients + fixed assets - suppliers); pp = percentage points.

## PERFORMANCE IN THE BRAZILIAN BUS SECTOR

In 2Q10, the demand for buses in Brazil remained strong. Brazil's production of buses totaled 7,851 units, up 24.8% over the 6,292 units produced during 2Q09 and 4.6% more than 1Q10.

**a) Domestic Market.** In 2Q10, 6,820 units were produced for the domestic market, 31.3% more than the 5,195 units produced during 2Q09 and 10.5% greater than the 6,171 units produced during 1Q10.

**B) Foreign Market.** Exports totaled 1,031 units during 2Q10, 6.0% less than the production for the foreign market during the same period in the previous year. Despite the expectation of higher exports during the second quarter of this year, the recovery was still incipient during the first six months of 2010.

### BRAZILIAN BUS PRODUCTION (in units)

PRODUCTS	2Q10			2Q09			Percent Change
	DM	EM <sup>(1)</sup>	TOTAL	DM	EM <sup>(1)</sup>	TOTAL	%
Intercity	1,596	370	<b>1,966</b>	937	576	<b>1,513</b>	29.9
Urban	4,234	519	<b>4,753</b>	3,330	443	<b>3,773</b>	26.0
Micro	606	137	<b>743</b>	746	78	<b>824</b>	(9.8)
<b>SUBTOTAL</b>	<b>6,436</b>	<b>1,026</b>	<b>7,462</b>	<b>5,013</b>	<b>1,097</b>	<b>6,110</b>	<b>22.1</b>
Mini <sup>(2)</sup>	384	5	<b>389</b>	182	-	<b>182</b>	113.7
<b>TOTAL</b>	<b>6,820</b>	<b>1,031</b>	<b>7,851</b>	<b>5,195</b>	<b>1,097</b>	<b>6,292</b>	<b>24.8</b>

PRODUCTS	1H10			1H09			Percent Change
	DM	EM <sup>(1)</sup>	TOTAL	DM	EM <sup>(1)</sup>	TOTAL	%
Intercity	2,983	858	<b>3,841</b>	1,708	1,316	<b>3,024</b>	27.0
Urban	7,802	1,278	<b>9,080</b>	6,149	753	<b>6,902</b>	31.6
Micro	1,511	225	<b>1,736</b>	1,203	177	<b>1,380</b>	25.8
<b>SUBTOTAL</b>	<b>12,296</b>	<b>2,361</b>	<b>14,657</b>	<b>9,060</b>	<b>2,246</b>	<b>11,306</b>	<b>29.6</b>
Mini <sup>(2)</sup>	695	5	<b>700</b>	304	1	<b>305</b>	129.5
<b>TOTAL</b>	<b>12,991</b>	<b>2,366</b>	<b>15,357</b>	<b>9,364</b>	<b>2,247</b>	<b>11,611</b>	<b>32.3</b>

Sources: FABUS (National Association of Bus Manufacturers) and SIMEFRE (Interstate Highway and Railway Material and Equipment Manufacturers Association).

Notes: <sup>(1)</sup> Includes knocked-down units exported; <sup>(2)</sup> Production data for minis does not include assembled units, such as Volare.

## MARCOPOLO OPERATING AND FINANCIAL PERFORMANCE

### • Units Registered As Net Revenue

During the months of April through June 2010, 7,090 units were reported under net revenue, an increase of 43.3% compared to 2Q09. Of this amount, 4,540 units were reported in Brazil, representing 64.0% of the total, and 2,550 units were reported from overseas, representing the remaining 36.0%, as shown in the table below.

Operations	2Q10	2Q09	Var. %	1H10	1H09	Var. %
<b>Brazil:</b>						
- Domestic Market	4,211	2,970	41.8	7,862	5,174	52.0
- Foreign Market	369	422	(12.6)	948	968	(2.1)
<b>SUBTOTAL</b>	<b>4,580</b>	<b>3,392</b>	<b>35.0</b>	<b>8,810</b>	<b>6,142</b>	<b>43.4</b>
Disassembled Units <sup>(1)</sup>	(40)	(75)	(46.7)	(250)	(166)	(50.6)
<b>TOTAL IN BRAZIL</b>	<b>4,540</b>	<b>3,317</b>	<b>36.9</b>	<b>8,560</b>	<b>5,976</b>	<b>43.2</b>
<b>INTERNATIONAL:</b>						
- Mexico	337	424	(20.5)	422	845	(50.1)
- Portugal	-	40	-	-	58	-
- Colombia (50%)	174	141	23.4	378	325	16.3
- India (49%) <sup>(2)</sup>	1,602	764	109.7	2,922	1,188	146.0
- South Africa	173	96	80.2	503	155	224.5
- Argentina (40%)	164	135	21.5	297	246	20.7
- Egypt (49%)	100	32	212.5	192	32	500.0
<b>TOTAL INTERNATIONAL</b>	<b>2,550</b>	<b>1,632</b>	<b>56.3</b>	<b>4,714</b>	<b>2,849</b>	<b>65.5</b>
<b>GENERAL TOTAL</b>	<b>7,090</b>	<b>4,949</b>	<b>43.3</b>	<b>13,274</b>	<b>8,825</b>	<b>50.4</b>

Notes: <sup>(1)</sup> Partially or totally disassembled bodies; <sup>(2)</sup> in India the units produced at the Lucknow factory are added, and are recorded differently for income.

## Production

Consolidated production for Marcopolo was 6,886 units during 2Q10, 34.8% greater than the 5,109 units produced during 2Q09. For the domestic market, production reached 4,400 units during 2Q10, 26.8% more than during 2Q09, while for the foreign market, volume produced was 2,486 units during 2Q10, 51.7% higher than the 1,639 units produced during the same period the previous year. The highlight was the joint venture Tata Marcopolo Motors Ltd. in India, whose production more than doubled compared to 2Q09. Another highlight was the production at the Mexico plant, which although it is still below the amount considered normal for the period, shows signs of a recovery, with a volume of production 296.5% greater than that of the first quarter. Production by country is shown in the table below:

## MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION

Operations	2Q10	2Q09	Var. %	1H10	1H09	Var. %
<b>BRAZIL:</b>						
- Marcopolo <sup>(1)</sup>	2,868	2,266	26.6	5,697	4,222	34.9
- Subsidiary Companies <sup>(2)</sup>	1,572	1,274	23.4	3,081	2,120	45.3
<b>SUBTOTAL</b>	<b>4,440</b>	<b>3,540</b>	<b>25.4</b>	<b>8,778</b>	<b>6,342</b>	<b>38.4</b>
Disassembled Units <sup>(3)</sup>	(40)	(70)	(42.9)	(262)	(161)	62.7
<b>TOTAL IN BRAZIL</b>	<b>4,400</b>	<b>3,470</b>	<b>26.8</b>	<b>8,516</b>	<b>6,181</b>	<b>37.8</b>
<b>INTERNATIONAL:</b>						
- Mexico	337	424	(20.5)	422	845	(50.1)
- Portugal	-	39	-	-	54	-
- Russia (50%)	-	-	-	-	8	-
- Columbia (50%)	181	152	19.1	371	326	13.8
- India (49%) <sup>(4)</sup>	1,602	764	109.7	2,921	1,188	145.9
- South Africa	102	93	9.7	287	162	77.2
- Argentina (40%)	164	135	21.5	298	248	20.2
- Egypt (49%)	100	32	212.5	192	32	500.0
<b>TOTAL INTERNATIONAL</b>	<b>2,486</b>	<b>1,639</b>	<b>51.7</b>	<b>4,491</b>	<b>2,863</b>	<b>56.9</b>
<b>GENERAL TOTAL</b>	<b>6,886</b>	<b>5,109</b>	<b>34.8</b>	<b>13,007</b>	<b>9,044</b>	<b>43.8</b>

Notes: <sup>(1)</sup> Includes production of Volare; <sup>(2)</sup> In 1Q10 includes the production of Ciferal (1,162 units) and 45.0% of San Marino (347 units), corresponding to the share of Marcopolo in the company; <sup>(3)</sup> Partially or totally knocked-down bodies; <sup>(4)</sup> in India, the units produced at the Lucknow plant are included and recorded differently in income.

## MARCOPOLO – CONSOLIDATED PRODUCTION WORLDWIDE BY MODEL

PRODUCT/MARKET (in units)	2Q10			2Q09		
	DM	EM <sup>(1)</sup>	TOTAL	DM	EM <sup>(1)</sup>	TOTAL
Intercity	1,071	264	<b>1,335</b>	519	177	<b>696</b>
Urban	1,652	814	<b>2,466</b>	1,366	803	<b>2,169</b>
Micro	276	182	<b>458</b>	259	177	<b>436</b>
Mini (LCV)	200	1,512	<b>1,712</b>	-	784	<b>784</b>
<b>SUBTOTAL</b>	<b>3,198</b>	<b>2,773</b>	<b>5,971</b>	<b>2,144</b>	<b>1,941</b>	<b>4,085</b>
Volares <sup>(2)</sup>	880	35	<b>915</b>	1,008	16	<b>1,024</b>
<b>TOTAL PRODUCTION</b>	<b>4,078</b>	<b>2,808</b>	<b>6,886</b>	<b>3,152</b>	<b>1,957</b>	<b>5,109</b>

PRODUCT/MARKET (in units)	1H10			1H09		
	DM	EM <sup>(1)</sup>	TOTAL	DM	EM <sup>(1)</sup>	TOTAL
InterCity	2,043	648	<b>2,691</b>	887	544	<b>1,431</b>
Urban	2,983	2,029	<b>5,011</b>	2,142	1,469	<b>3,611</b>
Micro	544	384	<b>928</b>	451	329	<b>780</b>
Mini (LCV)	369	2,170	<b>2,539</b>	28	1,245	<b>1,273</b>
<b>SUBTOTAL</b>	<b>5,939</b>	<b>5,230</b>	<b>11,169</b>	<b>3,508</b>	<b>3,587</b>	<b>7,095</b>
Volares <sup>(2)</sup>	1,783	55	<b>1,838</b>	1,884	65	<b>1,949</b>
<b>TOTAL PRODUCTION</b>	<b>7,722</b>	<b>5,285</b>	<b>13,007</b>	<b>5,392</b>	<b>3,652</b>	<b>9,044</b>

Notes: <sup>(1)</sup> For total DM production knocked-down units (bodies partially or totally unassembled) are included, which had 40 units in 1Q10 and 70 units in 2Q09, 262 units in no 1S10 and 161 in 1S09; <sup>(2)</sup> The production of Volares is not part of the data from SIMEFRE or FABUS, neither is the market share of Marcopolo, or the production for the sector.

### PRODUCTION IN BRAZIL

PRODUCT/MARKET (in units)	2Q10			2Q09		
	DM	EM <sup>(1)</sup>	TOTAL	DM	EM <sup>(1)</sup>	TOTAL
Intercity	1,071	176	<b>1,247</b>	519	106	<b>625</b>
Urban	1,652	91	<b>1,743</b>	1,366	208	<b>1,574</b>
Micro	276	60	<b>335</b>	259	58	<b>317</b>
Minis (LCV)	200	-	<b>200</b>	-	-	<b>-</b>
<b>SUBTOTAL</b>	<b>3,198</b>	<b>327</b>	<b>3,525</b>	<b>2,144</b>	<b>372</b>	<b>2,516</b>
Volares <sup>(2)</sup>	880	35	<b>915</b>	1,008	16	<b>1,024</b>
<b>TOTAL PRODUCTION</b>	<b>4,078</b>	<b>362</b>	<b>4,440</b>	<b>3,152</b>	<b>388</b>	<b>3,540</b>

PRODUCT/MARKET (in units)	1H10			1H09		
	DM	EM <sup>(1)</sup>	TOTAL	DM	EM <sup>(1)</sup>	TOTAL
Intercity	2,043	532	<b>2,576</b>	887	452	<b>1,339</b>
Urban	2,983	364	<b>3,347</b>	2,142	356	<b>2,498</b>
Micro	544	105	<b>648</b>	451	77	<b>528</b>
Minis (LCV)	369	-	<b>369</b>	28	-	<b>28</b>
<b>SUBTOTAL</b>	<b>5,939</b>	<b>1,001</b>	<b>6,940</b>	<b>3,508</b>	<b>885</b>	<b>4,393</b>
Volares <sup>(2)</sup>	1,783	55	<b>1,838</b>	1,884	65	<b>1,949</b>
<b>TOTAL PRODUCTION</b>	<b>7,722</b>	<b>1,056</b>	<b>8,778</b>	<b>5,392</b>	<b>950</b>	<b>6,342</b>

Note: See notes for the chart Consolidated Worldwide Production by Model.

#### • Share of the Brazilian Market

The market share of the Company in Brazil reached 45.2% during 1H10. Highlights were the relative Marcopolo share in the intercity bus segment, which has the highest value added for the Company.

### SHARE IN THE BRAZILIAN MARKET (%)

PRODUCTS <sup>(1)</sup>	1Q09	2Q09	1H09	1Q10	2Q10	1H10
Intercity	47.3	41.3	44.3	70.9	63.4	67.1
Urban	29.5	41.7	36.2	37.1	36.7	36.9
Micro	37.8	38.5	38.2	31.5	45.1	37.3
Mini	22.8	-	9.2	54.3	51.4	52.7
<b>TOTAL</b>	<b>35.3</b>	<b>40.0</b>	<b>37.8</b>	<b>45.5</b>	<b>44.9</b>	<b>45.2</b>

Source: FABUS and SIMEFRE

Notes: <sup>(1)</sup> Includes 100.0% of Ciferal and a proportional share of the production of San Marino; <sup>(2)</sup> Volare is not counted for the effects of market share.

#### • Net Revenues

Consolidated Net Revenues of the company totaled R\$ 727.7 million in 2Q10, 53.0% more than the R\$ 475.6 million reported in 2Q09. This is explained by the increase in the volume and the change in the mix of products. In the domestic market, income reached R\$ 533.2 million or 73.3% of the total, and in the foreign market income was R\$ 194.5 million or 26.7% of the consolidated net income.

The tables and graphs below show the expansion of net income by product and market:

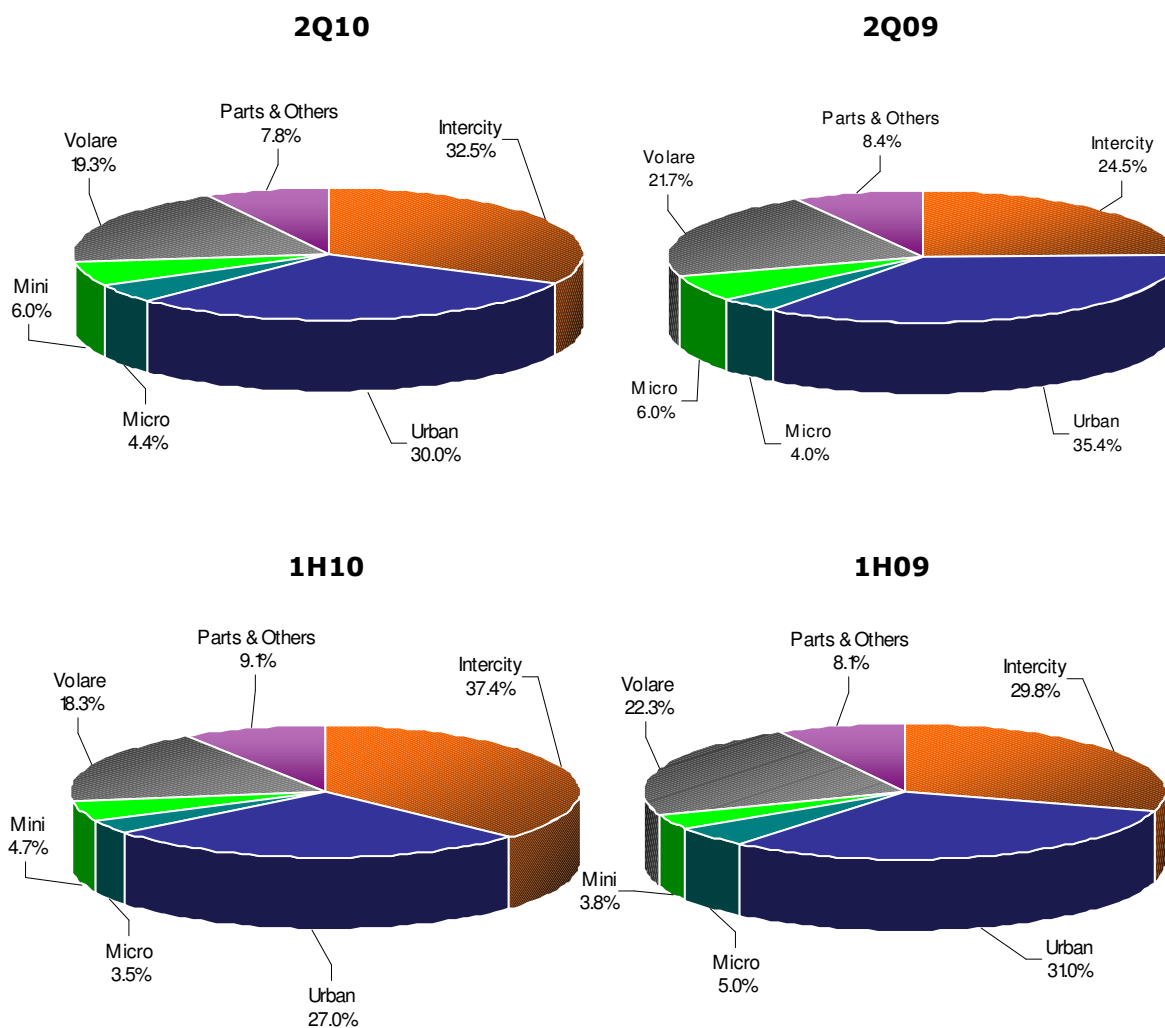
### TOTAL CONSOLIDATED NET REVENUES By Products and Market (R\$ million)

PRODUCTS <sup>(1)</sup>	2Q10		2Q09		TOTAL	
	DM	EM	DM	EM	2Q10	2Q09
Intercity	171.3	65.3	82.4	34.3	236.6	116.7
Urban	148.5	70.0	99.8	68.5	218.5	168.3
Micro	19.9	12.2	7.9	11.0	32.1	18.9
Mini	27.1	16.7	14.2	14.3	43.8	28.5
<b>Subtotal Bodies</b>	<b>366.8</b>	<b>164.2</b>	<b>204.3</b>	<b>128.1</b>	<b>531.0</b>	<b>332.4</b>
Volares <sup>(2)</sup>	134.8	5.8	101.1	2.0	140.6	103.1
Parts	31.6	24.5	26.6	13.5	56.1	40.1
<b>GENERAL TOTAL</b>	<b>533.2</b>	<b>194.5</b>	<b>332.0</b>	<b>143.6</b>	<b>727.7</b>	<b>475.6</b>

PRODUCTS <sup>(1)</sup>	1H10		1H09		TOTAL	
	DM	EM	MI	EM	1H10	1H09
Intercity	325.0	200.6	146.3	133.5	525.6	279.8
Urban	266.9	112.7	161.0	130.1	379.6	291.1
Micro	31.7	18.0	24.7	22.2	49.7	46.9
Mini	42.9	23.9	14.7	20.6	66.8	35.3
<b>Subtotal Bodies</b>	<b>666.5</b>	<b>355.2</b>	<b>346.7</b>	<b>306.4</b>	<b>1,021.7</b>	<b>653.1</b>
Volares <sup>(2)</sup>	247.5	9.6	201.9	7.7	257.1	209.6
Parts	64.7	63.5	47.2	29.1	128.2	76.3
<b>GENERAL TOTAL</b>	<b>978.7</b>	<b>428.3</b>	<b>595.8</b>	<b>343.2</b>	<b>1,407.0</b>	<b>939.0</b>

Notes: <sup>(1)</sup> DM = Domestic Market; EM = External Market; <sup>(2)</sup> Income for the Volares includes the chassis.

## COMPOSITION OF CONSOLIDATED NET REVENUES (%)



## GROSS INCOME AND MARGINS

Consolidated Gross Income for 2Q10 totaled R\$ 153.3 million, with a margin of 21.1%, compared with R\$ 78.9 million and a margin of 16.6% during 2Q09. An improvement in the mix of sales, with greater weight for intercity models and the improved dilution of fixed industrial costs explained the improvement in the margin. However, although the margin for 2Q10 was 4.5 percentage points better than the margin for 2Q09, it is less than the margin of 24.1% reported for 1Q10. This decline reflects a readjustment in salaries as a result of the collective bargaining agreement that took place in the month of June. In addition, it should be pointed out that the margins for 1Q10 enjoy the benefits of the deliveries of intercity luxury buses for the World Cup in South Africa whose impact on 2Q10 was practically nil.

## OPERATING EXPENSES

- **Sales Expenses**

Sales expenses were R\$ 47.8 million in 2Q10, compared with R\$ 29.8 million during 2Q09, amounting to 6.6% and 6.3% of net revenues, respectively. The higher sales volume explains the R\$ 18.0 million increase of this account.

- **General and Administrative Expenses**

General and administrative expenses totaled R\$ 29.6 million during 2Q10, or 4.1% of net revenues, against R\$ 26.1 million, or 5.5% of net revenues during 2Q09.

- **Other Income/Operating Expenses**

In 2Q10, R\$ 14.4 million was reported under "Other Operating Revenues," stemming in large part from the successful non-recurring legal action disputing the increase of the basis for calculation for PIS and COFINS beginning in February 1999 (law 9.718/98), which required contribution of the total income at the expense of other operating income.

## NET FINANCIAL INCOME

Financial results for 2Q10 were R\$ 23.9 million compared with R\$ 17.1 million in 2Q09. This result is explained by the exchange rate coverage provided for export contracts, by the income from financial investments, and by the successful outcome of the lawsuit described in the previous item that was recorded in part as financial income.

## EBITDA AND (ADJUSTED) EBITDA

EBITDA reached R\$ 100.1 million during 2Q10, with a margin of 13.8% compared with R\$ 47.7 million and a margin of 10.0% during 2Q09. (Adjusted) EBITDA as a result exchange-rate variations on exports, including forward operations to protect the portfolio of orders, totaled R\$ 99.3 million in 2Q10 with a margin of 13.6%, as shown on the table below:

(R\$ '000)	2Q10	2Q09	Var. %	1H10	1H09	Var. %
Operating Income	115.9	52.0	122.9	222.5	90.6	145.6
Financial Income	(52.5)	(76.1)	31.0	(102.5)	(102.8)	0.3
Financial Expenses	28.6	59.1	(51.6)	73.6	85.2	(13.6)
Depreciation/Amortization	8.1	12.7	(36.2)	17.1	19.9	(14.1)
<b>EBITDA</b>	<b>100.1</b>	<b>47.7</b>	<b>109.8</b>	<b>210.7</b>	<b>92.9</b>	<b>126.8</b>
Exchange Rate Variation On Exports	(0.8)	5.5	-	1.6	8.0	(80.0)
<b>(ADJUSTED) EBITDA</b>	<b>99.3</b>	<b>53.2</b>	<b>86.6</b>	<b>212.3</b>	<b>100.9</b>	<b>110.4</b>



## **NET INCOME**

Consolidated Net Income for 2Q10 was R\$ 79.1 million, with a margin of 10.9%, as against R\$ 33.7 million and a margin of 7.1% in 2Q09. In addition to the improvement in operating income, the increase in net income was also impacted by the non-recurring effect of the success of the lawsuit mentioned under "Other Income/Operating Expenses," as well as by the increase in financial revenues.

## **FINANCIAL DEBT**

Net financial debt was R\$ 573.3 million on June 30, 2010 (R\$727.6 million on March 31, 2010). Of this total R\$ 79.1 million resulted from revenues from the industrial segment (R\$ 219.3 million on March 31, 2010) and R\$ 494.2 million from the financial segment (R\$ 508.3 million on March 31, 2010).

It should be pointed out that debt in the financial segment stems from the consolidation of activities of Banco Moneo, and should be analyzed separately, since it has distinct characteristics than that from the Company's operational activities. Banco Moneo's financial liabilities are offset in the "Clients" account of the Bank's Assets. The credit risk is duly provisioned pursuant to the rules of the Central Bank of Brazil. Because it is a FINAME onlending transaction, each payment from the BNDES is an exact offset in the accounts receivable from clients of the Banco Moneo.

As of June 30th net financial indebtedness from the industrial segment represented 0.3 times the EBITDA for the last 12 months.

## **CASH GENERATION**

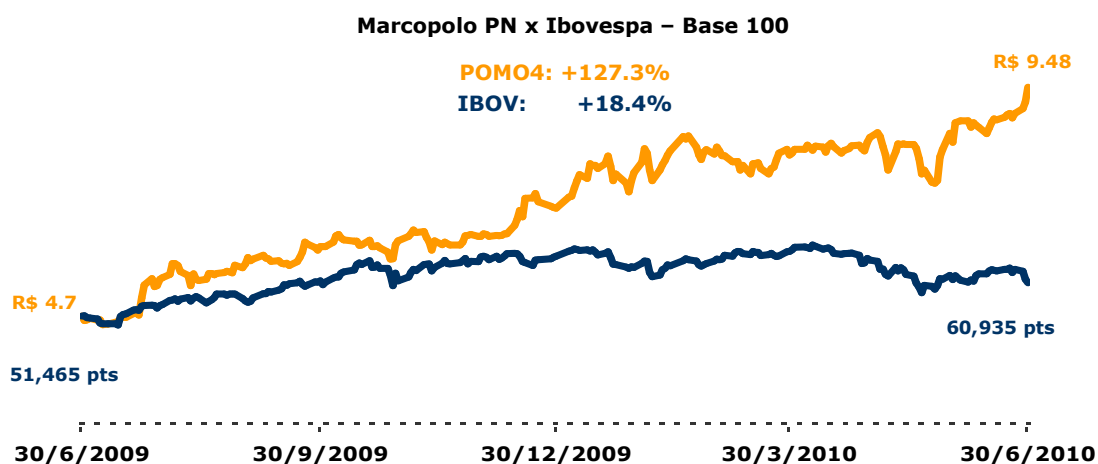
In 2Q10 activities from operations generated funds on the order of R\$ 188.1 million. Investment activities required R\$ 9.4 million and financing activities consumed an additional R\$ 107.6 million. As a result, the starting cash balance of R\$ 491.7 million, less R\$ 0.4 million for exchange rate variations on cash, increased to R\$ 562.4 million on June 30, 2010.

## **INVESTMENTS IN FIXED ASSETS**

During 2Q10 the Company invested R\$ 14.7 million in capital goods, of which R\$ 4.9 million were spent by the holding company and invested as follows: R\$ 5 million in machinery and equipment; R\$ 0.4 million in computer equipment and software; R\$ 0.2 million in buildings, land and improvements; and R\$ 1.8 million in other fixed assets. In the holding company and its subsidiaries R\$ 9.8 million were invested, of which R\$ 3.4 million in Ciferal R\$ 3.3 million in GB Polo; R\$ 1.7 million in Tata Marcopolo Motors Limited; R\$ 0.3 million in Metalpar; and R\$ 1.1 million in other units.

## CAPITAL MARKETS

- Performance of Marcopolo's Shares on the BM&FBovespa



Between April and June, the Marcopolo's preferred shares – POMO4 - increased in value by 19.2%, while the value of the IBOVESPA declined by 13.4%. During the last 12 months, POMO4 increased in value by 127.3%, considerably above the 18.4% rise in the value of Ibovespa during the same period. During 2Q10, 26.7 million shares issued by Marcopolo were traded with a volume of R\$ 216.0 million.

Indicators	2Q10	2Q09	1H10	1H09
Number of Transactions	26,521	15,159	51,920	26,600
Shares Traded (million)	26.7	29.4	53.5	50.4
Value Traded (R\$ million)	216.0	128.5	421.9	193.5
Market Value (R\$ million) <sup>(1)</sup>	2,125.7	935.0	2,125.7	935.0
Existing Shares (thousands) <sup>(2)</sup>	224.2	224.2	224.2	224.2
Equity per Share (R\$)	3.86	3.20	3.86	3.20
Price POMO4 at the end of the period	9.48	4.17	9.48	4.17

Notes: <sup>(1)</sup> Price on the Last Trade per share of registered preferred (PE), multiplied by the total number of shares (OE + PE) at standing during the same period; <sup>(2)</sup> Of this total, 192,700 preferred shares were held by the treasury on June 30, 2010.

## OUTLOOK

The outlook continues to be positive for the bus sector in Brazil. Despite the low volume of exports, production in Brazil should return to more than 3,000 units this year, directed primarily to meeting strong domestic demand.

The infrastructure projects planned to meet the demands of the World Cup in 2014 and the Olympic Games in 2016 include investments in improving the Reverend transportation in Brazil, the consequent renovation and expansion of the fleets of buses, as well as the auction of their concession for interstate and international lines, expected to take place around the middle of 2001, continue to be the principal drivers of growth in the sector for the next few years in Brazil.

Allied with this, the demand for school buses from the project “The Road to School” is already a reality. Marcopolo will deliver around 500 units during the third quarter related to the electronic auction held in February this year. The forecast is that new orders will be realized for deliveries before the end of the year.

With respect to costs, however, the pressure for increases in principal raw materials will tend to be stronger during the third quarter. Further, the collective bargaining agreement with the Metalworkers Union in Caxias do Sul has been concluded and, in part, already accounted for in the month of June and will have an impact on the profitability of the company.

With regard to overseas units, with the exception of Mexico, all other operating units reported an increase in production from January to June of this year in comparison with the same period the previous year. In the specific case of the Monterrey, Mexico unit, even though the amount produced was 50.1% less during the period, it should be pointed out that production grew significantly with regard to 1Q10, which reflects the recovery of the market in that country.

Based on the results achieved during the first six months of the year and as a result of the continued good performance expected for the next several months, the Management of the Company decided to reevaluate its forecast of performance (guidance) in 2010, to: (i) achieve consolidated net revenues of R\$ 2.8 billion; and (ii) produce 26,500 buses among the units in Brazil and those overseas.

The Management.

## BALANCE SHEETS

*in thousands of reais*

ASSETS	Consolidated	
	06/30/10	12/31/09
<b>Current assets</b>		
Cash and cash equivalents	562.468	498.972
Financial assets at fair value	15.873	37.438
Trade accounts receivable	742.691	701.260
Inventories	247.382	237.403
Taxes recoverable	126.976	93.228
Other accounts receivable	44.147	48.062
	<b>1.739.538</b>	<b>1.616.363</b>
<b>Non-current assets</b>		
<b>Long-term receivables</b>		
Related parties	-	102
Taxes recoverable	3.125	2.243
Deferred income tax and social contribution	61.684	54.956
Judicial Deposits	13.737	13.618
Trade accounts receivable	410.108	398.943
Other accounts receivable	7.958	14.390
	<b>496.612</b>	<b>484.252</b>
Investments	20.285	20.114
Property, plant and equipment	300.199	282.278
Intangible assets	75.707	71.887
	<b>396.191</b>	<b>374.279</b>
<b>TOTAL ASSETS</b>	<b>2.632.341</b>	<b>2.474.894</b>
LIABILITIES AND STOCKHOLDERS' EQUITY	Consolidated	
	06/30/10	12/31/09
<b>Current liabilities</b>		
Suppliers	264.414	204.920
Loans and financing	273.170	372.898
Derivatives	478	6.906
Salaries and vacation pay	98.976	57.008
Taxes and contributions payable	93.591	41.303
Related parties	-	90
Advances from customers	24.184	19.573
Comissioned representatives	19.548	20.330
Interest on own capital and dividends	10.913	43.576
Management profit sharing	4.266	7.552
Other accounts payable	69.966	67.824
	<b>859.508</b>	<b>841.980</b>
<b>Non-current liabilities</b>		
Loans and financing	878.011	866.156
Provision for contingencies	12.877	27.149
Taxes payable	7.963	-
Other accounts payable	819	936
	<b>899.670</b>	<b>894.241</b>
<b>Stockholders' equity</b>		
Capital	450.000	450.000
Capital reserves	(102)	(806)
Revenue reserves	424.024	309.570
Treasury stock	(843)	(2.427)
Carrying value adjustments	(8.278)	(26.479)
	<b>864.800</b>	<b>729.858</b>
<b>Non-controlling Interest</b>	<b>8.362</b>	<b>8.815</b>
	<b>873.163</b>	<b>738.673</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>2.632.341</b>	<b>2.474.894</b>

*The consolidated financial statements including the notes to financial statements and the report of independent auditors - PRICEWATERHOUSECOOPERS - Auditores independentes - are available at the sites [www.cvm.gov.br](http://www.cvm.gov.br) and [www.bovespa.com.br](http://www.bovespa.com.br).*

## STATEMENTS OF INCOME

*in thousands of reais*

ACCOUNTS	Consolidated			
	2Q10	2Q09	06/30/10	06/30/09
<b>Net sales and service revenues</b>	<b>727.734</b>	<b>475.603</b>	<b>1.406.956</b>	<b>938.966</b>
Cost of sales and services	(574.394)	(396.714)	(1.089.884)	(760.258)
<b>Gross Profit</b>	<b>153.340</b>	<b>78.889</b>	<b>317.072</b>	<b>178.708</b>
<b>Operating expenses (income)</b>				
Selling expenses	(47.768)	(29.814)	(87.498)	(69.819)
Management fees	(4.607)	(3.227)	(8.695)	(7.153)
Administrative expenses	(25.003)	(22.890)	(51.048)	(43.233)
Other operating expenses (income), net	14.374	11.867	20.808	13.852
Equity in the results of investees	1.657	148	2.911	611
<b>Operating profit before financial income (expenses)</b>	<b>91.993</b>	<b>34.972</b>	<b>193.550</b>	<b>72.965</b>
Financial income	52.478	76.125	102.526	102.845
Financial expenses	(28.552)	(59.065)	(73.603)	(85.198)
<b>Financial result net</b>	<b>23.925</b>	<b>17.060</b>	<b>28.922</b>	<b>17.647</b>
<b>Income before taxation and profit sharing</b>	<b>115.918</b>	<b>52.032</b>	<b>222.472</b>	<b>90.612</b>
<b>Income tax and social contribution</b>				
For the year	(43.778)	(11.199)	(81.262)	(35.472)
Deferred	6.927	(7.178)	6.927	-
<b>Net income for the year</b>	<b>79.067</b>	<b>33.655</b>	<b>148.137</b>	<b>55.140</b>
<b>Net income per share - R\$</b>	<b>0,353</b>	<b>0,150</b>	<b>0,661</b>	<b>0,247</b>

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## CASH FLOWS

*in thousands of reais*

	Consolidated	
	06/30/10	06/30/09
<b>Cash flows from operating activities</b>		
<b>Net income for the year</b>	<b>148.137</b>	<b>55.140</b>
Adjustments to reconcile net income with cash generated by (used in) operating activities:		
Depreciation and amortization	17.187	19.932
Cost of fixed and intangible asset sales	4.817	1.678
Equity in the results of investees	(2.911)	(611)
Provision for credit losses	5.911	12.791
Deferred income tax and social contribution	(6.927)	20.077
Interest and appropriated exchange variations	33.268	(23.576)
Minority interest	(525)	45
<b>Changes in assets and liabilities</b>		
(Increase) decrease in trade accounts receivable	(55.864)	88.334
(Increase) decrease in other accounts receivable	(22.628)	66.989
(Increase) decrease in inventories	(9.264)	11.812
Increase (decrease) in short-term investment	21.565	14.354
Increase (decrease) in suppliers	57.836	4.549
Increase (decrease) in accounts payable	90.629	(71.472)
<b>Net cash provided by (used in) operating activities</b>	<b>281.231</b>	<b>200.042</b>
<b>Cash flows from investing activities</b>		
Investments	843	(391)
Related parties	12	(237)
Fixed assets variation	(30.878)	(52.108)
Intangible assets variation	(7.830)	(10.460)
<b>Net cash used in investing activities</b>	<b>(37.853)</b>	<b>(63.196)</b>
<b>Cash flows from financing activities</b>		
Loans and financing	323.803	191.983
Payment of loans	(406.775)	(326.841)
Payment of interest	(45.330)	(29.595)
Payment of dividends and interest on capital stock	(53.256)	(57.872)
Treasury stock	2.288	2.117
<b>Net cash provided by (used in) financing activities</b>	<b>(179.271)</b>	<b>(220.208)</b>
<b>Foreign exchange variation on cash and cash equivalents</b>	<b>(611)</b>	<b>(3.468)</b>
Cash and cash equivalents at the beginning of the year	498.972	416.077
Cash and cash equivalents at the end of the year	562.468	329.247
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>63.496</b>	<b>(86.830)</b>

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