

(A free translation of the original in Portuguese)

**Marcopolo S.A.  
and Subsidiaries**

**Report of Independent Accountants on Limited  
Reviews of Quarterly Information (ITR)  
March 31, 2006 and 2005 and December 31, 2005**

(A free translation of the original in Portuguese)

## **Report of Independent Accountants on the Limited Reviews**

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

- 1 We have carried out limited reviews of the accounting information included in the Quarterly Information (ITR) of Marcopolo S.A. and its subsidiaries for the quarters ended March 31, 2006 and 2005. This information is the responsibility of the Company's management. The limited reviews of the financial information of the indirect subsidiary Polomex S.A. de C.V. were conducted by other independent accountants. In the financial statements of Marcopolo S.A., the direct investment in this company is evaluated on the equity method of accounting and represents an investment of R\$ 913 thousand at March 31, 2006 and the equity losses amount to R\$ 346 thousand (direct and indirect interest) in the quarter then ended (R\$ 819 thousand in profits produced by it in the quarter ended March 31, 2005). The financial information of this indirect subsidiary, with total assets of R\$ 72,537 thousand at March 31, 2006, is included in the consolidated quarterly information. Our report on the limited review, insofar as it refers to the amounts included for this company, is based solely on the reports of these other accountants.
  
- 2 Our reviews were carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the quarterly information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the Company's financial position and operations.

Marcopolo S.A.

- 3 Based on our limited reviews and on the reviews carried out by other independent accountants, we are not aware of any material modifications that should be made to the quarterly information referred to above in order that such information be stated in accordance with accounting practices adopted in Brazil applicable to the preparation of quarterly information, consistent with the Brazilian Securities Commission (CVM) regulations.
- 4 Our limited reviews were conducted for the purpose of issuing a report on the Quarterly Information (ITR) referred to in paragraph one above. The statement of cash flows for the quarters ended March 31, 2006 and 2005 is presented for purposes of additional analysis and is not a required part of the Quarterly Information (ITR). This information has been subjected to the limited review procedures applied described in paragraph two and, based on our limited reviews, and on the reviews carried out by other independent accountants, we are not aware of any material modifications that should be made to this statement in order for it to be in accordance with accounting practices adopted in Brazil, applicable to the preparation of the quarterly information.
- 5 The Quarterly Information (ITR) also includes accounting information for the quarter ended December 31, 2005. We audited such information at the time it was prepared, in connection with the audit of the financial statements as of and for the year then ended, on which we issued an unqualified opinion, sharing responsibility with the other independent accountants with regard to the investees that they audited, dated February 16, 2006.

Porto Alegre, April 20, 2006

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

Carlos Biedermann  
Contador CRC 1RS029321/O-4

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**FEDERAL GOVERNMENT SERVICE**  
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REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

**01.01- IDENTIFICATION**

<b>1 - CVM CODE</b> 00845-1	<b>2 - COMPANY NAME</b> MARCOPOLO S.A.	<b>3 - Federal Corporate Taxpayers' Registration Number - CNPJ</b> 88.611.835/0001-29
<b>4 - State Registration Number - NIRE</b> 43 3 0000723 5		

**01.02 - HEAD OFFICE**

<b>1 - ADDRESS</b> Av. Marcopolo, 280		<b>2 - SUBURB OR DISTRICT</b> Planalto			
<b>3 - POSTAL CODE</b> 95086-200		<b>4 - MUNICIPALITY</b> Caxias do Sul			<b>5 - STATE</b> RS
<b>6 - AREA CODE</b> 54	<b>7 - TELEPHONE</b> 2101-4000	<b>8 - TELEPHONE</b> -	<b>9 - TELEPHONE</b> -	<b>10 - TELEX</b>	
<b>11 - AREA CODE</b> 54	<b>12 - FAX</b> 2101-4010	<b>13 - FAX</b> -	<b>14 - FAX</b> -		
<b>15 - E-MAIL</b> <a href="http://www.marcopolo.com.br">http://www.marcopolo.com.br</a>					

**01.03- INVESTOR RELATIONS OFFICER (Company Mail Address)**

<b>1 - NAME</b> Carlos Zignani					
<b>2 - ADDRESS</b> Av. Marcopolo, 280			<b>3 - SUBURB OR DISTRICT</b> Planalto		
<b>4 - POSTAL CODE</b> 95086-200		<b>5 - MUNICIPALITY</b> Caxias do Sul			<b>6 - STATE</b> RS
<b>7 - AREA CODE</b> 54	<b>8 - TELEPHONE</b> 2101-4115	<b>9 - TELEPHONE</b> -	<b>10 - TELEPHONE</b> -	<b>11 - TELEX</b>	
<b>12 - AREA CODE</b> 54	<b>13 - FAX</b> 2101-4010	<b>14 - FAX</b> -	<b>15 - FAX</b> -		
<b>16 - E-MAIL</b> zignani@marcopolo.com.br					

**01.04-GENERAL INFORMATION/INDEPENDENT ACCOUNTANT**

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	2-END	3-QUARTER	4-BEGINNING	5-END	6-QUARTER	7-BEGINNING	8-END
1/1/2006	12/31/2006	1	1/1/2006	3/31/2006	4	10/1/2005	31/12/2005
<b>9 - INDEPENDENT ACCOUNTANT</b> PricewaterhouseCoopers Auditores Independentes					<b>10 - CVM CODE</b> 00287-9		
<b>11 - PARTNER RESPONSIBLE</b> Carlos Biedermann					<b>12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE</b> 220.349.270-87		

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**01.05- CAPITAL COMPOSITION**

Number of shares (Thousands)	Current Quarter 3/31/2006	Prior quarter 12/31/2005	Same quarter in prior year 3/31/2005
<b>Paid-up capital</b>			
1 - Common	42,703	42,703	42,703
2 - Preferred	69,674	69,674	69,674
3 - Total	112,377	112,377	112,377
<b>Treasury Stock</b>			
4 - Common	0	0	0
5 - Preferred	520	150	0
6 - Total	520	150	0

**01.06- CHARACTERISTICS OF THE COMPANY**

<b>1 - TYPE OF COMPANY</b> Commercial, Industrial, and Other
<b>2 - SITUATION</b> Operating
<b>3 - NATURE OF OWNERSHIP</b> Local Private
<b>4 -ACTIVITY CODE</b>
<b>5 - MAIN ACTIVITY</b> Motor vehicle bodies
<b>6 - TYPE OF CONSOLIDATION</b> Full
<b>7 - TYPE OF REPORT OF THE INDEPENDENT ACCOUNTANT</b> Without exceptions

**01.07- COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>1 - ITEM</b>	<b>2 - CNPJ</b>	<b>3 - NAME</b>
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**01.08- DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER**

1 - ITEM	2 - EVENT	3 - DATE APPROVED	4 - AMOUNT	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
01	RCA	12/16/2005	Interest on own capital	3/27/2006	ON	0,3772948174
02	RCA	12/16/2005	Interest on own capital	3/27/2006	PN	0,3772948174

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**01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR**

<b>1 - ITEM</b>	<b>2 - DATE OF ALTERATION</b>	<b>3 - CAPITAL</b> (IN THOUSANDS OF REAIS)	<b>4 - AMOUNT OF THE ALTERATION</b> (IN THOUSANDS OF REAIS)	<b>5 - NATURE OF ALTERATION</b>	<b>7 - NUMBER OF SHARES ISSUED</b> (THOUSANDS)	<b>8 - SHARE PRICE ON ISSUE DATE</b> (IN REAIS)

**01.10 - INVESTOR RELATIONS OFFICER**

<b>1 - DATE</b> 4/20/2006	<b>2 - SIGNATURE</b>
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**02.01 - Balance Sheet - Assets (R\$ thousand)**

1 - Code	2 - Description	3 - 3/31/2006	4 - 12/31/2005
1	Total assets	1,100,726	1,158,793
1.01	Current assets	713,990	778,295
1.01.01	Cash and banks	2,800	8,003
1.01.02	Receivables	217,110	243,444
1.01.02.01	Trade accounts receivable	242,945	317,618
1.01.02.02	Allowance for doubtful accounts	(10,680)	(9,924)
1.01.02.03	Foreign exchange advances	(15,155)	(64,250)
1.01.03	Inventories	113,731	105,701
1.01.03.01	Finished products	28,254	32,401
1.01.03.02	Work in process	12,495	11,940
1.01.03.03	Raw and auxiliary materials	72,114	60,951
1.01.03.04	Merchandise	402	203
1.01.03.05	Advances to suppliers and others	466	206
1.01.04	Others	380,349	421,147
1.01.04.01	Financial investments	249,672	301,166
1.01.04.02	Contractual debtors	3,765	3,801
1.01.04.03	Other accounts receivable	893	754
1.01.04.04	Taxes recoverable	96,711	86,736
1.01.04.05	Deferred taxes and contributions	24,112	26,284
1.01.04.06	Advances to employees	4,870	1,948
1.01.04.07	Prepaid expenses	326	458
1.02	Long-term receivables	89,189	89,292
1.02.01	Sundry receivables	0	0
1.02.02	Related parties	58,373	59,286
1.02.02.01	Associated companies	0	1,915
1.02.02.02	Subsidiaries	58,373	57,371
1.02.02.03	Other related parties	0	0
1.02.03	Others	30,816	30,006
1.02.03.01	Judicial deposits	8,270	8,262
1.02.03.02	Taxes and contributions recoverable	20,281	19,263
1.02.03.03	Trade accounts receivable	1,256	1,005
1.02.03.04	Other accounts receivable	1,009	1,476
1.03	Permanent assets	297,547	291,206
1.03.01	Investments	217,261	212,433
1.03.01.01	Associated companies	3,415	3,112
1.03.01.02	Subsidiaries	212,578	208,399
1.03.01.03	Others	1,268	922
1.03.02	Property, plant and equipment	80,286	78,773
1.03.02.01	Land	8,284	8,284
1.03.02.02	Buildings	42,708	42,708
1.03.02.03	Machinery and equipment	79,783	78,099
1.03.02.04	Installations	33,525	33,382
1.03.02.05	Furniture and fixtures	4,725	4,649
1.03.02.06	Vehicles	1,967	2,066

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1 - Code	2 - Description	3 - 3/31/2006	4 - 12/31/2005
1.03.02.07	EDP equipment and systems	14,404	14,029
1.03.02.08	Other assets	1,465	1,464
1.03.02.09	Construction in progress	6,170	3,859
1.03.02.10	Advances to suppliers	287	221
1.03.02.11	Accumulated depreciation	(113,032)	(109,988)
1.03.03	Deferred charges	0	0



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**02.02 - Balance Sheet - Liabilities and Stockholders' Equity (R\$ thousand)**

1 - Code	2 - Description	3 - 3/31/2006	4 - 12/31/2005
2	Total liabilities and stockholders' equity	1,100,726	1,158,793
2.01	Current liabilities	297,749	385,222
2.01.01	Loans and financing	68,379	102,354
2.01.02	Debentures	0	0
2.01.03	Suppliers	63,160	76,689
2.01.04	Taxes, charges and contributions	9,381	8,410
2.01.05	Dividends payable	0	0
2.01.06	Provisions	57,826	64,454
2.01.06.01	Corporate income tax	2,878	0
2.01.06.02	Social contribution on net income	1,064	0
2.01.06.03	13 <sup>th</sup> month salary	3,422	0
2.01.06.04	Vacation pay	12,336	19,926
2.01.06.05	Bonuses	3,552	10,474
2.01.06.06	Provision for contingencies	34,573	34,054
2.01.07	Payables to related parties	56,210	40,786
2.01.08	Others	42,794	92,529
2.01.08.01	Salaries and wages	4,356	6,377
2.01.08.02	Advances from customers	6,282	5,771
2.01.08.03	Commissioned representatives	11,036	12,337
2.01.08.04	Interest on capital	2,295	38,629
2.01.08.05	Advanced billings	974	6,547
2.01.08.06	Management profit sharing	1,937	5,181
2.01.08.07	Other accounts payable	31	172
2.01.08.08	Unbilled services	14,114	15,746
2.01.08.09	Contractual creditors	1,769	1,769
2.02	Long-term liabilities	312,688	33,498
2.02.01	Loans and financing	293,664	284,474
2.02.02	Debentures	0	0
2.02.03	Provisions	0	0
2.02.04	Payables to related parties	0	0
2.02.05	Others	19,024	19,024
2.02.05.01	Benefits to employees	19,024	19,024
2.03	Deferred income	0	0
2.05	Stockholders' equity	490,289	470,073
2.05.01	Capital	226,000	226,000
2.05.02	Capital reserves	1,056	900
2.05.03	Revaluation reserves	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiary/associated companies	0	0
2.05.04	Revenue reserves	244,468	243,173
2.05.04.01	Legal	34,556	34,556
2.05.04.02	Statutory	0	0
2.05.04.03	Contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Retention of profits	0	0

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1 - Code	2 - Description	3 - 3/31/2006	4 - 12/31/2005
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	209,912	208,617
2.05.04.07.01	Reserve for future capital increase	135,600	135,600
2.05.04.07.02	For purchase of own shares	22,600	22,600
2.05.04.07.03	Treasury stock	(2,524)	(3,819)
2.05.04.07.04	For payment of dividends	22,600	22,600
2.05.04.07.05	For investment	31,636	31,636
2.05.05	Retained earnings	18,765	0

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**03.01 - Statement of Income (R\$ thousand)**

1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2005 to 3/31/2005
3.01	Gross sales and/or service revenues	299,178	299,178	308,486	308,486
3.02	Revenue deductions	(38,932)	(38,932)	(38,028)	(38,028)
3.03	Net sales and/or service revenues	(260,246)	(260,246)	(270,458)	(270,458)
3.04	Cost of sales and/or services	(227,773)	(227,773)	(237,709)	(237,709)
3.05	Gross profit	(32,473)	(32,473)	(32,749)	(32,749)
3.06	Operating expenses/income	(4,198)	(4,198)	(18,254)	(18,254)
3.06.01	Selling	(11,911)	(11,911)	(14,144)	(14,144)
3.06.02	General and administrative	(9,400)	(9,400)	(8,801)	(8,801)
3.06.02.01	General and administrative expenses	(7,786)	(7,786)	(7,430)	(7,430)
3.06.02.02	Management fees	(1,614)	(1,614)	(1,371)	(1,371)
3.06.03	Financial	13,217	13,217	4,160	4,160
3.06.03.01	Financial income	49,949	49,949	21,340	21,340
3.06.03.02	Financial expenses	(36,732)	(36,732)	(17,180)	(17,180)
3.06.04	Other operating income	0	0	0	0
3.06.05	Other operating expenses	(586)	(586)	(160)	(160)
3.06.06	Equity in the earnings of subsidiary and associated companies	4,482	4,482	691	691
3.07	Operating profit	28,275	28,275	14,495	14,495
3.08	Non-operating results	(202)	(202)	(39)	(39)
3.08.01	Income	44	44	19	19
3.08.02	Expenses	(246)	(246)	(58)	(58)
3.09	Profit before taxation and profit sharing	28,073	28,073	14,456	14,456
3.10	Provision for income tax and social contribution on net income	(10,764)	(10,764)	(5,759)	(5,759)

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1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2005 to 3/31/2005
3.11	Deferred income tax	3,393	3,393	1,227	1,227
3.12	Statutory profit sharing and contributions	(1,937)	(1,937)	(852)	(852)
3.12.01	Profit sharing	(1,937)	(1,937)	(852)	(852)
3.12.01.01	Management profit sharing	(1,937)	(1,937)	(852)	(852)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income for the period	18,765	18,765	9,072	9,072
	Number of shares (thousand), excluding treasury stock	109,853	109,853	112,377	112,377
	Net income per share	0,17082	0,17082	0,08073	0,08073
	Loss per share				

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**04.01 - Notes to the Quarterly Information**  
**(All amounts in thousands of reais unless otherwise indicated)**

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**1 Operations**

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

**2 Presentation of the Quarterly Information**

The quarterly information was prepared based on accounting practices adopted in Brazil and the Brazilian Securities Commission regulations.

***Significant accounting practices***

*a. Determination of net income*

Net income is determined on the accrual basis of accounting.

Sales revenues are recorded in income when all the risks and benefits inherent to the product are transferred to the purchaser. Revenues from services rendered are recorded in income when realized. Revenues are not recognized if there is any significant uncertainty of realization.

*b. Accounting estimates*

Accounting estimates were based on objective and subjective factors, according to management 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, allowance for doubtful accounts, inventories and deferred income tax assets, provision for contingencies, valuation of derivative instruments and of assets and liabilities related to employees' benefits. 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 annually.

*c. Foreign currency*

Monetary assets and liabilities denominated in foreign currencies were converted into reais using the foreign exchange rate on the balance sheet date. Differences arising from the conversion of currency were recognized in the statement of income. For investee companies located abroad, their non-monetary assets and liabilities, which

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are presented at historical cost, were converted into reais using the exchange rate on the balance sheet date.

*d. Current assets and long-term receivables*

- **Financial investments**

Financial investments are stated at cost plus income accrued up to the balance sheet date, not exceeding market value.

- **Allowance for doubtful accounts**

The allowance for doubtful accounts was recorded at an amount considered sufficient by management to cover possible losses on the realization of receivables.

- **Inventories**

Inventories are stated at average purchase or production cost, lower than market value.

Cost of inventories includes expenses incurred on the purchase, freight and storage of inventories. In the case of finished products and work in process, cost includes the general manufacturing expenses incurred.

- **Other current assets and long-term receivables**

These assets are stated at net realizable values.

*e. Permanent assets*

- **Investments**

Investments in subsidiary and associated companies are recorded on the equity method of accounting. Goodwill paid on the acquisition of investments is amortized based on the period of expected future profitability, not exceeding five years. Other investments are recorded at restated cost less a valuation allowance, when applicable.

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#### 04.01 - Notes to the Quarterly Information

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- **Corporate investments abroad**

The principles to determine net income in the financial statements of foreign investees, when different from accounting practices adopted in Brazil, were duly adjusted, considering the significance of the information. These financial statements were converted into local currency as required by CVM Resolution 28/86.

- **Property, plant and equipment**

Property, plant and equipment are stated at cost of purchase, formation or construction. Depreciation is calculated on the straight-line basis at the rates listed in Note 9, which take into consideration the useful lives of the assets.

Costs arising from the replacement of a component of an asset are recorded separately in property, plant and equipment. Other costs are only capitalized when there is an increase in the economic benefits or useful life of the asset. Any other type of cost is recorded as an expense.

*f. 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 until the balance sheet date.

*g. Provisions*

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

*h. Pension plan and post-employment benefits to employees*

The costs of sponsoring the pension and benefits plan to employees are recorded in accordance with CVM Deliberation 371/00.

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*i. Income tax and social contribution*

Current and deferred income tax and social contribution are calculated on the net income based on the effective rates of income tax and social contribution.

Deferred tax assets arising from income tax and social contribution losses and temporary differences were recorded in accordance with CVM Instruction 371/02 and take into consideration the history of profitability and expectation of the generation of future taxable income based on a technical feasibility study.

The deferred tax assets are recognized only proportionately to the realization of future taxable income which will be available and against which the accumulated tax losses can be offset.

Deferred income tax and social contribution are presented in current assets and long-term receivables as shown in Note 14.

*j. Statements of cash flows*

The Company is presenting a statement of cash flows (Note 21) prepared in accordance with the Accounting Norm NPC 20 - Statement of Cash Flows, issued by the Institute of Independent Auditors of Brazil (IBRACON).

*k. Exclusive investment funds*

Aiming for more transparency of information in the financial statements, the balances and operations in which the Company participates as an exclusive quotaholder were included on a consolidated manner.

### **3 Consolidated Financial Statements**

The accounting policies were uniformly applied in all consolidated companies and are consistent with those used in the prior year.

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



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	Percentage holding			
	3/31/06		12/31/05	
	Direct	Indirect	Direct	Indirect
Banco Moneo S.A.	-	100.00	-	100.00
Ciferal Industria de Ônibus Ltda.	99.99	0.01	99.99	0.01
Ilmot International Corporation S.A. (1)	100.00	-	100.00	-
Laureano S.A. (1)	-	100.00	-	100.00
Marcopolo Indústria de Carroçarias S.A. (1)	-	100.00	-	100.00
Marcopolo International Corp. (1)	-	100.00	-	100.00
Marcopolo Latinoamérica S.A. (1)	99.99	0.01	99.99	0.01
Marcopolo South Africa Pty Ltd (1)	-	100.00	-	100.00
Marcopolo Trading S.A.	99.99	-	99.99	-
Moneo Investimentos S.A.	100.00	-	100.00	-
MVC Componentes Plásticos Ltda.	99.99	0.01	99.99	0.01
Polo Serviços em Plásticos Ltda.	99.00	1.00	99.00	1.00
Polomex S.A. de C.V. (1)	3.61	70.39	3.61	70.39
Poloplast Componentes S.A. de C.V. (1)	-	100.00	-	100.00
Superpolo S.A. (1)	-	50.00	-	50.00
Syncroparts Comércio e Distribuição de Peças Ltda.	99.99	0.01	99.99	0.01

**(1) Foreign Subsidiary**

**Exclusive Investment Funds**

Fundo de Investimento Paradiso Multimercado	100.00	-	100.00	-
Fundo de Investimento Multimercado Double Deck	100.00	-	100.00	-
Fundo de Investimento Renda Fixa Andare	100.00	-	100.00	-
Gran - Vialle Fundo de Investimento Multimercado	100.00	-	100.00	-

***In the preparation of the consolidated financial statements, the following practices should be highlighted:***

- a. The parent company and its subsidiaries adopt uniform accounting practices to record their transactions and state assets and liabilities.
- b. The balances of asset and liability accounts and results of transactions between the parent company and its subsidiaries were eliminated.

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- c. The minority interests in the subsidiary companies are shown separately.
- d. Consolidation of the financial statements of Superpolo S.A. proportionally to the indirect participation of the parent company in its capital. The amount of the main balances of the financial statements of this company are as follows:

	<b>Assets</b>	
	<u><b>3/31/06</b></u>	<u><b>12/31/05</b></u>
<b>Assets</b>		
Current	46,548	48,122
Permanent	<u>10,666</u>	<u>10,714</u>
<b>Total assets</b>	<u><b>57,214</b></u>	<u><b>58,836</b></u>
	<b>Liabilities</b>	
	<u><b>3/31/06</b></u>	<u><b>12/31/05</b></u>
<b>Liabilities</b>		
Current	40,668	42,726
Long-term	1,118	1,406
Stockholders' equity	<u>15,428</u>	<u>14,704</u>
<b>Total liabilities</b>	<u><b>57,214</b></u>	<u><b>58,836</b></u>
	<b>Statement of Income</b>	
	<u><b>3/31/06</b></u>	<u><b>3/31/05</b></u>
Net operating revenue	29,376	26,250
Gross profit	4,882	3,634
Operating profit	2,322	764
Income before taxation	2,306	758
Income tax and social contribution	<u>(952)</u>	<u>(474)</u>
Net income for the quarter	<u><b>1,356</b></u>	<u><b>286</b></u>

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

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	<u>Net income for the period</u>		<u>Stockholders' equity</u>	
	<u>3/31/06</u>	<u>3/31/05</u>	<u>3/31/06</u>	<u>12/31/05</u>
Parent company	<u>18,765</u>	<u>9,072</u>	<u>490,289</u>	<u>470,073</u>
Realization of profits earned by the parent company in transactions with subsidiaries, net of income tax and social contribution	5,963	8,127	-	-
Elimination of the profits earned by the parent company in transactions with subsidiaries, net of income tax and social contribution	( 5,226)	( 7,006)	( 5,226)	(5,963)
Consolidated	<u>19,502</u>	<u>10,193</u>	<u>485,063</u>	<u>464,110</u>

**4 Cash and Cash Equivalents**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>12/31/05</u>
Cash and banks				
In Brazil	2,800	8,003	4,547	14,121
Abroad	<u>-</u>	<u>-</u>	<u>7,761</u>	<u>18,199</u>
	2,800	8,003	12,308	32,320
Financial investments				
In Brazil	249,672	301,166	258,677	319,347
Abroad	<u>-</u>	<u>-</u>	<u>17,807</u>	<u>50,940</u>
	<u>249,672</u>	<u>301,166</u>	<u>276,484</u>	<u>370,287</u>
	<u>252,472</u>	<u>309,169</u>	<u>288,792</u>	<u>402,607</u>

The financial investments refer, mainly to bank deposit certificates and fixed income funds, remunerated at rates that vary from 99.29% to 105.5% of the Interbank Deposit Certificate (CDI) interest rate, resulting in a weighted average of 100.99% of CDI. Financial investments abroad are remunerated at the average rate of 3.37% per annum plus the U.S. dollar exchange variation.

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**5 Trade Accounts Receivable**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>12/31/05</u>
<b>Current:</b>				
Domestic market	117,674	144,675	178,314	182,686
Foreign market	125,271	172,943	148,893	169,513
Less:				
Discounted exchange bills	( 15,155)	( 64,250)	( 18,940)	(66,329)
Allowance for doubtful accounts	( 10,680)	( 9,924)	( 32,199)	(31,185)
	<u>217,110</u>	<u>243,444</u>	<u>276,068</u>	<u>254,685</u>
<b>Long-term receivables:</b>				
Foreign market	<u>1,256</u>	<u>1,005</u>	<u>24,520</u>	<u>29,808</u>
	<u>218,366</u>	<u>244,449</u>	<u>300,588</u>	<u>284,493</u>

**6 Inventories**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>12/31/05</u>
Finished products	28,254	32,401	45,743	52,000
Work in process	12,495	11,940	30,603	34,441
Raw and auxiliary materials	72,114	60,951	115,680	105,810
Merchandise	402	203	3,863	3,807
Advances to suppliers and others	<u>466</u>	<u>206</u>	<u>11,635</u>	<u>12,757</u>
	<u>113,731</u>	<u>105,701</u>	<u>207,524</u>	<u>208,815</u>

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**7 Taxes and Contributions Recoverable**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>12/31/05</u>
<b>Current:</b>				
Corporate Income Tax (IRPJ)	33,515	29,972	38,233	32,376
Social Contribution on Net Income (CSLL)	13,077	12,171	14,070	12,674
Excise Tax (IPI)	9,706	8,294	10,435	9,237
State Value-Added Tax (ICMS)	21,503	21,434	23,159	23,227
Social Integration Program (PIS)	3,339	2,710	4,644	4,113
Social Contribution on Revenues (COFINS)	15,571	12,155	21,046	18,189
Others	-	-	11,346	6,181
	<u>96,711</u>	<u>86,736</u>	<u>122,933</u>	<u>105,997</u>
<b>Long-term receivables:</b>				
State Value-Added Tax (ICMS)	<u>20,281</u>	<u>19,263</u>	<u>20,281</u>	<u>19,263</u>
	<u>20,281</u>	<u>19,263</u>	<u>20,281</u>	<u>19,263</u>
	<u>116,992</u>	<u>105,999</u>	<u>143,214</u>	<u>125,260</u>

**8 Investments**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>12/31/05</u>
Subsidiary and associated companies	215,993	211,511	3,415	3,112
Other investments	<u>1,268</u>	<u>922</u>	<u>1,268</u>	<u>957</u>
	<u>217,261</u>	<u>212,433</u>	<u>4,683</u>	<u>4,069</u>

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Investments in subsidiary and associated companies are as follows:

	Subsidiaries									Associated Webasto	Total	
	Ciferal	Ilmot (1)	Mapla (1)	Moneo	Mvc	Polo	Polomex (1)	Syncro	Trading		3/31/06	12/31/05
	*	*	*	*	*	*	*	*	*	*		
<b>Investments</b>												
Capital	79,000	33,443	1,410	22,100	35,000	500	16,609	4,000	1,000	3,300		
Adjusted stockholders' equity	84,161	30,817	18,110	23,710	37,658	4,052	27,726	7,377	5,826	8,433		
Shares or quotas held	499,953	50,000	4,000	22,100	1	1	3,011,659	1	3,450,103	244,898		
% holding	99.999	100.000	99.999	100.000	99.999	99.000	3.610	99.999	99.995	40		
Net income (loss) for the period	6,734	(249)	(47)	560	905	594	508	197	(101)	758		
<b>Changes in investments</b>												
Opening balances:												
Equity value	77,425	33,474	19,979	23,150	36,753	3,424	1,088	7,180	5,926	3,112	211,511	172,421
Payment of capital	-	-	-	-	-	-	-	-	-	-	-	22,100
Dividends/earnings received												(404)
Equity in the earnings (loss)	6,734	(2,657)	(1,872)	560	905	588	(175)	197	(101)	303	4,482	17,394
Closing balances:												
Equity value	<u>84,159</u>	<u>30,817</u>	<u>18,107</u>	<u>23,710</u>	<u>37,658</u>	<u>4,012</u>	<u>913</u>	<u>7,377</u>	<u>5,825</u>	<u>3,415</u>	<u>215,993</u>	<u>211,511</u>

**(1) Foreign Subsidiary**

**(\*)** The companies' names are the following:

- Ciferal - Ciferal Indústria de Ônibus Ltda.
- Ilmot - Ilmot International Corporation S.A.
- Mapla - Marcopolo Latinoamérica S/A
- Moneo - Moneo Investimentos S/A
- MVC - MVC Componentes Plásticos Ltda.
- Polo - Polo Serviços em Plásticos Ltda.
- Polomex - Polomex S/A de C.V.
- Syncro - Syncroparts Comércio e Distribuição de Peças Ltda.
- Trading - Marcopolo Trading S/A
- Webasto - Webasto Climatização do Brasil S/A

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**9 Property, Plant and Equipment**

	Depreciation rate (p.a.)	Parent company			
		3/31/2006			12/31/05
		Cost	Depreciation	Net	Net
Buildings	4	42,708	(25,284)	17,424	17,841
Machinery and equipment	10	79,783	(47,910)	31,873	31,970
Installations	10	33,525	(24,026)	9,499	9,814
Furniture and fixtures	10	4,725	(2,797)	1,928	1,930
Vehicles	20	1,967	(1,743)	224	301
IT equipment	20	14,404	(10,322)	4,082	4,023
Other assets	10 to 20	1,465	(950)	515	530
Land		8,284	-	8,284	8,284
Construction in progress		6,170	-	6,170	3,859
Advances to suppliers		<u>287</u>	<u>-</u>	<u>287</u>	<u>221</u>
		<u>193,318</u>	<u>(113,032)</u>	<u>80,286</u>	<u>78,773</u>

	Depreciation rate (p.a.)	Consolidated			
		3/31/2006			12/31/05
		Cost	Depreciation	Net	Net
Buildings	4	79,146	(35,585)	43,561	46,027
Machinery and equipment	10	152,031	(79,275)	72,756	75,211
Installations	10	45,096	(28,104)	16,992	17,981
Furniture and fixtures	10	7,265	(4,237)	3,028	3,132
Vehicles	20	4,358	(3,023)	1,335	1,492
IT equipment	20	18,862	(13,239)	5,623	5,827
Other assets	10 to 20	3,052	(1,108)	1,944	2,010
Land		15,740	-	15,740	15,981
Construction in progress		9,446	-	9,446	5,796
Advances to suppliers		<u>287</u>	<u>-</u>	<u>287</u>	<u>221</u>
		<u>335,283</u>	<u>(164,571)</u>	<u>170,712</u>	<u>173,678</u>

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**10 Deferred Charges**

	Amortization rate (p.a.%)	Consolidated			
		3/31/2006			12/31/05
		Cost	Depreciation	Net	Net
Pre-operating expenses	20	15,297	(8,151)	7,146	8,194
Unamortized goodwill	20	<u>24,172</u>	<u>(23,401)</u>	<u>771</u>	<u>1,926</u>
		<u>39,469</u>	<u>(31,552)</u>	<u>7,917</u>	<u>10,120</u>

**a. Goodwill**

In the merger of Polo Investimentos Ltda. by Ciferal Indústria de Ônibus Ltda., the balance of goodwill originally recorded in the investment account was transferred to deferred charges and will continue to be amortized over the term and extension of the profitability projections which were utilized for its determination.

The goodwill paid is being amortized over five years, based on the estimate of future profitability of the company, and amortization started in June 2001.

**b. Pre-operating expenses**

Pre-operating expenses refer basically to the development and implementation of new units and were deferred during the construction and development of the projects until they started to operate normally. These expenses are amortized in up to five years.

**11 Related Parties**

The principal asset and liability balances at March 31, 2006 and December 31, 2005, as well as the transactions that influenced the results of operations for the period, relating to transactions with related companies, arise from transactions between the Company and its subsidiaries which were realized at normal market conditions for the respective types of transactions.



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	Assets - Loans and current accounts	Liabilities - Loans and current accounts	Accounts receivable from sales	Accounts payable for purchases	Purchase of products / services	Sales of products/ services	Financial income	Financial expenses
<b>Subsidiaries:</b>								
Banco Moneo (*)	2	-	-	-	-	-	-	-
Ciferal (*)	-	50,753	8,138	48	117	10,097	-	1,737
Ilmot (*)	709	-	-	-	-	-	-	-
Mpc (*)	-	-	1,779	-	-	1,160	-	-
Mic (*)	36,557	-	14,206	-	-	13,920	758	-
Mapla (*)	-	-	4,916	-	-	776	2	-
Masa (*)	-	-	30,566	-	-	1,895	-	-
Trading (*)	-	2,453	-	-	-	-	-	85
Moneo (*)	-	47	-	-	-	-	-	-
MVC (*)	21,027	-	244	2,070	12,592	334	813	-
Polo (*)	-	2,874	-	-	3,565	-	-	136
Polomex (*)	-	-	22,595	-	-	35,817	-	-
Superpolo (*)	78	-	680	-	-	334	2	-
Syncroparts (*)	-	83	-	-	-	-	-	7
<b>Balance at 3/31/06</b>	<b><u>58,373</u></b>	<b><u>56,210</u></b>	<b><u>83,124</u></b>	<b><u>2,118</u></b>	<b><u>16,274</u></b>	<b><u>64,333</u></b>	<b><u>1,575</u></b>	<b><u>1,965</u></b>
<b>Balance at 12/31/05</b>	<b><u>57,371</u></b>	<b><u>40,786</u></b>	<b><u>91,026</u></b>	<b><u>897</u></b>	<b><u>64,992</u></b>	<b><u>318,875</u></b>	<b><u>6,892</u></b>	<b><u>4,164</u></b>
<b>Associated company:</b>								
Webasto (*)	-	-	-	-	2,520	-	15	-
<b>Balance at 3/31/06</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,520</u></b>	<b><u>-</u></b>	<b><u>15</u></b>	<b><u>-</u></b>
<b>Balance at 12/31/05</b>	<b><u>1,915</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>9,924</u></b>	<b><u>-</u></b>	<b><u>146</u></b>	<b><u>-</u></b>

(\*) The companies' names are the following:

Banco Moneo - Banco Moneo S/A  
 Ciferal - Ciferal Indústria de Ônibus Ltda.  
 Ilmot - Ilmot International Corporation  
 Mpc - Marcopolo Indústria de Carroçarias S/A  
 Mic - Marcopolo International Corp.  
 Mapla - Marcopolo Latinoamérica S/A  
 Masa - Marcopolo South África Pty Ltd.  
 Trading - Marcopolo Trading S/A  
 Moneo - Moneo Investimentos S/A  
 MVC - MVC Componentes Plásticos Ltda.  
 Polo - Polo Serviços em Plásticos Ltda.  
 Polomex - Polomex S/A C.V.

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Superpolo - Superpolo S/A  
 Syncro - Syncroparts Comércio e Distribuição de Peças Ltda.  
 Webasto - Webasto Climatização do Brasil S/A

**Notes:**

Loans and current account balances of companies headquartered in Brazil earn/incur interest at the CDI interest rate, and of companies abroad at the semi-annual Libor rate plus 3% p.a.

Sales, purchases of products and/or services are carried out at prices and conditions equivalent to those with third parties.

**12 Loans and Financing**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>12/31/05</u>
Local currency:				
FINAME - TJLP plus interest from 3.80% to 4.75% p.a.	1,720	1,481	3,012	2,570
Bank loans - TR + 1.15% p.a. or TJLP plus interest 1.15% to 7.0% p.a.	16,404	16,484	21,736	21,780
FINEP - TJLP + 3.5% p.a.	41,911	42,837	47,764	48,650
Special pre-shipment - TJLP plus interest of 2.28% to 2.90% p.a.	194,944	223,384	194,944	223,384
Foreign currency:				
Advances on exchange contracts in U.S. dollar - interest from 3.80% to 5.55% p.a.	17,935	4,904	19,254	12,621
Export prepayments in U.S. dollar - semi-annual LIBOR + spread from 1.25% to 1.85% p.a.	66,732	70,198	66,732	70,198
Financing in U.S. dollar - semi-annual LIBOR + spread from 2.00% to 4.5% p.a.	22,397	27,540	43,328	50,466
Financing in Colombian Pesos - interest from 10.5% to 13.09% p. a	-	-	9,532	11,545
Financing in Rands - interest of 11.0% p. a.	-	-	3,323	3,749
Financing in Euros - interest of 3.85% p.a.	-	-	10,570	8,643
	<u>362,043</u>	<u>386,828</u>	<u>420,195</u>	<u>453,606</u>
Short-term installment	<u>68,379</u>	<u>102,354</u>	<u>103,269</u>	<u>143,548</u>
Long-term liabilities	<u>293,664</u>	<u>284,474</u>	<u>316,926</u>	<u>310,058</u>

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Installments fall due as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>12/31/05</u>
Maturity date:				
From 13 to 24 months	186,948	162,187	189,118	164,509
From 25 to 36 months	66,622	76,769	74,991	84,796
After 36 months	40,094	45,518	52,817	60,753
	<u>293,664</u>	<u>284,474</u>	<u>316,926</u>	<u>310,058</u>

The FINAME financing is guaranteed by statutory liens of the assets financed totaling R\$ 3,012 at March 31, 2006 (R\$ 2,570 at December 31, 2005) and the FINEP bank loan has a mortgage guarantee.

The Company has a financing contract with the IFC - International Finance Corporation totaling US\$ 9,098 thousand, which has restrictive covenants and mortgage guarantees. In March 2006, these covenants were fully complied with.

**13 Provision for Contingencies**

**Contingent Liabilities**

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

The situation at March 31, 2006 of the contingent risks according to the opinion of its legal counsel is summarized below:

Nature of the contingent liability	<u>Parent company</u>		<u>Consolidated</u>		<u>Judicial deposits</u>	
	<u>Probable</u>	<u>Possible</u>	<u>Probable</u>	<u>Possible</u>	<u>Parent company</u>	<u>Consolidated</u>
a) Civil	1,608	507	1,689	823	-	-
b) Tax	30,945	33,530	37,450	42,515	8,077	8,077
c) Labor	2,020	2,085	3,508	2,561	193	855
d) Social security	-	-	6,567	-	-	194
<b>Total :</b>	<u>34,573</u>	<u>36,122</u>	<u>49,214</u>	<u>45,899</u>	<u>8,270</u>	<u>9,126</u>

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Civil and labor contingencies - these consist mainly of claims by employees mostly related to indemnities.

Social Security - these refer to assessments of the National Institute of Social Security related to sick pay.

Tax - these are basically represented by state and federal assessments that are being judged. These mainly refer to a discussion related to the proper interpretation of legislation with regard to the calculation basis and rate of the Social Integration Program (PIS), as well as the use of the restatement of the credit balance and transfer of credit of State Value-added Tax (ICMS).

**Contingent Asset**

The situation at March 31, 2006 of the contingent assets, according to the opinion of its legal counsels, is summarized as follows:

Nature of the contingent asset	Parent company and consolidated	
	Probable	Possible
a) tax	26,630	12,620
b) social security	1,870	894
<b>Total:</b>	<b>28,500</b>	<b>13,514</b>

Tax - basically represented by state and federal claims which are being judged.

Social Security - mainly consist of discussions with the National Institute of Colonization and Agrarian Reform (Incra), Work Accident Insurance and INSS - fines and Sebrae, the Brazilian Support Service for Small Business.

Contingent assets are not recorded because they are only recognized after the final judgments on the claims or on the effective receipt of cash.

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**14 Income Tax and Social Contribution**

**(a) Deferred income tax and social contribution**

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>12/31/05</u>
Assets				
Provision for technical assistance	10,109	10,489	10,824	11,201
Provision for commissions	4,155	3,972	5,446	5,250
Allowance for doubtful accounts	813	732	3,524	3,306
Provision for profit sharing	3,552	10,474	3,871	10,474
Provision for contingencies	34,573	34,054	49,214	47,210
Provision for sureties	16,108	16,013	16,606	16,504
Other provisions	1,608	1,572	2,076	2,105
Income tax and social contribution losses	-	-	32,977	36,363
Calculation basis	70,918	77,306	124,538	133,113
Standard rates of tax	34%	34%	34%	34%
Deferred income tax and social contribution	<u>24,112</u>	<u>26,284</u>	<u>42,343</u>	<u>45,258</u>
Current	<u>24,112</u>	<u>26,284</u>	<u>32,298</u>	<u>34,336</u>
Long-term	<u>-</u>	<u>-</u>	<u>10,045</u>	<u>10,922</u>

**(b) Estimates of the realization of deferred tax assets**

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

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	<u>Parent company</u>	<u>Consolidated</u>
From 4/1/2006 to 3/31/2007	24,112	32,298
From 4/1/2007 to 3/31/2008	-	3,465
From 4/1/2008 to 3/31/2009	-	3,703
From 4/1/2009 to 3/31/2010	-	2,877
From 4/1/2010 to 3/31/2011	-	-
	<u>24,112</u>	<u>42,343</u>

**(c) Reconciliation of current income tax and social contribution expense**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>3/31/05</u>	<u>3/31/06</u>	<u>3/31/05</u>
Reconciliation				
Profit before taxation and profit sharing	28,073	14,456	34,519	17,943
Permanent additions and deductions				
Equity in the earnings of subsidiaries	(4,482)	(691)	(303)	(389)
Other additions (deductions)	<u>(1,910)</u>	<u>(434)</u>	<u>3,865</u>	<u>1,866</u>
Calculation basis	21,681	13,331	38,081	19,420
Standard rates of tax	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Current income tax and social contribution	(10,764)	(5,759)	(17,497)	(7,740)
Deferred income tax and social contribution	3,393	1,227	4,549	1,137

**15 Stockholders' Equity (Parent Company)**

**a. Capital**

Authorized capital comprises 2,000,000,000 nominative shares, of which 800,000,000 are common and 1,200,000,000 preferred, with no par value. At March 31, 2006, subscribed and paid-up capital was represented by 112,376,889 (112,376,889 at December 31, 2005) nominative shares, of which 42,703,218 were common and 69,673,671 preferred, with no par value.

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**b. Reserves**

• *Legal reserve*

This reserve is recorded at 5% of net income of each year, under the terms of Article 193 of Law 6404/76, up to the limit of 20% of capital.

• *Dividends and statutory reserve*

- a) At least 25% of the remaining balance of net income for payment of a compulsory dividend on all shares of the Company;
- b) the remaining balance of the net income will be fully used to establish the following reserves:

**Reserve for future capital increase**, to be used for future capital increase, and established using 70% of the remaining balance of net income for each year, up to 60% of capital;

**Reserve for payment of interim dividends**, to be used in the payment of interim dividends in accordance with Paragraph 1 of Article 33 of the by-laws, and established using 15% of the remaining balance of the net income for each year, up to 10% of capital;

**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 using 15% of the remaining balance of the net income for each year, up to 10% of capital.

**c. Treasury stock**

Treasury stock represents 528,757 preferred nominative shares, purchased at an average cost of R\$ 4.77 (one unit of real) per share, with a minimum cost of R\$ 4.10 and maximum cost of R\$ 5.14 (one unit of real) per share. The market value of the treasury stock, calculated at the closing date for the period was R\$ 3,183. The purchase was made to grant the Company's management and employees the option to purchase shares. In the quarter, 271,243 shares were sold to the Company's executives within an annual stock option program referring to 2005, and generating a gain of R\$ 156 recorded in capital reserves.

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## 16 Financial Instruments

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

These assets are managed through operating strategies to obtain liquidity, profitability and security. The control policy consists of the permanent follow-up of the rates contracted with those effective in market. The Company and its subsidiaries do not invest in derivatives or any other risk assets for speculation purposes.

### **a. Analysis of balances**

In compliance with CVM Resolution 235/95, the Company evaluated the market values and financial instruments included in the balance sheet at March 31, 2006, which does not indicate market values significantly different from the accounting values recognized.

### **b. Criteria, assumptions and limitations used in the calculation of market values**

#### *a. Cash and banks and financial investments*

Current account and financial investment balances with banks have their market value identical to their recorded value, considering their characteristics and maturities.

#### *b. Loans receivable/payable*

The financial positions were compared with the positions applied with third parties.

#### *c. Loans and financing*

The market values of loans and financing were calculated based on their present values using future cash flows and interest rates applicable to instruments of



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similar nature, terms and risks, or based on the market quotation of these securities.

*d. Derivatives*

The Company's policy is to eliminate market risks, avoiding the assumption of positions exposed to fluctuation of market values and only operating with instruments that allow control of risks. Most of the derivative contracts are related to swap transactions, all of them registered at the Mercantile and Futures Exchange (BM&F) and involving fixed rates. Forward contracts in U.S. dollars of the BM&F are mainly used as instruments for hedging financing rates. The Company does not expect to incur losses in these transactions other than those that have already been recorded in the financial statements. At March 31, 2006, the Company had forward transactions in Brazil of US\$ 105,000 thousand, falling due between April 2006 and December 2006, with fixed U.S. dollar rates between R\$ 2.3019 and R\$ 2.4673, and forward transactions in South Africa of US\$ 14,490 thousand, falling due between April and December 2006, with fixed U.S. dollar rate between Rand \$ 6.0679 and Rand \$ 6.9425.

*e. Limitations*

Market values were estimated at a specific moment, based on significant market information. Changes in the assumptions may affect the estimates presented.

**c. Credit risk**

The sales policies of the Company and its subsidiaries are subordinated to the credit policies determined by management and aim to minimize problems arising from default of their 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 has allowances for doubtful accounts in the amounts of R\$ 10,680 (Parent company) and R\$ 30,339 (Consolidated) at March 31, 2006 (R\$ 9,924 and R\$ 31,185 at December 31, 2005) equivalent to 4.4% and 8.7%, respectively, of the parent company and consolidated outstanding accounts receivable (3.1% and 8.2% at December 31, 2005), to cover credit risk.

**d. Foreign exchange rate risk**

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

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The strategy adopted to prevent and reduce the effects of the fluctuations of exchange rates is to maintain a natural hedge with financial institutions in the modality of forward transactions by having related assets also susceptible to exchange variations.

**e. Price risk**

Considering that exports are equivalent to 47.2% of the revenues of the parent company and subsidiaries revenues budgeted for 2006, an eventual volatility of foreign exchange rates represents, in fact, a price risk that may change the results planned by management.

**f. Interest rate risk**

The results of the Company and its subsidiaries are susceptible to significant variations arising from loans and financing contracted at floating interest rates.

Derivative financial instruments are used to hedge or reduce the financial costs of the financing transactions.

Contracting derivative financial instruments, such as swaps, has the objective of minimizing risks in transactions, financing and investments in foreign currencies. According to its financial policies, the Company has not carried out operations involving derivative financial instruments for speculation purposes.

## **17 Insurance Coverage**

At March 31, 2006, the Company and its subsidiaries had insurance coverage against fire and sundry risks for property, plant and equipment items and inventories at amounts considered sufficient to cover possible losses.

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The main insurance coverages are:

		<u>Consolidated</u>	
<u>Risk</u>		<u>3/31/06</u>	<u>12/31/05</u>
Inventories and warehouses	Fire and sundry risks	205,346	205,346
Buildings and contents	Fire and sundry risks	484,517	484,517
Vehicles	Collision, comprehensive civil liability	<u>1,059</u>	<u>1,059</u>
		<u>690,922</u>	<u>690,922</u>

**18 Sureties and Guarantees**

At March 31, 2006, the Company had sureties and/or guarantees in the amount of R\$ 32,634 (R\$ 36,841 at December 31, 2005), including vendor operations in which it participates as guarantor in the amount of R\$ 19,625 (R\$ 19,540 at December 31, 2005), granted by banks for financing of customers, which have as a counter guarantee the respective assets financed.

**19 Profit Sharing**

**a. Management Profit Sharing**

The management profit sharing has been recorded on the accrual basis, limited to 10% of corporate net income for the year and the amount that can be withdrawn, as described in the Company's by-laws.

**b. Employee Profit Sharing**

The employee profit sharing was calculated in accordance with the Instrument for the Agreement of the Marcopolo Targets/Efficiency Program - EFIMAR, dated January 13, 2006, approved by the Employee Union.

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The amounts are recorded in the statement of income as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>3/31/05</u>	<u>3/31/06</u>	<u>3/31/05</u>
Cost of sales and services	2,573	1,956	2,895	2,093
Selling expenses	608	344	610	344
Administrative expenses	<u>493</u>	<u>208</u>	<u>509</u>	<u>213</u>
	<u>3,674</u>	<u>2,508</u>	<u>4,014</u>	<u>2,650</u>

**20 Financial Result**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/06</u>	<u>3/31/05</u>	<u>3/31/06</u>	<u>3/31/05</u>
Financial income				
Interest and monetary variations received	429	257	1,769	788
Income from financial investments	21,687	12,267	22,106	13,194
Foreign exchange variation	<u>27,833</u>	<u>8,816</u>	<u>28,183</u>	<u>8,816</u>
	<u>49,949</u>	<u>21,340</u>	<u>52,058</u>	<u>22,798</u>
Financial expenses				
Interest on loans and financing	11,623	9,097	12,668	12,120
Foreign exchange variation	23,219	5,225	23,924	5,478
Bank expenses	251	832	288	902
Other	<u>1,639</u>	<u>2,026</u>	<u>2,018</u>	<u>2,256</u>
	<u>36,732</u>	<u>17,180</u>	<u>38,898</u>	<u>20,756</u>
Financial result, net	<u>13,217</u>	<u>4,160</u>	<u>13,160</u>	<u>2,042</u>

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**21 Statement of Cash Flows - Indirect Method**

	Parent company		Consolidated	
	3/31/06	3/31/05	3/31/06	3/31/05
<b>Cash flows from operating activities</b>				
Net income for the period	18,765	9,072	19,502	10,193
<b>Adjustments to reconcile net income with funds provided by operating activities:</b>				
Depreciation and amortization	3,379	2,977	7,107	7,570
Result on sales of permanent assets	246	58	1,238	154
Equity in the earnings of subsidiaries	(4,179)	(302)	-	-
Equity in the earnings of associated companies	(303)	(389)	(303)	(389)
Provision for credit risks	756	1,331	1,014	1,473
Interest and monetary variations	3,747	3,640	(2,626)	2,508
Exchange variations of subsidiaries abroad	-	-	2,753	776
Minority interest	-	-	(485)	311
<b>Changes in assets and liabilities</b>				
Decrease in trade accounts receivable	74,673	64,494	30,280	55,866
Increase (decrease) in other accounts receivable	(7,707)	(8,726)	1,994	(3,828)
Increase (decrease) in inventories	(8,030)	(14,188)	1,291	3,038
Decrease in suppliers	(13,529)	(15,440)	(14,922)	(37,233)
Decrease in accounts payable and provisions	(22,858)	(8,336)	(43,276)	(7,278)
<b>Net cash provided by operating activities</b>	<b>44,960</b>	<b>34,191</b>	<b>3,567</b>	<b>33,161</b>
<b>Cash flows used in investing activities</b>				
Capital increase in subsidiaries/associated companies	(346)	(2,210)	(346)	-
Purchase of property, plant and equipment	(5,138)	(2,934)	(5,894)	(7,134)
<b>Net cash used in investing activities</b>	<b>(5,484)</b>	<b>(5,144)</b>	<b>(6,240)</b>	<b>(7,134)</b>
<b>Cash flows from financing activities</b>				
Decrease in related parties	16,337	2,171	1,915	-
Borrowings	134,261	313,503	147,390	320,114
Payment of loans and interest	(211,888)	(227,482)	(225,564)	(240,697)
Payment of interest on capital	(36,334)	(33,004)	(36,334)	(33,004)
Treasury stock	1,451	-	1,451	-
<b>Net cash provided by (used in) financing activities</b>	<b>(96,173)</b>	<b>55,188</b>	<b>(111,142)</b>	<b>46,413</b>
<b>Statement of increase (decrease) in cash and cash equivalents</b>				
At the beginning of the period	309,169	178,891	402,607	257,587
At the end of the period	252,472	263,126	288,792	330,027
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(56,697)</b>	<b>84,235</b>	<b>(113,815)</b>	<b>72,440</b>

\* \* \*

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### **05.01 - Comments on Company Performance During the Quarter**

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The comments on Company performance during the quarter are presented in Form 08.01 - Comments on Consolidated Performance During the Quarter.

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**06.01 - Consolidated Balance Sheet - Assets (R\$ thousand)**

1 - Code	2 - Description	3 - 3/31/2006	4 - 12/31/2005
1	Total assets	1,196,628	1,300,162
1.01	Current assets	947,932	1,039,416
1.01.01	Cash and banks	12,308	32,320
1.01.02	Receivables	276,068	254,685
1.01.02.01	Trade accounts receivable	327,207	352,199
1.01.02.02	Allowance for doubtful accounts	32,199	31,185
1.01.02.03	Foreign exchange advances	18,940	66,329
1.01.03	Inventories	207,524	208,815
1.01.03.01	Finished products	45,743	52,000
1.01.03.02	Work in process	30,603	34,441
1.01.03.03	Raw and auxiliary materials	115,680	105,810
1.01.03.04	Merchandise	3,863	3,807
1.01.03.05	Advances to suppliers and others	11,635	12,757
1.01.04	Others	452,032	543,596
1.01.04.01	Financial investments	276,484	370,287
1.01.04.02	Other accounts receivable	1,642	18,448
1.01.04.03	Taxes and contributions recoverable	122,933	105,997
1.01.04.04	Deferred taxes and contributions	32,298	34,336
1.01.04.05	Contractual debtors	10,835	10,352
1.01.04.06	Advances to employees	5,850	2,842
1.01.04.07	Prepaid expenses	1,990	1,334
1.02	Long-term receivables	65,384	72,879
1.02.01	Sundry receivables	0	0
1.02.02	Related parties	0	1,915
1.02.02.01	Associated companies	0	1,915
1.02.02.02	Subsidiaries	0	0
1.02.02.03	Other related parties	0	0
1.02.03	Others	65,384	70,964
1.02.03.01	Taxes recoverable	20,281	19,263
1.02.03.02	Deferred taxes and contributions	10,045	10,922
1.02.03.03	Judicial deposits	9,126	9,096
1.02.03.04	Trade accounts receivable	24,520	29,808
1.02.03.05	Other accounts receivable	1,412	1,875
1.03	Permanent assets	183,312	187,867
1.03.01	Investments	4,683	4,069
1.03.01.01	Associated companies	3,415	3,112
1.03.01.02	Subsidiaries	0	0
1.03.01.03	Other investments	1,268	957
1.03.01.03.01	Others	1,268	957
1.03.02	Property, plant and equipment	170,712	173,678
1.03.02.01	Land	15,740	15,981
1.03.02.02	Buildings	79,146	81,108
1.03.02.03	Machinery and equipment	152,031	151,911
1.03.02.04	Installations	45,096	45,596
1.03.02.05	Furniture and fixtures	7,265	7,335

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1 - Code	2 - Description	3 - 3/31/2006	4 - 12/31/2005
1.03.02.06	Vehicles	4,358	4,538
1.03.02.07	EDP equipment and systems	18,862	18,696
1.03.02.08	Other assets	3,052	3,112
1.03.02.09	Construction in progress	9,446	5,796
1.03.02.10	Advances to suppliers	287	221
1.03.02.11	Accumulated depreciation	(164,571)	(160,616)
1.03.03	Deferred charges	7,917	10,120



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**06.02 - Consolidated Balance Sheet - Liabilities and Stockholders' Equity (R\$ thousand)**

1 - Code	2 - Description	3 - 3/31/2006	4 - 12/31/2005
2	Total liabilities and stockholders' equity	1,196,628	1,300,162
2.01	Current liabilities	363,829	494,699
2.01.01	Loans and financing	103,269	143,548
2.01.02	Debentures	0	0
2.01.03	Suppliers	85,144	100,066
2.01.04	Taxes, charges and contributions	26,896	16,380
2.01.05	Dividends payable	0	0
2.01.06	Provisions	78,210	83,567
2.01.06.01	Corporate income tax	3,144	0
2.01.06.02	Social contribution	1,123	0
2.01.06.03	13 <sup>th</sup> month salary	4,471	0
2.01.06.04	Vacation pay	16,387	24,552
2.01.06.05	Bonuses	3,871	11,184
2.01.06.06	Provision for contingencies	49,214	47,831
2.01.07	Payables to related parties	0	0
2.01.08	Others	70,310	151,138
2.01.08.01	Salaries and wages	10,175	12,471
2.01.08.02	Advances from customers	12,014	15,904
2.01.08.03	Commissioned representatives	15,454	20,656
2.01.08.04	Advanced billings	2,581	10,168
2.01.08.05	Interest on capital	2,295	38,629
2.01.08.06	Management profit sharing	1,937	5,181
2.01.08.07	Other accounts payable	5,081	5,244
2.01.08.08	Unbilled services	14,848	15,746
2.01.08.09	Contractual creditors	5,925	27,139
2.02	Long-term liabilities	340,385	333,517
2.02.01	Loans and financing	316,926	310,058
2.02.02	Debentures	0	0
2.02.03	Provisions	4,435	4,435
2.02.03.01	Provision for contingencies	0	0
2.02.03.02	Taxes and social contributions	4,435	4,435
2.02.04	Payables to related parties	0	0
2.02.05	Others	19,024	19,024
2.02.05.01	Notes payable	0	0
2.02.05.02	Other accounts payable	0	0
2.02.05.03	Suppliers	0	0
2.02.05.04	Benefits to employees	19,024	19,024
2.03	Deferred income	0	0
2.04	Minority interest	7,351	7,836
2.05	Stockholders' equity	485,063	464,110
2.05.01	Realized capital	226,000	226,000
2.05.02	Capital reserves	1,056	900
2.05.03	Revaluation reserves	0	0
2.05.03.01	Own assets	0	0
226.000	Subsidiary/associated companies	0	0

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1 - Code	2 - Description	3 - 3/31/2006	4 - 12/31/2005
2.05.04	Revenue reserves	238,505	237,210
2.05.04.01	Legal	34,556	34,556
2.05.04.02	Statutory	0	0
2.05.04.03	Contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Retention of profits	0	0
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	203,949	202,654
2.05.04.07.01	Reserve for capital increase	129,637	129,637
2.05.04.07.02	For purchase of shares	22,600	22,600
2.05.04.07.03	Treasury stock	(2,524)	(3,819)
2.05.04.07.04	For payment of dividends	22,600	22,600
2.05.04.07.05	For reinvestment	31,636	31,636
2.05.05	Retained earnings	19,502	0

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**07.01 - Consolidated Statement of Income (R\$ thousand)**

1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2006 to 3/31/2005
3.01	Gross sales and/or service revenues	448,402	448,402	456,949	456,949
3.02	Revenue deductions	(60,090)	(60,090)	(57,849)	(57,849)
3.03	Net sales and/or service revenues	388,312	388,312	399,100	399,100
3.04	Cost of sales and/or services	(324,846)	(324,846)	(345,413)	(345,413)
3.05	Gross profit	63,466	63,466	53,687	53,687
3.06	Operating expenses/income	(28,823)	(28,823)	(35,700)	(35,700)
3.06.01	Selling	(19,528)	(19,528)	(21,866)	(21,866)
3.06.02	General and administrative	(16,368)	(16,368)	(12,600)	(12,600)
3.06.02.01	Administrative expenses	(14,754)	(14,754)	(11,137)	(11,137)
3.06.02.02	Management fees	(1,614)	(1,614)	(1,463)	(1,463)
3.06.03	Financial	13,610	13,160	2,042	2,042
3.06.03.01	Financial income	52,058	52,058	22,798	22,798
3.06.03.02	Financial expenses	(38,898)	(38,898)	(20,756)	(20,756)
3.06.04	Other operating income	0	0	0	0
3.06.05	Other operating expenses	(6,390)	(6,390)	(3,665)	(3,665)
3.06.06	Equity in the earnings of associated companies	303	303	389	389
3.07	Operating profit	34,643	34,643	17,987	17,987
3.08	Non-operating results	(124)	(124)	(44)	(44)
3.08.01	Income	1,114	1,114	110	110
3.08.02	Expenses	(1,238)	(1,238)	(154)	(154)
3.09	Profit before taxation and profit sharing	34,519	34,519	17,943	17,943
3.10	Provision for income tax and social contribution on net income	(17,497)	(17,497)	(7,740)	(7,740)
3.11	Deferred income tax	4,549	4,549	1,137	1,137

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1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2006 to 3/31/2005
3.12	Statutory profit sharing and contributions	1,937	1,937	852	852
3.12.01	Profit sharing	1,937	1,937	852	852
3.12.01.01	Management	1,937	1,937	852	852
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Minority interest	132	132	295	295
3.15	Net income for the period	19,502	19,502	10,193	10,193
	Number of shares (thousand), excluding treasury stock	109,853	109,853	12,77	112,377
	Net income per share	0,17753	0,17753	0,09070	0,09070
	Loss per share				

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## 08.01 - Comments on Consolidated Performance During the Quarter

Caxias do Sul, April 28, 2006

## **MARCOPOLO S.A. - CONSOLIDATED**



Índice de Ações com Tag Along Diferenciado

## **Results of the 1<sup>st</sup> quarter of 2006**

Brazilian Corporate Legislation

To our Stockholders:

The information about Marcopolo's performance in the 1<sup>st</sup> quarter of 2006 (1Q06) is presented on the basis of the consolidated figures in Brazilian reais, in conformity with Brazilian Corporate Law. Except where otherwise indicated, the comparisons are made with the 1<sup>st</sup> quarter of 2005 (1Q05).

### **1. Highlights of the Bus Body Sector**

Historically, the sector's production in the 1<sup>st</sup> quarter is the lowest of the year, although the results of 1Q06 exceeded by 14.0% those of the same period of 2005; that is to say, 6,392 units produced against 5,607. A comparison of the production figures for 1Q06 versus 1Q05 shows that the destination markets have changed places. The growth seen at the beginning of this year is totally due to the demand from the domestic market, which grew 25.7% over the same period of the previous year. On the other side, the foreign market practically maintained the surprising vigor of 1Q05, and the 2,322 units now exported meant a small decrease of 2.1% over the 2,370 shipped in 1Q05.

The following table shows that in 1Q06, compared with 1Q05, there was a 16.0% reduction in production of **intercity** bus bodies. The demand in the domestic market showed a decrease of 21.1%. The reasons alleged by the market indicate a decrease in investments, due to the lack of definition, by the competent bodies, of the criteria that will be used in renewing the concessions. Exports decreased 11.1%, which is entirely explained by a once-only export last year, for transporting miners in Chile, not being repeated.

The segment of **urban** bus bodies grew 32.4% between one quarter and the other. The considerable growth in 2006 is once again attributed to the domestic market, where the number of passengers has been growing. The markets abroad once again repeated their 2005 purchases, absorbing 1,026 units (1,030 in 1Q05).

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Exports in 1Q06 included a balance of roughly 200 units shipped for the Transantiago Project, in Chile.

The **micro and mini** segment recorded growth of 12.0% in relation to the same period of 2005, resulting from growth of 12.8% and 10.9% in the domestic and foreign markets, respectively. The growth in all the markets results from the operational advantages brought about by the smaller sized vehicles, which can be used more economically between the peak periods.

#### **BRAZILIAN PRODUCTION OF BUS BODIES (in units)**

Products	1Q06 <sup>(2)</sup>			1Q05 <sup>(2)</sup>		
	Home	Export	TOTAL	Home	Export	TOTAL
Intercity buses	648	769	<b>1,417</b>	821	865	<b>1,686</b>
Urban buses	2,769	1,026	<b>3,795</b>	1,837	1,030	<b>2,867</b>
Micro buses	460	525	<b>985</b>	460	466	<b>926</b>
SUBTOTAL	3,877	2,320	<b>6,197</b>	3,118	2,361	<b>5,479</b>
Mini buses (LCV) <sup>(1)</sup>	193	2	<b>195</b>	119	9	<b>128</b>
<b>TOTAL</b>	<b>4,070</b>	<b>2,322</b>	<b>6,392</b>	<b>3,237</b>	<b>2,370</b>	<b>5,607</b>

Source: **FABUS** (Brazilian Association of Bus Body Manufacturers) and **SIMEFRE** (Interstate Association of the Railway and Highway Materials and Equipment Industry).

Notes:

<sup>(1)</sup> The production figures for Mini buses (LCV - Light Commercial Vehicles) do not include the production of complete units, such as the Volare and Van models.

<sup>(2)</sup> In view of the new manufacturer Mascarello Carrocerias e Ônibus becoming a member of FABUS, 164 units were included in 1Q05, which had not been included in this period.

## 2. Marcopolo Highlights

**Consolidated Net Revenues.** In 1Q06, consolidated net revenues totaled R\$ 388.3 million, which is 2.7% below the R\$ 399.1 million recorded in the same period of 2005.

**Gross Profit.** Although the revenues were lower, the gross profit for 1Q06 was 18.2% higher than that of the same period of 2005; amounting to R\$ 63.5 million, against R\$ 53.7 million, or 16.4% and 13.5% of net revenues, respectively.

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#### 08.01 - Comments on Consolidated Performance During the Quarter

**Net Income.** The final result for the quarter was 91.3% higher than in 1Q05, reaching R\$ 19.5 million, or 5.0% of net revenues, against R\$ 10.2 million or 2.6% of net revenues in the same period of the previous year.

**EBITDA (adjusted).** This was R\$ 37.9 million, against R\$ 27.6 million in 1Q05, equivalent to 9.8% and 6.9% of net revenues, respectively.

**Worldwide Production.** In 1Q06, the Company produced 3,654 units, compared to the 3,798 produced in the same period of 2005, a reduction of 3.8%. Please see table in item 4.2.

### ECONOMIC AND FINANCIAL INDICATORS

(in millions of Brazilian reais, except percentages and net income per share)

Consolidated Figures	1Q06	1Q05	Change (%)
<b>Operating Performance</b>			
Net Operating Revenues	388.3	399.1	(2.7)
- In Brazil	194.4	175.3	10.9
- From exports and abroad	193.9	223.8	(13.4)
Gross Profit	63.5	53.7	18.2
Operating Profit before Financial Results	21.5	15.9	34.7
<b>EBITDA (adjusted) <sup>(1)</sup></b>	37.9	27.6	37.3
<b>Net income</b>	19.5	10.2	91.3
<b>Net Income per Share</b>	0.174	0.091	92.2
<b>Return on Invested Capital (ROIC) <sup>(2)</sup></b>	3.6%	3.0%	0.6 p.p.
<b>Return on Net Equity (ROE) <sup>(3)</sup></b>	4.2%	2.4%	1.8 p.p.
<b>Investments in Permanent Assets</b>	5.0	7.5	(33.5)
Financial Position			
<b>Cash and Cash Equivalents</b>	288.8	331.7	(12.9)
<b>Short-Term Financial Liabilities</b>	122.2	321.7	(62.0)
<b>Long-Term Financial Liabilities</b>	316.9	201.6	57.2
<b>Net Financial Liabilities</b>	150.3	191.5	(21.5)

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Stockholders' Equity	485.1	438.1	10.7
Net Financial Liabilities / Stockholders' Equity	31.0%	43.7%	12.7p.p.
<b>Net Financial Results</b>	13.2	2.0	544.5
Margins and Ratios			
<b>Gross Margin</b>	16.3%	13.5%	2.9 p.p.
<b>EBITDA Margin (adjusted)</b>	9.8%	6.9%	2.9 p.p.
<b>Operating Margin (before Financial Results)</b>	5.5%	4.0%	1.5 p.p.
<b>Net Margin</b>	5.0%	2.6%	2.5 p.p.

Notes: <sup>(1)</sup> The EBITDA (adjusted) does not include the gains or losses from exchange rate variations on investments and on advances against exchange contracts;

<sup>(2)</sup> ROIC (Return on Invested Capital) = EBIT (+)inventories (+)trade accounts receivable (+)permanent assets - suppliers); = average;

<sup>(3)</sup> ROE (Return on Equity) - Return on Stockholders' Equity;

pp = percentage points.

## 3. Economic and Financial Performance

### 3.1 Consolidated Net Revenues

Marcopolo regarded it as opportune to concentrate the annual vacations of its employees in the months of January and February, a period that coincides with summer in practically all the countries of the Southern Hemisphere, the Company's main markets. The period was used to adapt the manufacturing and assembly lines to the conditions required by the four totally new products, announced to the market at the end of 2005. An intermunicipal model called *Ideale 770*, which is going to cater to the market niche for short and medium distances. The Company believes in the success of this model, which delighted the main customers when still at the stage of assembling the prototypes. Trading also started of a model of midi bus called *Sênior Midi*, a micro bus, *Sênior*, and the new *Volare W9*. In 1Q06, consolidated net revenues totaled R\$ 388.3 million, which was 2.7% lower than the R\$ 399.1 million recorded in 1Q05. Domestic revenues practically equaled



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revenues from exports and operations abroad. This balance contributed towards the improvement of the consolidated gross margin, since profitability in the exports continued below what was desired. The equilibrium in the revenues came, on the one hand, from a 10.9% increase in the domestic revenues, driven by the good sales of the *urban* models and of the *mini Volare*, which, together, offset the fall in the revenues from the intercity models. Another contribution came from the price adjustments carried out in 2005, which sought to absorb the increases in the costs of inputs. Finally, the equilibrium resulted from the 19.2% reduction in the quantities exported, and these with their revenues still affected by the falling quotation of the dollar, which, from an average rate of R\$ 2.63 in 1Q05, fell to R\$ 2.22 in 1Q06, equivalent to a 15.6% devaluation. The revenues by product and market are detailed in the following tables and charts:

### TOTAL CONSOLIDATED NET REVENUES By Product and Market (R\$ thousand)

Products	1Q06		1Q05		Total	
	Home	Abroad	Home	Abroad	1Q06	1Q05
Intercity buses	36,802	97,235	52,422	102,216	134,037	154,638
Urban buses	61,386	49,292	44,374	54,723	110,678	99,097
Micro buses	5,148	16,028	4,579	20,907	21,176	25,486
Minis buses - LCV	1,492	3,235	1,372	8,408	4,727	9,780
<b>Subtotal bus bodies</b>	<b>104,828</b>	<b>165,790</b>	<b>102,747</b>	<b>186,254</b>	<b>270,618</b>	<b>289,001</b>
Volares and Vans <sup>(1)</sup>	70,196	3,949	50,431	8,436	74,145	58,867
<b>Total bus bodies/Volare/Vans</b>	<b>175,024</b>	<b>169,739</b>	<b>153,178</b>	<b>194,690</b>	<b>344,763</b>	<b>347,868</b>
Chassis <sup>(2)</sup>	268	4,787	355	14,678	5,055	15,033
Parts and others	19,073	19,421	21,720	14,479	38,494	36,199
<b>Total chassis/parts/others</b>	<b>19,341</b>	<b>24,208</b>	<b>22,075</b>	<b>29,157</b>	<b>43,549</b>	<b>51,232</b>
<b>GRAND TOTAL</b>	<b>194,365</b>	<b>193,947</b>	<b>175,253</b>	<b>223,847</b>	<b>388,312</b>	<b>399,100</b>

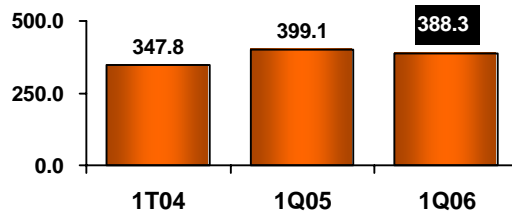
Notes: <sup>(1)</sup> The revenues from the Volares include the chassis;

<sup>(2)</sup> The revenues from chassis refer to other units traded, except those recorded in the revenues from the Volare;

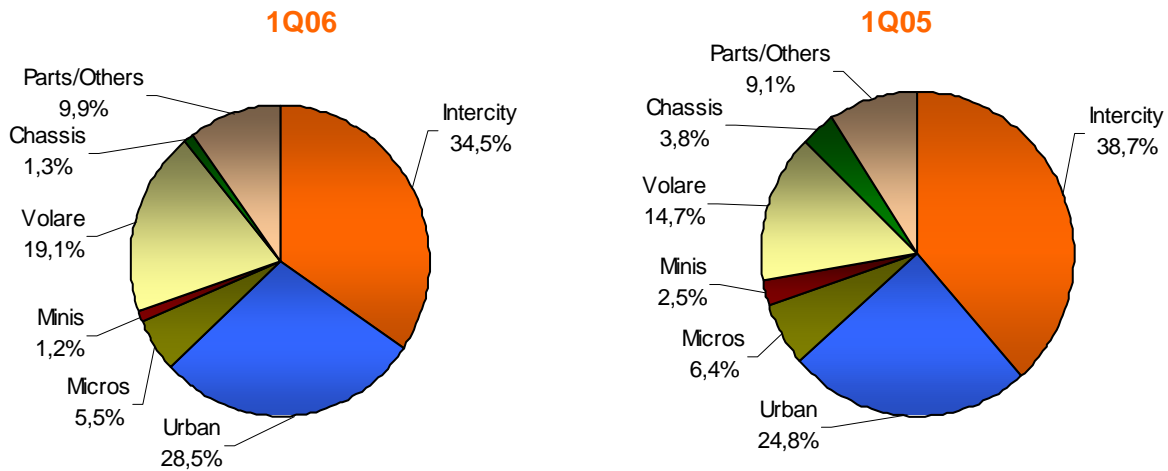
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**08.01 - Comments on Consolidated Performance During the Quarter**

**TOTAL CONSOLIDATED NET REVENUES (R\$ million)**



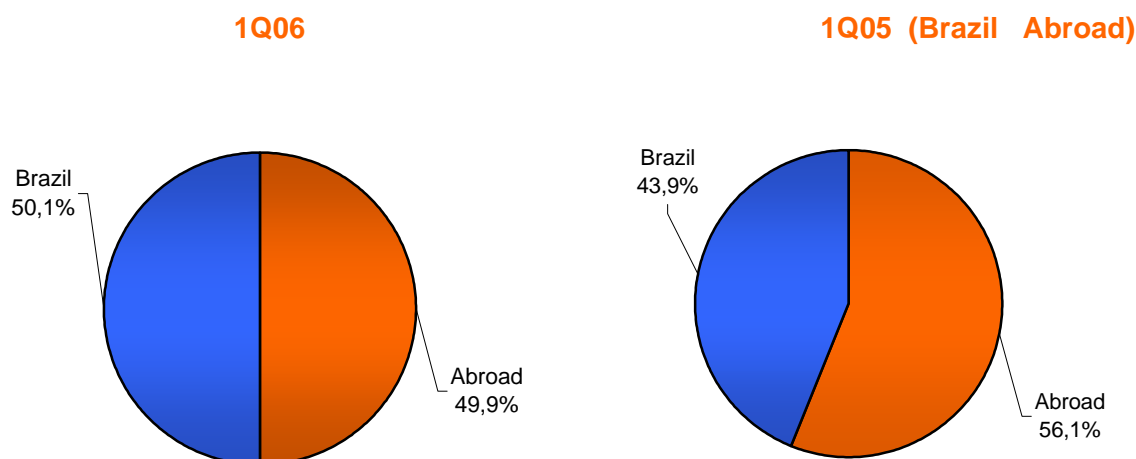
**3.2 Breakdown of Consolidated Net Revenues (%)**



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### 3.3 Breakdown of Revenues in Brazil and in the Foreign Market (%)



## 4. Production and Market Share

Marcopolo's worldwide production in 1Q06 totaled 3,654 units, or 3.8% less than the 3,798 produced in the same period of the previous year.

### 4.1 Production in Brazil

In the period under analysis, the production of conventional bus bodies by Marcopolo factories in Brazil (excluding complete vehicles like the Volare) was 8.8% lower than in 1Q05. Including the production of the latter, the volume amounted to 3,050 units, against 3,202 in the same period of last year. The decrease of 152 units is equivalent to a 4.7% fall between one period and the other. Despite the optimism underpinned by the order book existing at the beginning of the year, the expectations for production in 1Q06 were not entirely satisfied, because of the decision to take advantage of the habitual vacation period in Brazil and in the Southern Hemisphere and adaption of the assembly lines for starting production of new models of vehicles, as previously mentioned.

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### PRODUCTION and SALES IN BRAZIL - Marcopolo/Ciferal (in units)

Products/Markets <sup>(1)</sup>	1Q06			1Q05		
	Home	Abroad <sup>(2)</sup>	TOTAL	Home	Abroad <sup>(2)</sup>	TOTAL
Intercity buses	201	333	534	386	420	806
Urban buses	914	598	1,512	725	699	1,424
Micro buses	83	146	229	98	144	242
Mini buses (LCV)	17	-	17	33	8	41
SUBTOTAL	1,215	1,077	2,292	1,242	1,271	2,513
Volare and Vans <sup>(1)</sup>	680	78	758	550	139	689
<b>TOTAL PRODUCTION</b>	<b>1,895</b>	<b>1,155</b>	<b>3,050</b>	<b>1,792</b>	<b>1,410</b>	<b>3,202</b>
<b>TOTAL SALES</b>	<b>1,870</b>	<b>1,176</b>	<b>3,046</b>	<b>1,812</b>	<b>1,455</b>	<b>3,267</b>

Notes: <sup>(1)</sup> The Volare and Van (LCV) units are included in the tables of Marcopolo production merely for a better understanding of the broad product line, productive capacity and because they are recorded in net revenues. The production of these vehicles is not included in the SIMEFRE and FABUS data, nor in Marcopolo's market share or in the production of the sector;

<sup>(2)</sup> Total production abroad includes the units exported as KD (bus bodies partly or completely disassembled), 707 units in 1Q06 and 720 units in 1Q05.

#### 4.2 Marcopolo: Worldwide Production

In the table that follows, the production by business unit is shown. The figures indicate that, in terms of quantities, the production of the factories abroad remained practically the same in the first quarter of the last two years.

### MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION (By company and in units)

Companies	1Q06	1Q05
<b>BRAZIL:</b>		
- Marcopolo <sup>(1)</sup>	2,260	2,514
- Ciferal	790	688
<b>SUBTOTAL</b>	<b>3,050</b>	<b>3,202</b>

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Elimination of KDs <sup>(2)</sup> exported	(707)	(720)
<b>TOTAL IN BRAZIL</b>	<b>2,343</b>	<b>2,482</b>
<b>ABROAD:</b>		
- Mexico	764	703
- Portugal	57	62
- South Africa	46	45
- Colombia	444	506
<b>TOTAL ABROAD</b>	<b>1,311</b>	<b>1,316</b>
<b>GRAND TOTAL</b>	<b>3,654</b>	<b>3,798</b>

Notes: (1) Includes the production of the Volare model and Vans; (2) bus bodies partly or completely disassembled.

### **MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION**

#### **By Products and Markets (in units)**

<b>Products/Markets <sup>(1)</sup></b>	<b>1Q06</b>			<b>1Q05</b>		
	<b>Home</b>	<b>Export</b>	<b>TOTAL</b>	<b>Home</b>	<b>Export</b>	<b>TOTAL</b>
Intercity buses	201	504	<b>705</b>	386	544	<b>930</b>
Urban buses	914	651	<b>1,565</b>	725	727	<b>1,452</b>
Micro buses	83	350	<b>433</b>	98	420	<b>518</b>
Mini buses (LCV)	17	176	<b>193</b>	33	176	<b>209</b>
<b>SUBTOTAL</b>	<b>1,215</b>	<b>1,681</b>	<b>2,896</b>	<b>1,242</b>	<b>1,867</b>	<b>3,109</b>
Volare and Vans	680	78	<b>758</b>	550	139	<b>689</b>
<b>TOTAL PRODUCTION</b>	<b>1,895</b>	<b>1,759</b>	<b>3,654</b>	<b>1,792</b>	<b>2,006</b>	<b>3,798</b>

Notes: <sup>(1)</sup> Total production abroad includes the units exported as KD (bus bodies partly or completely disassembled), 707 units in 1Q06 and 720 units in 1Q05.

#### **4.3 Market Share**

In the first quarter of 2006, the Company's production at the two factories located in Caxias do Sul was limited by the vacations granted to the employees in January and February. The units that failed to be produced do not mean a definitive loss of revenues, but merely a temporary postponement of deliveries. This fact, in isolation, determined, in good measure, the reduction of the Company's share in the market. In addition, the Board of Directors maintained its orientation of

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continuing to pursue the historical margins, despite any occasional further decline in market share. The pricing policy, coupled with the return to the market of a manufacturer of products similar to Marcopolo's, which had remained practically absent during 2003 and 2004, plus the entry of new competitors in the intercity and mini segments in the last two years, also contributed towards a decrease in market share. However, Management is confident of a gradual recovery of the margins and market share, and of the maintenance of the Company's healthy financial situation. The market share is shown in the following table:

#### SHARE IN BRAZILIAN PRODUCTION - Marcopolo/Ciferal (%)

Products	1Q06	1Q05
Intercity buses	37.7	47.8
Urban buses	39.8	49.7
Micro buses	23.2	26.1
Mini buses (LCV) <sup>(1)</sup>	8.7	32.0
<b>TOTAL</b>	<b>35.9</b>	<b>44.8</b>

Source: FABUS and SIMEFRE.

Note: (1) Volare and Vans do not enter into the calculation of market share.

### 5. Operating Results: Cost of Goods Sold, Gross Profit and Margin

As anticipated in the Management Report relating to 2005, "the net revenues and profitability in 1Q06 might be slightly lower than in 4Q05, because of the lower production, and for production being concentrated on models of lower added value". The facts have proved that the forecasts were correct.

In a comparison between the 1<sup>st</sup> quarters of 2005 and 2006, a decrease is seen of roughly R\$ 11.0 million, or 2.7%, in the net revenues of 1Q06. In compensation, growth in the gross profit is to be seen, from R\$ 53.7 million to R\$ 63.5 million, or from 13.5% of net revenues to 16.3%, respectively.

The results of 1Q06 were favorably influenced by the higher proportion of revenues generated in the domestic market, although they consisted of a product mix with a higher proportion of urban buses, with a lower price and lower added value. Also, a decrease was seen in the share of the intercity buses, where the margins are

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better. In the case of exports, there was a decrease of roughly R\$ 30.0 million, which is explained by: (i) an export of chassis in the amount of E\$ 10.0 million not being repeated; (ii) a fall in the revenues from all the models exported; (iii) the behavior of foreign exchange. The devaluation of the US dollar has always anticipated the corrections applied to the export prices. The devaluation of the American currency amounted to roughly 16.0% between 1Q05 and 1Q06. To minimize the effects of the foreign exchange policy, on the cost side at least, the most significant items - raw materials and materials in general - remained practically unchanged, and the expectation is that they will continue so for the rest of the year. With the maintenance of a strict control over expenses, and with the expectation that the exchange rate will at least settle, the Company hopes to show better results already from the 2<sup>nd</sup> quarter onwards.

## 6. Operating Expenses

### 6.1 Expenses with Sales

The cost contention programs continued to produce favorable results in 1Q06; expenses with sales amounted to R\$ 19.5 million, or 5.0% of net revenues, versus R\$ 21.9 million, or 5.5% of net revenues in 1Q05.

### 6.2 General and Administrative Expenses

In the consolidation of the results of 1Q05, the administrative expenses were incorrectly credited with R\$ 1.8 million, relating to the elimination of revenues and expenses on intercompany transactions. This amount ought to have been credited to CGS, for being a question of labor services paid to the subsidiary. Had they been recorded correctly, the administrative expenses of 1Q05 would have been R\$ 14.4 million, versus R\$ 16.4 million in 1Q06, or 3.6% and 4.2% of the net revenues, respectively.

## 7. Net Financial Results

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Despite having a net financial liability of R\$ 115.4 million at 12/31/05, net financial income for 1Q06 was R\$ 13.2 million. In the period, the value of the US dollar, reduced in Brazil, maintaining the opportunities for arbitrage between foreign exchange and interest rates. Accordingly, the Company carried on with the strategy of borrowing funds in US dollars connected with exports, investing them at rates higher than the funding cost.

### STATEMENT OF THE POSITION IN US\$ SUBJECT TO EXCHANGE RATE VARIATION

	12/31/2004	12/31/2005	3/31/2006
	US\$	US\$	US\$
Trade accounts receivable	93,715	98,853	73,849
Current account - subsidiaries abroad	16,057	16,844	17,571
<b>ASSETS</b>	<b>109,772</b>	<b>115,697</b>	<b>91,420</b>
Advances on export contracts - ACE	19,691	29,328	8,510
Advances on exchange contracts (ACC) and prepayments	20,527	34,189	38,325
Blocked exchange	13,500	-	-
Forward	5,000	99,000	105,000
Borrowings in foreign currency	11,037	9,795	9,098
Commissions and other liabilities	8,462	6,310	4,964
<b>LIABILITIES</b>	<b>78,217</b>	<b>178,622</b>	<b>165,897</b>
<b>NET FINANCIAL BALANCE</b>	<b>31,555</b>	<b>(62,925)</b>	<b>(74,477)</b>
Investments abroad	20,085	23,376	22,950
<b>TOTAL NET POSITION IN US\$</b>	<b>51,640</b>	<b>(39,549)</b>	<b>(51,527)</b>

### 8. Operating Profit and EBITDA (adjusted)

As repeatedly made know, the traditional methodology for calculating the EBITDA



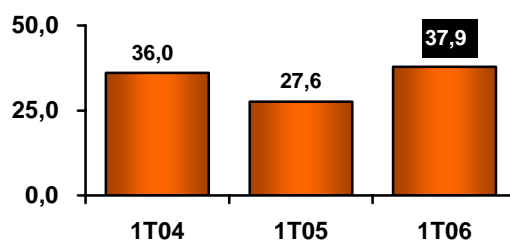
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in Management's opinion, does not show correctly the results of the operations of companies with a large volume of exports, which, as such, can resort to foreign currency financing without risk, because they count on the natural hedge of the export revenues. Borrowings at reduced costs strengthen the cash position, which may be invested at much higher rates and result in a complement to the profit on the manufacture and sale of products.

The distortion in the calculation of EBITDA arises from the accounting treatment of the fluctuations in the exchange rate between the date advances were made and the shipment date, as emphasized in previous reports. The table that follows shows the adjustment to the EBITDA in accordance with Management's approach.

#### EBITDA (adjusted) - (R\$ million)



	1Q04	1Q05	1Q06
Operating Profit	26,964	17,987	34,643
Financial Revenues	(18,714)	(22,798)	(52,058)
Financial Expenses	18,472	20,756	38,898
Depreciation / Amortization	6,997	7,570	7,107
EBITDA	33,719	23,515	28,590
Exchange rate variation on investments in subsidiaries	2,127	718	5,018
Exchange rate variation on exports	193	3,338	4,259
<b>EBITDA (adjusted)</b>	<b>36,039</b>	<b>27,571</b>	<b>37,867</b>

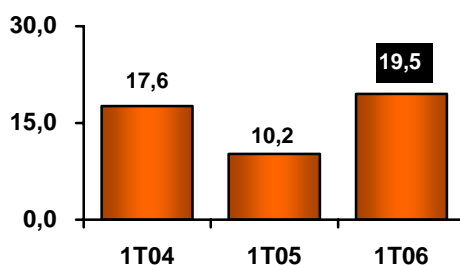
## 9. Net Income

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The net income of R\$ 19.5 million meant a 91.3% growth over the R\$ 10.2 million of 1Q05. The growth of the gross margin and the favorable financial result, coupled with cost contention, are outlining a new tendency for the Company's profitability.

#### NET INCOME (R\$ million)



### 10. Operational Cash Generation

During 1Q06, operating activities generated net resources of R\$ 3.5 million, and investment activities absorbed R\$ 6.2 million, as detailed in item 11. Financing activities absorbed R\$ 111.1 million, of which R\$ 36.3 million was set aside for paying dividends/interest on capital. Consequently, the cash balance of R\$ 402.6 million existing at 12.31.05 went down to R\$ 288.8 million at the end of the quarter ended 3.31.06. The statement of the cash flow of the quarter is presented together with the other financial reports.

### 11. Investments / Property, Plant and Equipment

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#### **08.01 - Comments on Consolidated Performance During the Quarter**

In 1Q06, the Company invested R\$ 6.2 million in capital assets, R\$ 5.1 million of which was spent by the parent company and invested, basically, in machines, production equipment, computer equipment and software. Subsidiaries received investments in the order of R\$ 1.1 million for the same purpose.

## **12. Capital Market**

### **12.1 Capital**

The Company's capital, of R\$ 226.0 million, is divided into 112,376,889 shares, of which 42,703,218 are common (38.0%) and 69,673,671 (62%) preferred, all nominative, registered and with no par value.

### **12.2 Repurchase of Shares**

On May 23, 2005, the Board of Directors approved, for a one year period, the repurchase of up to 5.0% of the shares issued by the Company in circulation in the market, with the purpose of granting a purchase option to the Company's management and employees and/or canceling them. By March 31, 2006, 800 thousand nominative preferred shares had been acquired, of which 271,243 were sold to the Company's executives, under the annual program for granting options referring to 2005. The Company is holding the other 528,757 shares in treasury.

### **12.3 Dividends/Interest on Capital**

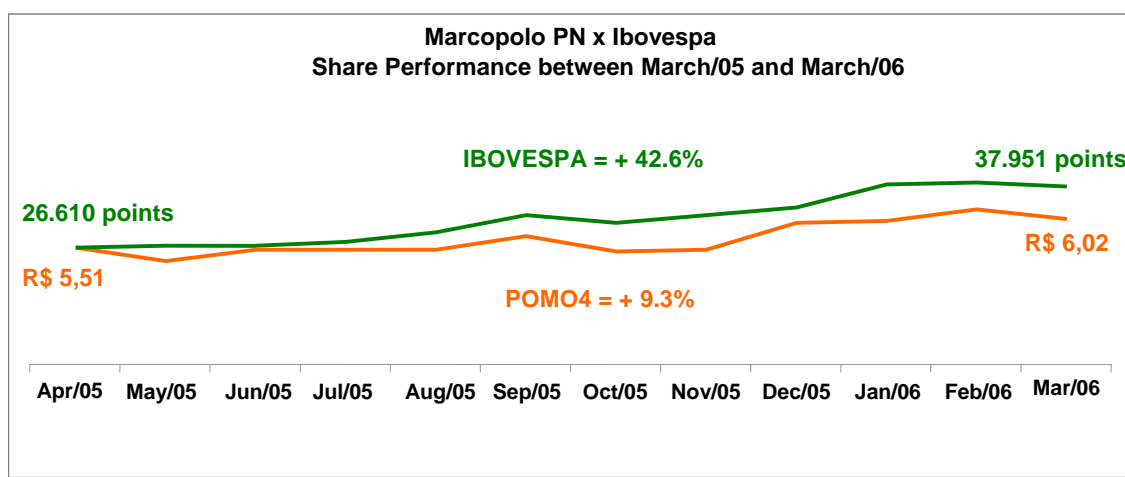
At a meeting held on December, 16 2005, the Board of Directors approved the payment, to the Company's stockholders, of R\$ 42,399 thousand, or R\$ 0.38 (thirty eight centavos) per share, as interest on capital. The net value of this interest, in the amount of R\$ 38,530 thousand, was imputed to the obligatory declared dividend, in anticipation, for account of the results for 2005. The amount was credited to the individualized account of each stockholder on December 26, 2005, and was paid from March 27, 2006 onwards. The total distributed was equivalent to 46.8% of the consolidated income for 2005.

### **12.4 Performance of Marcopolo Shares on the São Paulo Stock Exchange**

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### 08.01 - Comments on Consolidated Performance During the Quarter

Details of the performance of Marcopolo shares on the capital market are shown in the graph and table that follow.



Indicators	1Q04	1Q05	1Q06
Number of transactions	2,995	2,961	3,563
Shares traded (million)	9.5	13.0	12.4
Amount transacted (R\$ million)	53.5	84.7	77.2
Market value (R\$ million) <sup>(1)</sup>	640.5	619.2	676.5
Outstanding shares (million) <sup>(2)</sup>	112.4	112.4	112.4
Book value per share (R\$)	3.63	3.96	4.36
Quotation (R\$ / per preferred share) <sup>(3)</sup>	5.70	5.51	6.02

- Notes:
- (1) To determine market value, the quotation of the last transaction of the quarter of the preferred share was used, multiplied by the total shares (common and preferred) existing at the end of the quarter;
  - (2) Total number of Company shares at the end of the quarter. At March 31, 2006, 528,757 preferred shares of this total were held in treasury for the purposes mentioned in item 12.2;
  - (3) Quotation of the preferred shares on the last trading session of the quarter.

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### 13. Personnel

<b>Nº of Employees</b>	<b>1Q04</b>	<b>1Q05</b>	<b>1Q06</b>
Parent company	5,451	5,522	5,513
Subsidiaries in Brazil	2,810	2,902	2,934
Subsidiaries abroad	1,968	2,557	2,321
<b>Total</b>	<b>10,229</b>	<b>10,981</b>	<b>10,768</b>
Turnover rate (in %) <sup>(1)</sup>	1.10	1.24	2.97

Not: <sup>(1)</sup> Refers to the parent company

### 14. Development of Corporate Governance

#### 14.1 Constitution of Committees

With the objective of preparing proposals, giving opinions, and assisting the Company's Management, the General Meeting, held at the end of March 2006, approved the constitution of a new statutory body called Executive Committee, which will dedicate itself to the operational management and monitoring of the Company. At the same Meeting, the Board of Directors was authorized to create committees for Strategy and Innovation, Audit and Risk, and HR and Ethics, as well as the possibility of creating other, Technical or Consultative Committees. These alterations represent important advances in the good practices of Corporate Governance. The Company's main administrative body, the Board, now enjoys the support of the Committees, in particular of the Executive Committee.

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### 15. Russia Project

On February 22, 2006, the Company disclosed a Material Event, advising that, through its subsidiary CIFERAL, it has signed contracts setting up a joint venture in Russia, with RUSPROMAUTO, the largest Russian vehicle manufacturer. The main objective is to assemble intercity buses, to cater to the market there. The forecast investment is roughly US\$ 6.5 million, with 50.0% from each partner, who will also share the management of the company. Activities are forecast to start in September 2006, and, by the end of the year, the first 200 units should have been produced. It is estimated that in three years from 750 to 1000 units will be produced.

### 16. SAP Project

In April, the Nucleus/SAP project was officially launched, Marcopolo's new information system that aims at guaranteeing the sustainability and globalization of the corporation in the market - maintaining its competitive differentials - and at standardizing solutions and technologies. The proposal arose in 2003, with the mapping and redesigning the systems from the areas of Engineering, Production, and Logistics. After a period of in-house analyses, the new processes were placed inside the SAP tool, with which Marcopolo already had a relative experience, since it was implemented in its associated company, Polomex, in Mexico. The SAP will provide an integrated view of the business, unify the language between Marcopolo and all its units in Brazil and abroad, bring about better management of the Company, emphasizing the information flows between internal departments, will perfect controls, and, as a consequence, will be reflected in an even more qualified service for the customer. The conclusion of the project is forecast for the end of the 1<sup>st</sup> half of 2007.

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#### 08.01 - Comments on Consolidated Performance During the Quarter

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## 17. Expectations

The approaching presidential election gives rise to some concerns, as it may bring about moments of greater volatility in the economy, from the 2<sup>nd</sup> quarter onwards. Regardless of how the scenario develops, Management has reasonable confidence that Brazil is sufficiently mature to continue to pursue healthy policies, which explain why the political crisis caused little damage to the economy. Underpinned by this expectation, Management maintains the forecast of producing 16,500 units in 2006, which should generate gross revenues of R\$ 2.1 billion and net revenues of R\$ 1.8 billion, a 5.3% growth over 2005. Recent events have increased the confidence that the Central bank will carry on reducing the basic interest rate, which, together with the gradual resumption of the level of employment and salaries, makes it possible to believe in growing investments in the Brazilian bus fleet.

On the foreign front, Management looks forward to trading 8,200 units, even without repeating the volume shipped to Chile in 2005. Finally, the estimate is that, in the course of the year, exports will cease to be penalized by further successive appreciations of the real. If these expectations materialize, the Company should show significant improvements in the indicators of operational and financial performance.

Management

(A free translation of the original in Portuguese)

**FEDERAL GOVERNMENT SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
QUARTERLY INFORMATION (ITR)  
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Unaudited

Corporate Legislation  
March 31, 2006

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**09.01 - INVESTMENT IN SUBSIDIARY AND/OR ASSOCIATED COMPANIES**

1 - ITEM	2 - SUBSIDIARY/ASSOCIATED COMPANY'S REGISTERED NAME	3 - NATIONAL CORPORATE TAXPAYERS' REGISTRY (CNPJ)	4 - CLASSIFICATION	5 - % PARTICIPATION IN THE CAPITAL OF THE INVESTEE	6 - % OF NET EQUITY OF THE INVESTOR
7 - TYPE OF COMPANY		8 - NUMBER OF SHARES IN THE CURRENT QUARTER (Thousands)		9 - NUMBER OF SHARES IN THE PRIOR QUARTER (Thousands)	
01	CIFERAL INDÚSTRIA DE ÔNIBUS LTDA. COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES	30.314.561/0001-26	PRIVATE SUBSIDIARY 494	99,99	17.18 494
02	ILMOT INTERNATIONAL CORPORATION COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES	. . / -	PRIVATE SUBSIDIARY 154	100,00	6.29 154
03	MVC COMPONENTES PLÁSTICOS LTDA. COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES	81.424.962/0001-70	PRIVATE SUBSIDIARY 34.999	99,99	7.62 34.999



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**FEDERAL GOVERNMENT SERVICE**  
**BRAZILIAN SECURITIES COMMISSION (CVM)**  
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**11.01 - ORDERS/CONTRACTS SIGNED**

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<b>Company</b>	<b>(R\$ thousand)</b>
1 - Balance of orders/contracts signed at the end of the current quarter	203,627
2 - Balance of orders/contracts signed at the end of the same quarter of the prior year	349,743
<b>Consolidated</b>	
3 - Balance of orders/contracts signed at the end of the current quarter	203,627
4 - Balance of orders/contracts signed at the end of the same quarter of the prior year	349,743

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#### 15.01 - INVESTMENT PROJECTS

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### 17. Expectations

The approaching presidential election gives rise to some concerns, as it may bring about moments of greater volatility in the economy, from the 2<sup>nd</sup> quarter onwards. Regardless of how the scenario develops, Management has reasonable confidence that Brazil is sufficiently mature to continue to pursue healthy policies, which explain why the political crisis caused little damage to the economy. Underpinned by this expectation, Management maintains the forecast of producing 16,500 units in 2006, which should generate gross revenues of R\$ 2.1 billion and net revenues of R\$ 1.8 billion, a 5.3% growth over 2005. Recent events have increased the confidence that the Central bank will carry on reducing the basic interest rate, which, together with the gradual resumption of the level of employment and salaries, makes it possible to believe in growing investments in the Brazilian bus fleet.

On the foreign front, Management looks forward to trading 8,200 units, even without repeating the volume shipped to Chile in 2005. Finally, the estimate is that, in the course of the year, exports will cease to be penalized by further successive appreciations of the real. If these expectations materialize, the Company should show significant improvements in the indicators of operational and financial performance.

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**16.01 - OTHER INFORMATION CONSIDERED RELEVANT BY THE COMPANY**

**1 Analysis of stockholders of Marcopolo S.A. with more than 5% of voting shares, up to the level of individuals, at March 31, 2006:**

Table in thousands of Shares:

STOCKHOLDERS	COMMON		PREFERRED		TOTAL	
	No.	%	No.	%	No.	%
Paulo Pedro Bellini	12,313	28.83	1,892	2.71	14,205	12.63
Partibell - Part. Adm. Ltda	2,920	6.84	-	0.00	2,920	2.60
Jose Antonio Fernandes Martins	5,242	12.28	586	0.84	5,828	5.19
JM Part. e Adm. Ltda	1,279	3.00	-	0.00	1,279	1.14
Valter Antonio Gomes Pinto	4,686	10.97	110	0.16	4,796	4.27
Vate Part. e Adm. Ltda	1,261	2.95	-	0.00	1,261	1.12
<b>Subtotal Majority Stockholders</b>	<b>27,701</b>	<b>64.87</b>	<b>2,588</b>	<b>3.71</b>	<b>30,289</b>	<b>26.95</b>
Fund. Banco Central - CENTRUS	6,490	15.20	-	0.00	6,490	5.78
Fundo Bradesco Templeton	4,941	11.57	6,403	9.19	11,344	10.09
Raul Tessari	-	0.00	3,401	4.88	3,401	3.03
Caixa Prev. Banco Brasil - PREVI	-	0.00	3,776	5.42	3,776	3.36
Fundo Inv. Em Tit. E VM Librium	-	0.00	7,673	11.01	7,673	6.83
Foreign stockholders	-	0.00	24,838	35.65	24,838	22.10
Treasury stock	-	0.00	529	0.76	529	0.47
Other stockholders (*)	3,571	8.36	20,466	29.38	24,037	21.39
<b>TOTAL</b>	<b>42,703</b>	<b>100.00</b>	<b>69,674</b>	<b>100.00</b>	<b>112,377</b>	<b>100.00</b>
<b>PROPORTION</b>		<b>38.00</b>		<b>62.00</b>		<b>100.00</b>

\* In this item, there are no individual stockholders with more than 5% of voting shares.

**2 Composition of the capital of Partibell - Participações e Administração Ltda. at March 31, 2006:**

Table of quotas:

QUOTAHOLDERS	QUOTAS		
	No.	NOMINAL VALUE	%
Paulo Pedro Bellini	4,823,810	4,823,810	97.00
Maria Célia Festugatto Bellini	149,190	149,190	3.00
<b>TOTAL</b>	<b>4,973,000</b>	<b>4,973,000</b>	<b>100.00</b>

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**16.01 - OTHER INFORMATION CONSIDERED RELEVANT BY THE COMPANY**

**3 Composition of the capital of JM - Participações e Administração Ltda at March 31, 2006:**

Table of quotas:

QUOTAHOLDERS	QUOTAS		
	No.	NOMINAL VALUE	%
José Antonio Fernandes Martins	1	487,285,38	100.00
Hieldis Terezinha Souto Severo Fernandes Martins	1	16.42	0.00
José Antonio Severo Martins	1	1.67	0.00
Alberto Martins	1	1.67	0.00
<b>TOTAL</b>	<b>4</b>	<b>487,305,14</b>	<b>100.00</b>

**4 Composition of the capital of Vate - Participações e Administração Ltda. at March 31, 2006:**

Table of quotas:

QUOTAHOLDERS	QUOTAS		
	No.	NOMINAL VALUE	%
Valter Antonio Gomes Pinto	5,470,462	5,470,462	93.63
Therezinha Lourdes Comerlato Pinto	303,765	303,765	5.20
Viviane Maria Pinto	68,150	68,150	1.17
<b>TOTAL</b>	<b>5,842,377</b>	<b>5,842,377</b>	<b>100.00</b>

**5 Number and characteristics of the securities issued by the Company held by the groups of Majority Stockholders, Managers and Members of the Statutory Audit Board**

**Position at 3/31/2006**

Table in thousands of shares:

	Common shares	Preferred shares	Total shares
Majority stockholders (*)	27,816	2,738	30,554
Members of the Board of Directors	3	15	18
Officers	37	150	187
<b>Members of the Statutory Audit Board</b>	<b>1</b>	<b>36</b>	<b>37</b>

\* This item includes 116 common and 151 preferred shares of family members of the majority stockholder group.

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**16.01 - OTHER INFORMATION CONSIDERED RELEVANT BY THE COMPANY**

**Position at 3/31/2005**

Table in thousands of shares:

	Common shares	Preferred shares	Total shares
<b>Majority stockholders (*)</b>	<b>27,816</b>	<b>2,480</b>	<b>30,296</b>
<b>Members of the Board of Directors</b>	<b>5</b>	<b>16</b>	<b>21</b>
<b>Officers</b>	<b>37</b>	<b>119</b>	<b>156</b>
<b>Members of the Statutory Audit Board</b>	<b>1</b>	<b>36</b>	<b>37</b>

\* This item includes 116 common and 151 preferred shares of family members of the majority stockholder group.

**6 Outstanding shares at March 31, 2006**

Common		Preferred		Total	
Units	%	Units	%	Units	%
<b>14,845,752</b>	<b>34.76</b>	<b>66,204,205</b>	<b>95.02</b>	<b>81,049,274</b>	<b>72.12</b>

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### 17.01 - Report on the Special Review - Without exceptions

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(A free translation of the original in Portuguese)

## Report of Independent Accountants on the Limited Reviews

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

- 1 We have carried out limited reviews of the accounting information included in the Quarterly Information (ITR) of Marcopolo S.A. and its subsidiaries for the quarters ended March 31, 2006 and 2005. This information is the responsibility of the Company's management. The limited reviews of the financial information of the indirect subsidiary Polomex S.A. de C.V. were conducted by other independent accountants. In the financial statements of Marcopolo S.A., the direct investment in this company is evaluated on the equity method of accounting and represents an investment of R\$ 913 thousand at March 31, 2006 and the equity losses amount to R\$ 346 thousand (direct and indirect interest) in the quarter then ended (R\$ 819 thousand in profits produced by it in the quarter ended March 31, 2005). The financial information of this indirect subsidiary, with total assets of R\$ 72,537 thousand at March 31, 2006, is included in the consolidated quarterly information. Our report on the limited review, insofar as it refers to the amounts included for this company, is based solely on the reports of these other accountants.
- 2 Our reviews were carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the quarterly information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the Company's financial position and operations.

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**17.01 - Report on the Special Review - Without exceptions**

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- 3 Based on our limited reviews and on the reviews carried out by other independent accountants, we are not aware of any material modifications that should be made to the quarterly information referred to above in order that such information be stated in accordance with accounting practices adopted in Brazil applicable to the preparation of quarterly information, consistent with the Brazilian Securities Commission (CVM) regulations.
- 4 Our limited reviews were conducted for the purpose of issuing a report on the Quarterly Information (ITR) referred to in paragraph one above. The statement of cash flows for the quarters ended March 31, 2006 and 2005 is presented for purposes of additional analysis and is not a required part of the Quarterly Information (ITR). This information has been subjected to the limited review procedures applied described in paragraph two and, based on our limited reviews, and on the reviews carried out by other independent accountants, we are not aware of any material modifications that should be made to this statement in order for it to be in accordance with accounting practices adopted in Brazil, applicable to the preparation of the quarterly information.
- 5 The Quarterly Information (ITR) also includes accounting information for the quarter ended December 31, 2005. We audited such information at the time it was prepared, in connection with the audit of the financial statements as of and for the year then ended, on which we issued an unqualified opinion, sharing responsibility with the other independent accountants with regard to the investees that they audited, dated February 16, 2006.

Porto Alegre, April 20, 2006

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

Carlos Biedermann  
Contador CRC 1RS029321/O-4

(A free translation of the original in Portuguese)

**FEDERAL GOVERNMENT SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
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**SUBSIDIARY/ASSOCIATED COMPANY**

COMPANY NAME  
CIFERAL INDÚSTRIA DE ÔNIBUS LTDA.

**18.01 - STATEMENT OF INCOME OF THE SUBSIDIARY/ASSOCIATED COMPANY (R\$ thousand)**

1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2005 to 3/31/2005
3.01	Gross sales and/or service revenues	69,076	69,076	52,388	52,388
3.02	Revenue deductions	(11,260)	(11,260)	(10,455)	(10,455)
3.03	Net sales and/or service revenues	57,816	57,816	41,933	41,933
3.04	Cost of sales and/or services	(43,485)	(43,485)	(36,795)	(36,795)
3.05	Gross profit	14,331	14,331	5,138	5,138
3.06	Operating expenses/income	(4,171)	(4,171)	(4,862)	(4,862)
3.06.01	Selling	(2,389)	(2,389)	(1,938)	(1,938)
3.06.02	General and administrative	(1,398)	(1,398)	(1,451)	(1,451)
3.06.03	Financial	1,046	1,046	95	95
3.06.03.01	Financial income	2,093	2,093	359	359
3.06.03.02	Financial expenses	(1,407)	(1,047)	(264)	(264)
3.06.04	Other operating income	0	0	0	0
3.06.05	Other operating expenses	(1,430)	(1,430)	(1,568)	(1,568)
3.06.06	Equity in the earnings (loss) of subsidiary/associated companies	0	0	0	0
3.07	Operating profit	10,160	10,160	276	276
3.08	Non-operating results	0	0	40	40
3.08.01	Income	0	0	113	113
3.08.02	Expenses	0	0	73	73
3.09	Profit before taxation and profit sharing	10,160	10,160	316	316
3.10	Provision for income tax and social contribution on net income	(2,681)	(2,681)	(239)	(239)



(A free translation of the original in Portuguese)

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**SUBSIDIARY/ASSOCIATED COMPANY**

COMPANY NAME  
CIFERAL INDÚSTRIA DE ÔNIBUS LTDA.

**18.01 - STATEMENT OF INCOME OF THE SUBSIDIARY/ASSOCIATED COMPANY (R\$ thousand)**

1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2005 to 3/31/2005
3.11	Deferred income tax	(745)	(745)	30	30
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income for the period	6,734	6,734	107	107
	Number of shares (thousand), excluding treasury stock	494	494	494	494
	Net income per share	13.63158	13.63158	0.21660	0.21660
	Loss per share				

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**SUBSIDIARY/ASSOCIATED COMPANY:**  
CIFERAL INDÚSTRIA DE ÔNIBUS LTDA.

**18.02 - COMMENTS ON PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY**

The comments on the performance of the subsidiary/associated company are presented in Form 08.01 - Comments on Consolidated Performance During the Quarter.

(A free translation of the original in Portuguese)

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**SUBSIDIARY/ASSOCIATED COMPANY**

COMPANY NAME  
ILMOT INTERNATIONAL CORPORATION

**18.01 - STATEMENT OF INCOME OF THE SUBSIDIARY/ASSOCIATED COMPANY (R\$ thousand)**

1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2005 to 3/31/2005
3.01	Gross sales and/or service revenues	0	0	24,876	24,876
3.02	Revenue deductions	0	0	0	0
3.03	Net sales and/or service revenues	0	0	24,876	24,876
3.04	Cost of sales and/or services	0	0	(25,004)	(25,004)
3.05	Gross profit (loss)	0	0	(128)	(128)
3.06	Operating expenses/income	(270)	(270)	(2,100)	(2,100)
3.06.01	Selling	(181)	(181)	(231)	(231)
3.06.02	General and administrative	0	0	12	12
3.06.03	Financial	98	98	3,118	3,118
3.06.03.01	Financial income	108	108	290	290
3.06.03.02	Financial expenses	(10)	(10)	(2,828)	(2,828)
3.06.04	Other operating income	0	0	0	0
3.06.05	Other operating expenses	5	5	11	11
3.06.06	Equity in the earnings (loss) of subsidiaries	(192)	(192)	(4,964)	(4,964)
3.07	Operating profit (loss)	(270)	(270)	(2,228)	(2,228)
3.08	Non-operating results	21	21	0	0
3.08.01	Income	1,003	1,003	0	0
3.08.02	Expenses	(982)	(982)	0	0
3.09	Profit (loss) before taxation and profit sharing	(249)	(249)	(2,228)	(2,228)
3.10	Provision for income tax and social contribution on net income	0	0	0	0

(A free translation of the original in Portuguese)

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COMPANY NAME  
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**18.01 - STATEMENT OF INCOME OF THE SUBSIDIARY/ASSOCIATED COMPANY (R\$ thousand)**

1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2005 to 3/31/2005
3.11	Deferred income tax	0	0	0	0
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income (loss) for the period	(249)	(249)	(2,228)	(2,228)
	Number of shares (thousand), excluding treasury stock	154	154	154	154
	Net income per share				
	Loss per share	(1.61688)	(1.61688)	(14.46753)	(14.46753)

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**SUBSIDIARY/ASSOCIATED COMPANY:**  
ILMOT INTERNATIONAL CORPORATION

**18.02 - COMMENTS ON PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY**

The comments on the performance of the subsidiary/associated company are presented in Form 08.01 - Comments on Consolidated Performance During the Quarter.

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MVC COMPONENTES PLÁSTICOS LTDA.

**18.01 - STATEMENT OF INCOME OF THE SUBSIDIARY/ASSOCIATED COMPANY (R\$ thousand)**

1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2005 to 3/31/2005
3.01	Gross sales and/or service revenues	32,329	32,329	32,111	32,111
3.02	Revenue deductions	(9,068)	(9,068)	(7,078)	(7,078)
3.03	Net sales and/or service revenues	23,261	23,261	25,033	25,033
3.04	Cost of sales and/or services	(18,502)	(18,502)	(20,158)	(20,158)
3.05	Gross profit	4,759	4,759	4,875	4,875
3.06	Operating expenses/income	(3,807)	(3,807)	(3,609)	(3,609)
3.06.01	Selling	(1,408)	(1,408)	(1,046)	(1,046)
3.06.02	General and administrative	(1,052)	(1,052)	(937)	(937)
3.06.03	Financial	(1,625)	(1,625)	(1,217)	(1,217)
3.06.03.01	Financial income	359	359	714	714
3.06.03.02	Financial expenses	(1,984)	(1,984)	(1,931)	(1,931)
3.06.04	Other operating income	309	309	0	0
3.06.05	Other operating expenses	0	0	280	280
3.06.06	Equity in the earnings (losses) of subsidiaries	(31)	(31)	(129)	(129)
3.07	Operating profit (loss)	952	952	1,266	1,266
3.08	Non-operating result	(11)	(11)	(45)	(45)
3.08.01	Income	(4)	(4)	(22)	(22)
3.08.02	Expenses	(7)	(7)	(23)	(23)
3.09	Profit (loss) before taxation and profit sharing	941	941	1,221	(1,221)
3.10	Provision for income tax and social contribution on net income	(22)	(22)	(546)	(546)

(A free translation of the original in Portuguese)

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COMPANY NAME

MVC COMPONENTES PLÁSTICOS LTDA.

**18.01 - STATEMENT OF INCOME OF THE SUBSIDIARY/ASSOCIATED COMPANY (R\$ thousand)**

1 - Code	2 - Description	3 - 1/1/2006 to 3/31/2006	4 - 1/1/2006 to 3/31/2006	5 - 1/1/2005 to 3/31/2005	6 - 1/1/2005 to 3/31/2005
3.11	Deferred income tax	(14)	(14)	(120)	(120)
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income (loss) for the period	905	905	555	555
	Number of shares (thousand), excluding treasury stock	34,999	34,999	34,999	34,999
	Net income per share	0.02586	0.02586	0.01586	0.01586
	Loss per share				

(A free translation of the original in Portuguese)  
**FEDERAL GOVERNMENT SERVICE**  
**BRAZILIAN SECURITIES COMMISSION (CVM)**  
**QUARTERLY INFORMATION (ITR)**  
**COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

**Unaudited**

Corporate Legislation  
March 31, 2006

01 - IDENTIFICATION		
1 - CVM CODE	2 - COMPANY NAME	3 - National Corporate Taxpayers' Registry (CNPJ)
00845-1	MARCOPOLO S.A.	88.611.835/0001-29

**SUBSIDIARY/ASSOCIATED COMPANY:**  
MVC COMPONENTES PLÁSTICOS LTDA.

**18.02 - COMMENTS ON PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY**

The comments on the performance of the subsidiary/associated company are presented in Form 08.01 - Comments on Consolidated Performance During the Quarter.



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