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(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Management and Shareholders of
Tupy S.A.
São Paulo, SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Tupy S.A. ("Company"), included in the Interim Financial Information (ITR) form for the period ended September 30, 2011, which comprise the balance sheets and the statements of income, statements of changes in equity and statements of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the individual interim financial information, in accordance with Technical Pronouncement CPC 21 - Interim Financial Reporting, and of the consolidated interim financial information, in accordance with CPC 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM), which are applicable to the preparation of the Interim Financial Information (ITR). Our responsibility is to express an opinion on these interim financial information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.

Other matters

Interim financial statements of value added

We have also reviewed the individual and consolidated interim statements of value added (DVA) for the period ended September 30, 2011, the presentation of which is required by the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Interim Financial Information (ITR), and is considered as supplemental information for IFRS that does not require the presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

Joinville, November 14, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Wagner Promenzio
Engagement Partner



São Paulo - SP, November 14, 2011. Tupy S.A. (BM&F Bovespa - TUPY3 and TUPY4), which holds a solid position in the domestic and foreign foundry markets as the second largest independent foundry of cast iron engine blocks and cylinder heads and the largest in Latin America, announces its results for the third quarter of 2011 (3Q2011) and first nine months (9M2011) ended September 30, 2011. The Company's information is expressed in thousands of Brazilian reais (R$), unless otherwise stated, in accordance with International Financial Reporting Standards (IFRS). All comparisons refer to the same period of 2010 (3Q2010), unless otherwise stated.

TUPY S.A - RESULTS 3Q2011 / 9M2011

"OPERATING REVENUE REACHES R$1,634.9 MILLION AND ADJUSTED EBITDA ACHIEVES R$261.9 MILLION FROM JANUARY TO SEPTEMBER 2011."

Data - 9/30/2011
TUPY3: R$26.99 per share

Investor Relations Officer

Luiz Tarquínio Sardinha Ferro
CEO

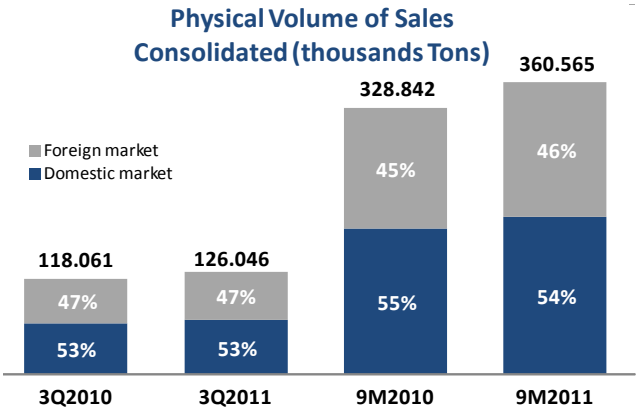
Phone: *(47) 4009-8231*
e-mail: *dri@tupy.com.br*

HIGHLIGHTS FOR THE PERIOD (3Q2011 over 3Q2010)

- **Sales volume** totaled 126.0 thousand tonnes, up 7 %.
- **Operating Revenue** of R$587.2 million, up 13%.
- **Profit After Financial Income (Expenses)** of R$96.4 million, close to that posted for 3Q2010.
- **Adjusted EBITDA** of R$100.1 million, down by 13%.
- **Net Profit** of R$61.8 million, accounting for 11% of the operating revenue and a 5% growth.
- **Net cash provided by operating activities** of R$74.0 million against R$81.8 million, down by 10%.
- **Cash and Cash Equivalents** of R$742.8 million.
- **Net Debt** of R$335.8 million, a 5% growth.
- **Investments** of R$181.4 million in the first nine months against R$96.9 million over the same period of last year.

SALES VOLUME

PHYSICAL VOLUME OF SALES	Consolidated (in thousands tons)					
	3 Q 2011	3 Q 2010	Variation	9 M 2011	9 M 2010	Variation
Domestic market	67,385	63,096	7%	194,009	179,683	8%
Participation%	**53%**	**53%**		**54%**	**55%**	
Foreign market	58,661	54,965	7%	166,556	149,159	12%
Participation%	**47%**	**47%**		**46%**	**45%**	
Total physical volume	**126,046**	**118,061**	**7%**	**360,565**	**328,842**	**10%**



In the 3Q2011, sales volume totaled 126.0 thousand tonnes, a 7% growth in domestic and foreign markets.

In the 9M2011, sales volume totaled 360.6 thousand tonnes, 10% higher over the same period of last year and increased share in the foreign market.

PERFORMANCE HIGHLIGHTS

SUMMARY RESULTS	Consolidated (in thousands of Brazilian reais)					
	3 Q 2011	3 Q 2010	Variation	9 M 2011	9 M 2010	Variation
Operating revenue	**587,204**	**520,915**	**13%**	**1,634,875**	**1,395,848**	**17%**
Domestic market	315,778	288,012	10%	895,520	791,414	13%
Foreign market	271,426	232,903	17%	739,355	604,434	22%
Cost of sales and expenses	(506,433)	(423,596)	20%	(1,430,493)	(1,186,125)	21%
Profit before financial income	80,771	97,319	-17%	204,382	209,723	-3%
% of operating revenue	**14%**	**19%**		**13%**	**15%**	
Financial (expenses) income, net	15,605	(676)	-2408%	28,745	851	3278%
Profit after financial income (expenses)	96,376	96,643	0%	233,127	210,574	11%
% of operating revenue	**16%**	**19%**		**14%**	**15%**	
Other operating income (expenses)	(8,236)	(34,412)	-76%	(20,645)	(45,811)	-55%
Profit before taxes	88,140	62,231	42%	212,482	164,763	29%
% of operating revenue	**15%**	**12%**		**13%**	**12%**	
Income tax end social contribution	(26,349)	(3,477)	658%	(69,287)	(41,963)	65%
Profit for the period	61,791	58,754	5%	143,195	122,800	17%
% of operating revenue	**11%**	**11%**		**9%**	**9%**	

OPERATING PERFORMANCE OF RESULTS

3Q2011 closed with a 12.7% increase in Operating Revenue, whereas Cost of Sales and Operating Expenses recorded a variance of 19.6% when compared to the same quarter of last year. Highlights are summarized below:

Operating Revenue (12.7%):

- Growth in sales volume (7.0%);
- Prices were adjusted to pass on inflation costs, especially for metal inputs (7.5%);
- Appreciation of the Brazilian real compared to the same period of 2010 (average rate of R$/US$1.66 against R$/US$1.73), which adversely affected sales to the foreign market (-1.8%).

"Improvements in productivity are expected when the Company's expansion investments are placed into operation."

Costs of Sales and Operating Expenses (19.6%):

- Growth in sales volume (7.0%);
- Inflation costs of inputs, electric power, and labor (3.1%);
- Decrease in productivity due to inefficient use of equipment to meet the increase in demand and execute the investment plan (9.5%).

Improvements in productivity are expected when the Company's expansion investments are placed into operation.

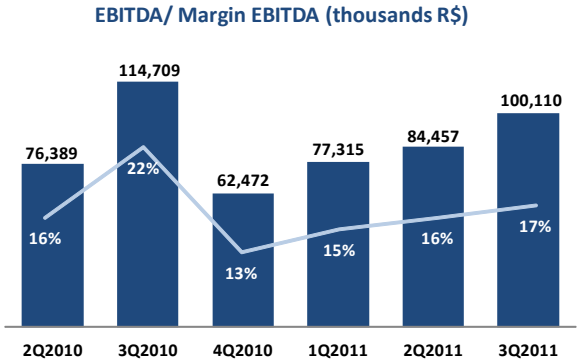
Considering the effects above, profit before financial income (expenses) recorded R$80.8 million, 14% of the operating revenue, against R$97.3 million recorded in the same period of 2010, accounting for 19% of the operating revenue for that period. In absolute values, there was a reduction of 17%.

Net financial income of R$15.6 million against net financial expense of R$0.7 million in the same period of 2010 includes gains from financial investments due to higher balance of cash and cash equivalents in relation to the first nine months of prior year.

Net profit in the quarter was R$61.8 million, against R$58.7 million in the same period of previous year, representing a growth of 5% and a margin of 11% of the operating revenue, the same as that recorded in the same period of 2010.

Adjusted EBITDA

RECONCILIATION OF NET INCOME TO EBITDA	Consolidated (in thousands of Brazilian reais)					
	3 Q 2011	3 Q 2010	Variation	9 M 2011	9 M 2010	Variation
Profit for the period	61,791	58,754	5%	143,195	122,800	17%
(-) Financial (expenses) income, net	15,605	(676)	-2408%	28,745	851	3278%
(+) Income tax end social contribution	26,349	3,477	658%	69,287	41,963	65%
(+) Depreciation and amortization	19,844	17,800	11%	58,901	53,377	10%
= EBITDA (following the methodology of Circular Letter number 01/07 CVM)	92,379	80,707	14%	242,638	217,289	12%
Margin EBITDA	**16%**	**15%**		**15%**	**16%**	
(+) Other operating income (expenses) *(except for depreciation of non-operating assets)*	7,731	34,002	-77%	19,245	44,797	-57%
= EBITDA Adjusted	**100,110**	**114,709**	**-13%**	**261,883**	**262,086**	**0%**
Margin EBITDA Adjusted	**17%**	**22%**		**16%**	**19%**	



Adjusted EBITDA in the 3Q2011 decreased by 13% over the same quarter of 2010, totaling R$100.1 million (17% on operating revenue), against the amount of R$114.7 million recorded in the same quarter of 2010, or 22% on the operating income.

The main reasons for such adjusted EBITDA are the same as those already mentioned for changes in the performance of results.

Adjusted EBITDA correspond to earnings plus income tax and social contribution, financial income (expenses), depreciation and amortization, adjusted by the addition of other operating expenses or reduction of other operating income, net.

CASH FLOW/NET DEBT

CASH FLOW SUMMARY	Consolidated (in thousands of Brazilian reais)					
	3 Q 2011	3 Q 2010	Variation	9 M 2011	9 M 2010	Variation
Cash and cash equivalents for the period ended	**742,820**	**562,262**	**32%**	**742,820**	**562,262**	**32%**
Cash flows from operating activities:	74,021	81,848	-10%	186,051	209,981	-11%
Cash flows from investing activities:	(76,543)	(32,011)	139%	(181,393)	(96,931)	87%
Cash flows from financing activities:	264,650	186,554	42%	160,116	14,183	1029%
Effect of exchanges differences on cash for the year	1,317	(11,058)	-112%	(320)	(2,211)	-86%
Increase in cash and cash equivalents	**263,445**	**225,333**	**17%**	**164,454**	**125,022**	**32%**

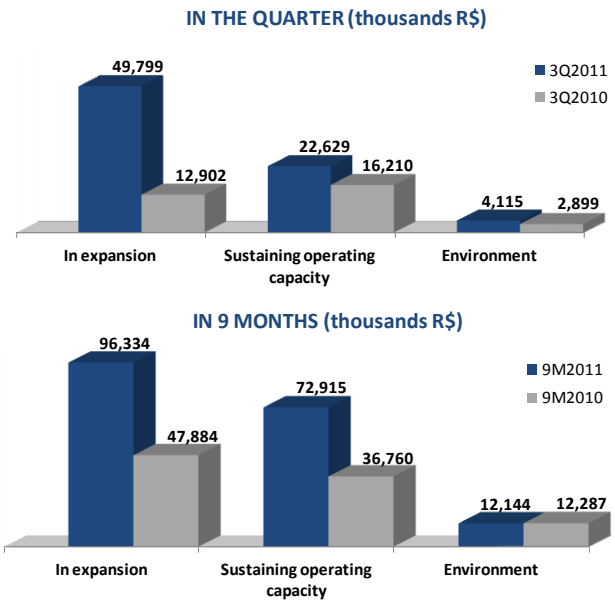
DEBT	Consolidated (in thousands of Brazilian reais)					
	3 Q 2011	3 Q 2010	Variation	9 M 2011	9 M 2010	Variation
Bank debt - short term	370,036	71,548	70,429	75,718	87,769	140,496
Bank debt - long term	708,567	727,721	748,547	762,599	749,646	485,749
Total debt	**1,078,603**	**799,269**	**818,976**	**838,317**	**837,415**	**626,245**
(-) Cash and cash equivalents	742,820	479,375	589,783	578,366	562,262	336,929
(=) Net debt	**335,783**	**319,894**	**229,193**	**259,951**	**275,153**	**289,316**

"The Company closed the 3Q2011 with a cash balance of R$742.8 million"

The Company closed the 3Q2011 with a cash balance of R$742.8 million, representing an increase of R$263.4 million from the previous quarter, due to long-term borrowings raised to meet short-term cash requirements, thus ensuring that the debt profile could be maintained.

In the 3Q2011, net debt stood at R$335.8 million (R$320.0 million in the previous quarter).

INVESTMENTS



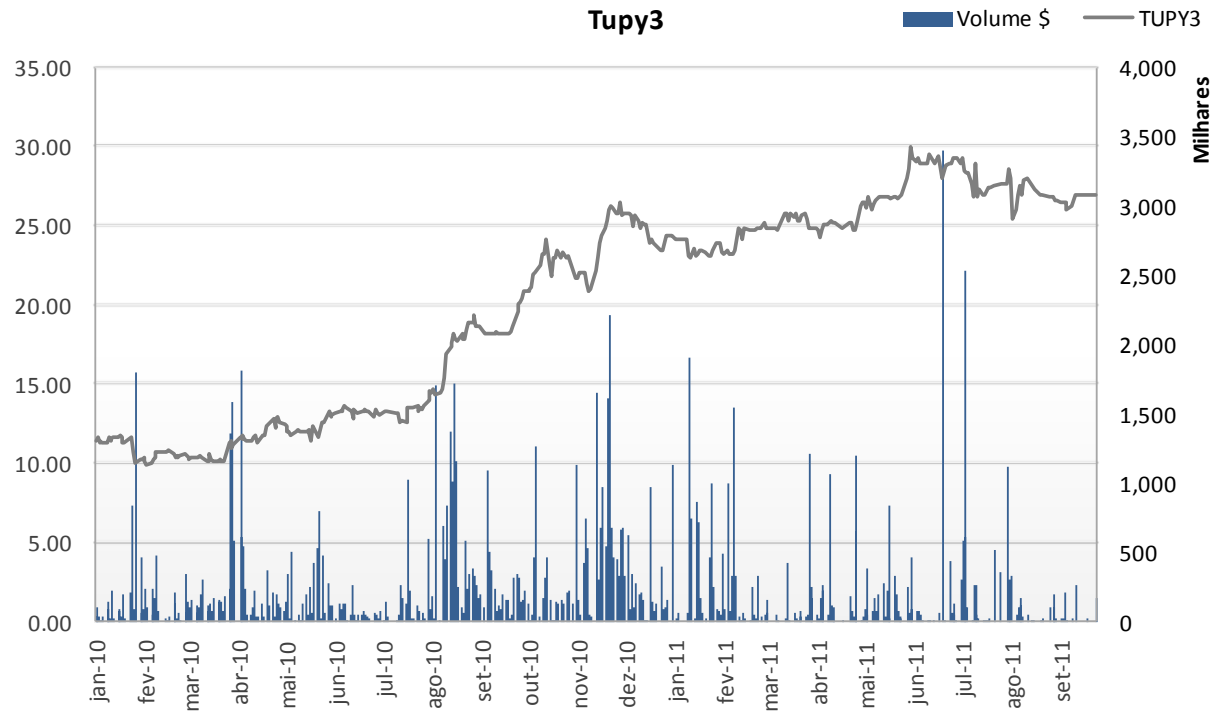
In the 3Q2011, investments amounted to R$76.5 million, 139.1% higher than that for the 3Q2010, and comprise the capacity expansions (R$49.8 million), maintenance of the operating capacity (R$22.6 million) and environment (R$4.1 million).

In the 9M2011, total investments totaled R$181.4 million, up 87.1% from the same period of 2010. In addition to the investments made to maintain the operations and improve the environmental area, the Company has also expanded the production capacity of its plant in Joinville and expects to complete within this year the reconstruction of one of its foundry units intended for the manufacture of engine blocks and cylinder heads.

CAPITAL MARKETS

The trading volume and the highest and lowest price of the bonds traded on stock exchanges or on over-the-counter markets are as follows:

TUPY3 - ON (code of paper)			
	Average daily volume (R$)	Highest price (R$)	Lowest price (R$)
3rd quarter 2011	209,276.51	29.26	25.50
2nd quarter 2011	231,081.67	30.00	24.30
1st quarter 2011	280,422.58	25.84	22.96
4th quarter 2010	372,036.48	29.00	21.29
3rd quarter 2010	301.643,03	21.99	12.70
2nd quarter 2010	185.500,16	14.80	11.50
1st quarter 2010	203.631,05	13.70	11.00


Tupy3
Volume $
TUPY3
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Milhares
jan-10
fev-10
mar-10
abr-10
mai-10
jun-10
jul-10
ago-10
set-10
out-10
nov-10
dez-10
jan-11
fev-11
mar-11
abr-11
mai-11
jun-11
jul-11
ago-11
set-11

(Convenience Translation into English from the Original Previously Issued in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(In thousands of Brazilian reais - R$)

A S S E T S

		Company		Consolidated	
	Note	09/30/11	12/31/10	09/30/11	12/31/10
CURRENT ASSETS					
Cash and cash equivalents	3	729,160	558,168	742,820	578,366
Trade receivables, net	5	262,177	200,615	296,181	214,737
Inventories	6	173,835	172,663	197,493	201,196
Third-party tools		44,476	30,259	44,476	30,259
Recoverable taxes	7	30,431	18,433	35,392	23,758
Notes and other receivables		19,547	18,045	29,974	18,945
Held-for-sale assets	11	-	-	-	4,574
Total current assets		1,259,626	998,183	1,346,336	1,071,835
NONCURRENT ASSETS					
Long-term cash investments	4	22,874	19,963	22,874	19,963
Recoverable taxes	7	159,974	190,215	161,774	192,213
Deferred income tax and social contribution	8	78,143	82,747	82,056	85,229
Eletrobrás receivables	10	94,831	90,284	94,831	90,284
Escrow and other deposits		6,130	2,961	6,897	3,626
Investments:					
Subsidiaries	12	84,038	75,686	-	-
Other investments	12	1,364	582	1,364	922
Property, plant and equipment	13	1,077,046	955,870	1,087,199	961,249
Total noncurrent assets		1,524,400	1,418,308	1,456,995	1,353,486
Total assets		2,784,026	2,416,491	2,803,331	2,425,321

(Convenience Translation into English from the Original Previously Issued in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(In thousands of Brazilian reais - R$)

LIABILITIES AND EQUITY

		Company		Consolidated	
	Note	09/30/11	12/31/10	09/30/11	12/31/10
CURRENT LIABILITIES					
Trade payables		159,792	119,276	162,360	121,291
Borrowings and financing	14	370,036	75,718	370,036	75,718
Taxes and payroll taxes in installments	15	11,732	11,193	11,732	11,193
Taxes payable		14,270	2,454	15,732	2,963
Payroll, related taxes and profit sharing	16	92,981	89,901	93,477	90,687
Advances from customers		31,834	38,946	43,782	56,015
Dividends and interests on capital		134	42,933	134	42,933
Notes and other payables		33,239	32,098	37,287	25,248
Total current liabilities		714,018	412,519	734,540	426,048
NONCURRENT LIABILITIES					
Borrowings and financing	14	708,567	762,599	708,567	762,599
Taxes and payroll taxes in installments	15	7,392	14,372	7,392	14,372
Subsidiaries and associates	9	1,719	5,728	-	-
Provisions for tax, civil, social security, and labor contingencies	17	161,830	150,903	162,332	151,932
Deferred taxes on revaluation reserves	8	97,551	97,138	97,551	97,138
Other noncurrent liabilities		1,001	2,473	1,001	2,473
Total noncurrent liabilities		978,060	1,033,213	976,843	1,028,514
EQUITY					
Capital	18	398,395	398,395	398,395	398,395
Valuation adjustments to equity	18	135,741	148,490	135,741	148,490
Earnings reserve		401,868	423,874	401,868	423,874
Retained earnings		155,944	-	155,944	-
Total equity		1,091,948	970,759	1,091,948	970,759
Total liabilities and equity		2,784,026	2,416,491	2,803,331	2,425,321

(Convenience Translation into English from the Original Previously Issued in Portuguese)

TUPY S.A. AND SUBSIDIARIES

INCOME STATEMENT
FOR THE QUARTERS ENDED SEPTEMBER 30, 2011 AND 2010
(In thousands of Brazilian reais - R$, except earnings per share)

		Company		Consolidated	
	Note	07/01/11 09/30/11	07/01/10 09/30/10	07/01/11 09/30/11	07/01/10 09/30/10
OPERATING REVENUE	19	570,296	525,791	587,204	520,915
Cost of sales	20	(452,804)	(396,512)	(461,323)	(385,376)
GROSS PROFIT		117,492	129,279	125,881	135,539
Selling expenses	20	(25,946)	(22,155)	(30,800)	(25,930)
Administrative expenses	20	(12,040)	(9,130)	(12,741)	(10,545)
Management compensation		(1,569)	(1,745)	(1,569)	(1,745)
PROFIT BEFORE FINANCIAL INCOME (EXPENSES), EQUITY IN SUBSIDIARIES, AND TAXATION		77,937	96,249	80,771	97,319
Financial expenses	21	(9,572)	(8,565)	(10,419)	(10,301)
Financial income	21	15,809	9,140	17,089	9,849
Inflation adjustment and exchange differences, net	21	3,283	833	8,935	(224)
PROFIT AFTER FINANCIAL INCOME (EXPENSES)		87,457	97,657	96,376	96,643
Equity in subsidiaries		9,554	51,073	-	-
Other operating income (expenses)	22	(8,793)	(86,520)	(8,236)	(34,412)
OPERATING PROFIT		88,218	62,210	88,140	62,231
Income tax and social contribution	23	(26,427)	(3,456)	(26,349)	(3,477)
PROFIT FOR THE YEAR		61,791	58,754	61,791	58,754
EARNINGS PER SHARE					
Basic and diluted earnings per share	24	1.0814	1.0283		

(Convenience Translation into English from the Original Previously Issued in Portuguese)

TUPY S.A. AND SUBSIDIARIES

INCOME STATEMENT
FOR THE PERIODS ENDED SEPTEMBER 30, 2011 AND 2010
(In thousands of Brazilian reais - R$, except earnings per share)

		Company		Consolidated	
	Note	09/30/11	09/30/10	09/30/11	09/30/10
OPERATING REVENUE	19	1,598,186	1,381,376	1,634,875	1,395,848
Cost of sales	20	(1,289,383)	(1,092,119)	(1,299,518)	(1,081,894)
GROSS PROFIT		308,803	289,257	335,357	313,954
Selling expenses	20	(76,633)	(57,073)	(90,271)	(67,665)
Administrative expenses	20	(35,231)	(28,625)	(37,325)	(31,428)
Management compensation	9	(3,379)	(5,138)	(3,379)	(5,138)
PROFIT BEFORE FINANCIAL INCOME (EXPENSES), EQUITY IN SUBSIDIARIES, AND TAXATION		193,560	198,421	204,382	209,723
Financial expenses	21	(28,782)	(27,262)	(30,778)	(30,813)
Financial income	21	49,156	28,132	50,449	30,772
Inflation adjustment and exchange differences, net	21	6,799	4,533	9,074	892
PROFIT AFTER FINANCIAL INCOME (EXPENSES)		220,733	203,824	233,127	210,574
Equity in subsidiaries	12	12,218	49,016	-	-
Other operating income (expenses)	22	(22,367)	(91,481)	(20,645)	(45,811)
OPERATING PROFIT		210,584	161,359	212,482	164,763
Income tax and social contribution	23	(67,389)	(38,559)	(69,287)	(41,963)
PROFIT FOR THE YEAR		143,195	122,800	143,195	122,800
EARNINGS PER SHARE					
Basic and diluted earnings per share	24	2.5061	2.1492		

(Convenience Translation into English from the Original Previously Issued in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2011 AND 2010
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
Cash flows from operating activities:	Note	09/30/11	09/30/10	09/30/11	09/30/10
Profit for the year		210,584	161,359	212,482	164,763
Adjustments to reconcile profit for the year with cash provided by operating activities					
Depreciation and amortization	13	58,805	53,149	58,901	53,377
Equity in subsidiaries	12	(12,218)	(49,016)	-	-
Write-off fixed asset	13	1,133	-	1,147	-
Accrued interest and exchange differences		38,779	22,871	39,692	37,032
Allowance for doubtful accounts	5	444	607	444	607
Provision for invetory losses	6	(1,697)	-	(1,697)	-
Provisions for tax, civil, social security, and labor contingencies	17	(632)	31,858	(1,158)	(22,319)
Other noncurrent liabilities		(1,472)	(855)	(1,472)	(855)
Impacts of REFIS	22	-	48,581	-	48,581
		293,726	268,554	308,339	281,186
Changes in operating assets and liabilities:					
Trade receivables		(62,006)	(109,718)	(81,888)	(90,053)
Inventories		525	(22,143)	5,400	(31,002)
Customers' tools		(14,217)	18,098	(14,217)	18,098
Recoverable taxes		21,367	20,770	21,929	21,084
Notes and other receivables		(1,502)	(3,110)	(11,029)	(3,292)
Escrow and other deposits		(3,163)	-	(3,264)	-
Trade payables		40,516	29,328	41,069	28,549
Taxes payable		11,816	1,691	12,769	2,467
Payroll, related taxes and profit sharing		3,080	50,054	2,790	50,145
Advances from customers		(7,112)	(11,602)	(12,233)	(5,962)
Notes and other payables		1,141	2,652	12,039	4,783
Interest paid		(29,951)	(18,668)	(29,951)	(18,668)
Income tax and social contribution paid		(62,372)	(41,574)	(65,701)	(47,354)
		(101,878)	(84,222)	(122,287)	(71,205)
Net cash provided by operating activities		191,848	184,332	186,052	209,981
Cash flows from investing activities:					
Increase in property and equipment	13	(181,114)	(96,807)	(181,393)	(96,931)
Net cash used in investing activities		(181,114)	(96,807)	(181,393)	(96,931)
Cash flows from financing activities:					
Repayment of borrowings and financing		(55,435)	(110,385)	(55,435)	(110,385)
Amortization of taxes in installments		(7,038)	(88,104)	(7,038)	(88,104)
New borrowings and financing		290,305	282,836	290,305	282,836
Subsidiaries and associates		(183)	(46)	-	-
Interest on capital and dividends paid		(64,805)	(64,889)	(64,805)	(64,889)
Long-term cash investments	4	(2,911)	(5,275)	(2,911)	(5,275)
Net cash provided by financing activities		159,933	14,137	160,116	14,183
Effect of exchanges differences on cash for the year		325	3,025	(320)	(2,211)
Increase in cash and cash equivalents		170,992	104,687	164,455	125,022
Cash and cash equivalents at beginning of periods		558,168	408,578	578,366	437,240
Cash and cash equivalents at end of periods		729,160	513,265	742,821	562,262

(Convenience Translation into English from the Original Previously Issued in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
(In thousands of Brazilian reais - R$)

			Earnings reserves				
	Capital	Valuation adjustments to equity	Legal reserve	Investment reserve	Proposed additional dividends	Retained earnings	Total
BALANCE AT DECEMBER 31, 2009	**398,395**	**164,160**	**19,562**	**277,144**	**22,348**	**-**	**881,609**
Profit for the year	-	-	-	-	-	122,800	122,800
Realization of valuation adjustments to equity	-	(12,616)	-	-	-	12,616	-
Approval of additional dividends of 2009	-	-	-	-	(22,348)	-	(22,348)
BALANCE AT SEPTEMBER 30, 2010	**398,395**	**151,544**	**19,562**	**277,144**	**-**	**135,416**	**982,061**
BALANCE AT DECEMBER 31, 2010	**398,395**	**148,490**	**27,284**	**374,584**	**22,006**	**-**	**970,759**
Profit for the year	-	-	-	-	-	143,195	143,195
Realization of valuation adjustments to equity	-	(12,749)	-	-	-	12,749	-
Approval of additional dividends of 2010	-	-	-	-	(22,006)	-	(22,006)
BALANCE AT SEPTEMBER 30, 2011	**398,395**	**135,741**	**27,284**	**374,584**	**-**	**155,944**	**1,091,948**

(Convenience Translation into English from the Original Previously Issued in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE PERIODS ENDED SEPTEMBER 30, 2011 AND 2010
(Em milhares de reais)

		Company		Consolidated	
	Note	09/30/11	09/30/10	09/30/11	09/30/10
Creation of wealth		1,833,192	1,587,282	1,869,894	1,601,865
Product sales less returns and discounts	19	1,833,636	1,587,888	1,870,338	1,602,471
Allowance for doubtful accounts	5	(444)	(606)	(444)	(606)
(-) Inputs purchased from third parties		1,242,840	1,119,791	1,265,002	1,080,458
Raw and processing materials consumed		916,923	796,068	920,712	785,826
Supplies, power, outside services and other		325,917	323,723	344,290	294,632
GROSS VALUE ADDED		590,352	467,491	604,892	521,407
Retentions:		58,805	53,149	58,901	53,377
Depreciation and amortization	13	58,805	53,149	58,901	53,377
Wealth created		531,547	414,342	545,991	468,030
Wealth received in transfer		61,374	77,148	50,449	30,772
Equity in subsidiaries	12	12,218	49,016	-	-
Financial income	21	49,156	28,132	50,449	30,772
WEALTH FOR DISTRIBUTION		**592,921**	**491,490**	**596,440**	**498,802**
Distribution of value added					
Personnel		259,279	222,441	260,921	218,650
Employees		181,738	141,294	183,139	137,896
Payroll taxes - Severance Pay Fund (FGTS)		21,766	17,513	21,766	17,513
Profit sharing		6,670	24,569	6,670	24,732
Management compensation		3,379	5,138	3,379	5,138
Occupational health and safety		31,638	24,627	31,638	24,627
Meals		8,703	6,739	8,703	6,739
Education, training and professional development		1,842	797	1,860	819
Other		3,543	1,764	3,766	1,186
Government		168,464	123,520	170,620	127,431
Federal taxes and fees		163,291	117,660	165,310	121,325
State taxes		3,073	4,570	3,073	4,570
Municipal and other taxes		2,100	1,290	2,237	1,536
Lenders and lessors		21,983	22,729	21,704	29,921
Financial expenses	21	28,782	27,262	30,778	30,813
Inflation adjustment and exchange differences, net	21	(6,799)	(4,533)	(9,074)	(892)
Shareholders		143,195	122,800	143,195	122,800
Retained earnings		143,195	122,800	143,195	122,800
TOTAL WEALTH		**592,921**	**491,490**	**596,440**	**498,802**

1. GENERAL INFORMATION

Tupy S.A. ("Tupy" or "Company") is a corporation established in Brazil, with manufacturing plants in Joinville, Santa Catarina State, and Mauá, São Paulo State. Tupy holds a solid position in the domestic and foreign foundry markets as the second largest independent foundry of cast iron engine blocks and cylinder heads and the largest in Latin America. It has a diversified customer base in the Americas, Europe, and is engaged in the manufacturing of automotive and industrial products. (Note 26)

In addition to its plants, the Company has the following wholly-owned subsidiaries:

- Tupy American Foundry Co., located in the United States, and Tupy Europe GmbH, headquartered in Germany, are engaged in logistics, the sale of and provision of technical assistance for automotive products sold to customers in North America and Europe;

- Tupy American Iron & Alloys Co., located in the United States, and Tupy Argentina S.R.L., headquartered in Argentina, are engaged in logistics, the sale of and provision of technical assistance for automotive products sold to customers in North America and Argentina;

- Tupy Agroenergética Ltda., Brazilian company located in Joinville, Santa Catarina, operating in the reforestation segment, originally established to provide alternative sources of energy and whose assets are currently being sold;

- Sociedade Técnica de Fundições Gerais S.A. – Sofunge, "under liquidation".

2. PRESENTATION AND PREPARATION OF INTERIM FINANCIAL STATEMENTS

The Company's interim financial statements comprise:

- The parent company's individual interim financial statements identified as Company, which were prepared and are presented in accordance with Technical Pronouncement CPC 21 – Interim Financial Reporting, pursuant to the terms of the Brazilian Corporation Law as well as the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Statements (ITR) and incorporate the amendments brought by Laws 11638/07 and 11941/09; and

- The consolidated interim financial statements indentified as Consolidated, prepared in accordance with IAS 34 – Interim Financial Reporting, issued by the International

Accounting Standards Board (IASB), and CPC 21 – Interim Financial Reporting, and presented in conformity with the standards issued by the CVM.

The individual interim financial statements present the valuation of investments in subsidiaries by the equity method of accounting, pursuant to prevailing Brazilian statutes. Accordingly, these individual interim financial statements are not considered as in accordance with IFRSs, which require the measurement of such investments in separate interim financial statements of the parent, at their fair values or at cost.

As there is no difference between the consolidated equity and the consolidated profit attributable to the owners of the Company, disclosed in the consolidated interim financial statements prepared in accordance with IFRSs and the accounting practices adopted in Brazil, and the Company's equity and profit disclosed in the individual interim financial statements prepared in accordance with accounting practices adopted in Brazil, the Company opted for presenting these individual and consolidated interim financial statements in a single set, side by side.

2.1. Basis of preparation and functional and reporting currency

The interim financial statements have been prepared based on the historical cost, except for certain financial instruments measured at their fair values, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

The functional currency of the Company and its subsidiaries is the Brazilian Real (R$), which is also the currency used in the preparation and reporting of the Company's individual and consolidated interim financial information.

2.2. Use of estimates and judgment

The preparation of individual and consolidated financial statements pursuant to IFRSs and the accounting practices adopted in Brazil requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and assumptions are reviewed at the end of each annual reporting period. Revised accounting estimates are recognized in the period in which estimates are reviewed and in any affected future periods.

Information on assumptions and estimates with a significant risk of resulting in a material adjustment in the following year is disclosed in the notes Deferred income tax and social contribution (note 08), Provisions for tax, civil, social security and labor contingencies (note 17), and Financial instruments (note 27).

2.3. Significant accounting polices

The accounting policies described in detail below have been consistently applied in all the periods presented in these individual and consolidated interim financial

statements, just as they were applied to the individual and consolidated Financial Statements as of December 31, 2010.

a. Basis of consolidation

Subsidiaries

The consolidated interim financial statements incorporate the interim financial statements of the subsidiaries. The accounting policies of the subsidiaries are aligned with the policies used by the Company.

Interim financial information on subsidiaries and is recognized in the individual interim financial statements of the Company by the equity method of accounting.

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Unrealized gains or losses arising from transactions with subsidiaries, are eliminated against the investment to the extent of the Company's interest in the subsidiary.

b. Foreign currency

Foreign currency transactions

Foreign currency-denominated transactions are translated into the Company's functional currency at the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, assets and liabilities denominated and determine in foreign currencies are translated into the functional currency at the rates prevailing at that date. Exchange differences are recognized in profit or loss in the period in which they arise.

Foreign subsidiaries' operations

The balance sheet and income and expense information of subsidiaries that use functional currencies other than the Company's functional currency are translated into the presentation currency, the Brazilian real (R$), as follows:

- Assets and liabilities are translated into Brazilian reais (R$) using exchange rates prevailing at the end of the reporting period;
- Income and expense from foreign operations are translated into Brazilian reais (R$) at the average monthly exchange rates; and
- As these subsidiaries do not have their own management bodies or administrative autonomy, do not enter into own transactions, and, in substance, operate as an extension of the Company, the exchange effects on investments in subsidiaries are recognized in profit for the year.

c. Financial instruments

Financial assets and financial liabilities are recognized when the Company is a party to the underlying contract.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities are added to or deducted from the fair values of financial assets and financial liabilities after their initial recognition, if applicable, and are immediately recognized in profit or loss.

When the Company has the legal right of offset amounts and the intent to settle them on a net basis or simultaneously realize the asset and settle the liability, the Company can present the net amount in the balance sheet. (Note 27)

Derivative financial instruments

The Company has derivative financial instruments to hedge against fluctuations in foreign currencies.

These instruments are recognized at fair value and respective transaction costs are recorded in the statement of income as incurred.

Financial assets

The Company recognizes loans, receivables, and deposits initially at the date they were originated. All other financial assets are initially recognized on trade date when the Company becomes a party to the underlying contract.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire.

The Company has the following financial assets: cash and cash equivalents, held-to-maturity investments, trade receivables, and other.

Cash and cash equivalents

Consist of bank accounts, short-term investments in Brazil and abroad, and highly-liquid securities redeemable within 90 days or less from the investment date, subject to an immaterial risk of change in value. (Note 3)

Short-term investments

Held-to-maturity short-term investments are measured at the amortized cost plus interest, exchange differences, less impairment losses, when applicable, incurred through the end of the reporting period. (Note 4)

Trade receivables

Carried amortized cost, less impairment losses. Accounts receivable from foreign customers are adjusted based on exchange rates in effect at the end of the reporting period.

The allowance for doubtful accounts is recognized based on the aging of past-due receivables, in an amount considered sufficient to cover possible losses on trade receivables. (Note 5)

Financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities at the date they are originated. All other financial liabilities are initially recognized on trade date when the Company becomes a party to the underlying contract. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or settled.

The Company has the following financial liabilities: borrowings and financing, trade payables, and other.

These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After the initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Borrowings and financing

Initially recognized at fair value, less transaction costs incurred, and subsequently stated at amortized cost. Any difference between the amounts borrowed (less transaction costs) and the settlement amount is recognized in the income statement during the period the borrowings remain outstanding, using the effective interest rate method. (Note 14)

d. Inventories

Carried at average acquisition and/or production cost, by the full manufacturing costs absorption method

Inventory costs include the expenses incurred on the purchase of inputs, transportation to their current location, and all direct and indirect fixed and variable production costs required to transform inputs into finished, saleable products.
Inventory costs do not exceed the lower of the cost and the net realizable value.

The net realizable value is the sale price estimated in the normal course of business less selling expenses. (Note 6)

e. Third-party tools

Refer to tools used in production to complete contracts with customers. They are carried at average acquisition or production cost, less an allowance for adjustment to probable realizable values, where applicable. When completed, the tools are billed to customers and remain in the Company under free-lease agreements, to be used in the production process.

f. Income tax and social contribution

Income tax and social contribution expenses represent the sum of the taxes currently payable and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they are related to items recognized directly in equity or other comprehensive income. (notea 8 and 23)

Current taxes

The provision for income tax and social contribution is based on the taxable profit for the year. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The provision for income and social contribution taxes is calculated separately for each Group company based on the tax rates prevailing at the end of the reporting period.

Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the interim financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured are the tax rates expected to be applied on temporary differences when reversed, based on the statutory tax rates that have been enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same entity subject to taxation.

A deferred income tax and social contribution asset is recognized for all unutilized deductible tax losses, tax credits, and temporary differences to the extent that it is probable that taxable profits will be available against which those tax losses, tax credits, and deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that their realization is no longer probable. (note 8)

g. Investments property

Assets are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the noncurrent asset is available for immediate sale in its present condition.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. (Note 11)

h. Investments

The Company fully consolidated the interim financial statements of Tupy S.A. and all its subsidiaries. There is control when the Company holds, directly or indirectly, most of the voting rights at the Shareholders' Meeting or has the power to

determine the financial and operational policies, to obtain benefits from its activities.

Investments in subsidiaries are measured by the equity method and any gains not realized by the end of the reporting period are eliminated. Other investments are carried at acquisition cost less an allowance for adjustment to probable realizable value, where applicable. (Note 12)

i. Property, plant and equipment

Recognition and measurement

Property, plant and equipment items are measured are the historical acquisition or construction cost, less accumulated depreciation and, where applicable, accumulated impairment losses. (Note 13)

Historical cost includes expenditures directly attributable to the installation of assets. The cost of assets built by the Company includes supplies, labor, and any other costs required to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Both include borrowing costs incurred during the installation or construction of the related qualifying assets.

Depreciation

Depreciation is calculated using the cost of an asset and recognized in profit or loss based on the estimated useful life of each asset or portions of each asset, using the straight-line method, as this method is more representative of the time pattern in which economic benefits from the asset are consumed.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company as they refer to the financing of property, plant and equipment items. On initial recognition, a leased asset is measured at the lower of its fair value or the present value of the minimum lease payments. After initial recognition, a leased asset is carried according to the accounting policy applicable to property, plant and equipment.

j. Allowance for impairment of assets

At the end of the reporting period, the Company tests its assets to identify any evidences that their carrying amounts exceed to the amounts be recovered through use or sale. If such evidences are identified, the Company estimates the asset's recoverable amount.

The recoverable amount of an asset is the higher of: (a) its fair value less costs to sell; and (ii) its value in use. The value in use is equivalent to discounted cash flows (before taxes) arising from the continuous use of the asset up to the end of its useful life.

When the residual carrying amount of an asset exceeds its recoverable amount, the Company recognizes an impairment in profit or loss.

k. Payroll, related taxes and profit sharing

Obligations to employees and related taxes are measured when incurred, and are recognized as expenses as services are provided.

Liabilities related to the short-term profit sharing plan are recognized at the estimated amount to be disbursed by the Company. (Note 16)

l. Advances from customers

Refer to advances of funds to build the tools that will be used in the production process. Advances from customers are carried at the contractual amounts and adjusted for exchange differences where applicable, and settle as revenue from the related transaction inflows into the Company.

m. Provisions for tax, civil, social security, and labor contingencies

A provision is recognized in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that a disbursement will be required to settle the obligation. It is recognized in an amount considered by management as sufficient to cover probable losses and adjusted for inflation through the end of the reporting period, based on the nature of each contingency and on the opinion of the Company's internal and outside legal counsel. (Note 17)

n. Sales revenue

Sales revenue is recognized net of related taxes and discounts. Taxes on sales are recognized when sales are billed and discounts are recognized when granted. Revenue from sales of goods is recognized when the sales amount can be measured reliably, the Company no longer controls the goods sold or has any other responsibility related to the ownership of the goods, costs incurred or to be incurred in respect of the transaction can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the Company has transferred to the buyer all the risks and rewards of ownership of the goods. (Note 19)

o. Basic and diluted earnings per share

Basic earnings per share are calculated using profit for the year attributable to Company shareholders divided by the weighted average number of common and preferred shares outstanding in the year.

Diluted earnings per share are calculated using said weighted average number of outstanding shares adjusted by potentially dilutive convertible instruments, if any. (Note 24)

p. Statements of value added ("DVA")

The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period, and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its individual interim financial statements, and as additional disclosure of the consolidated interim financial statements, since this statement is not required by IFRSs.

The statement of value added was prepared using information obtained in the same accounting records used to prepare the interim financial statements and pursuant to the provisions of CPC 09 *Statement of Value Added*. The first part of this statement presents the wealth created by the Company, represented by revenue (gross sales revenue, including taxes levied thereon, other income, and the effects of the allowance for doubtful accounts), inputs acquired from third parties (cost of sales and purchase of materials, electric power, and outside services, including taxes levied at the time of the acquisition, the effects of impairment losses, and depreciation and amortization), and the wealth received from third parties (equity in subsidiaries, financial income, and other income). The second part of the statement of value added presents the distribution of wealth among personnel, taxes, fees and contributions, lenders and lessors, and shareholders.

q. New standards and interpretations issued and not yet effective

Several standards and IFRS interpretations issued by the IASB have not yet become effective for the period ended September 30, 2011, and may be applicable to the Company, as follows:

- IFRS 7 (review) – "Financial Instruments – Disclosures": effective for fiscal years beginning on July 1, 2011.
- IFRS 9 *Financial Instruments*: effective for fiscal years beginning on or after January 1, 2013.
- IFRS 10 – "Consolidated Financial Statements": effective for fiscal years beginning on January 1, 2013.
- IFRS 12 – "Disclosure of Interests in Other Entities" – effective for fiscal years beginning on January 1, 2013.
- IFRS 13 – "Fair Value Measurement": effective for fiscal years beginning on January 1, 2013.

The CPC has not yet issued any pronouncements equivalent to the IFRSs above, but it is expected that such pronouncements will be issued before the IFRSs' effective

date. Early adoption of IFRSs is contingent to their approval by the Brazilian Securities and Exchange Commission (CVM).

These new standards and amendments were not early adopted by the Company. Also, the impact of such new standards and amendments on the interim financial statements has not been evaluated by the Company.

Interpretations of and amendments to the standards below have been issued and were effective as at September 30, 2011. However, they have not significantly impacted the Company's interim financial statements:

Annual improvement to IFRS of May 2010. In May, 2010, IASB issued a review of standards IFRS 1, IFRS 3, IAS 1, IAS 27, IAS 34 and IFRIC 13. The amendments to standards IFRS 3 and IAS 27 are effective for fiscal years beginning on or after July 1, 2010. The other amendments to the standards are effective for fiscal years beginning after January 1, 2011.

3. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
CASH AND CASH EQUIVALENTS	Set/11	Dec/10	Set/11	Dec/10
Cash and banks	1,165	1,269	1,233	1,322
Short-term investments in Brazil	672,437	398,542	672,437	398,542
Cash and banks abroad	-	-	13,592	20,145
Short-term investments abroad	55,558	158,357	55,558	158,357
	729,160	**558,168**	**742,820**	**578,366**

Short-term investments are immediately convertible into a known cash amount and are subject to an insignificant risk of change; therefore, they have been considered as cash equivalents in the statements of cash flow.

Short-term investments in Brazil yield interest equivalent to the interbank deposit rate (CDI), at an average rate of 12.14% per year, and short-term investments abroad yield an average rate of 0.20% per year (average rates of 10.84% and 0.55% per year, respectively, in December 2010).

Interest rate risk exposure and the sensitivity analysis for financial assets are disclosed in Note 27, Financial instruments.

4. CASH INVESTMENTS

LONG-TERM INVESTMENTS	Company		Consolidated	
	Set/11	Dec/10	Set/11	Dec/10
Cash investments in Brazil	22,874	19,963	22,874	19,963

Yield interest equivalent to the interbank deposit rate (CDI), at an average rate of 12.38% per year (average rate of 11.13% per year in December 2010) and restricted to transactions entered into with the National Bank for Economic and Social Development (BNDES). (note 14).

5. TRADE RECEIVABLES, NET

Trade receivable by market and aging are as follows:

TRADE RECEIVABLES	Company		Consolidated	
	Set/11	Dec/10	Set/11	Dec/10
Domestic market	127,335	87,536	127,474	87,624
Foreign market	136,085	116,357	169,950	130,391
	263,420	**203,893**	**297,424**	**218,015**
Allowance for doubtful accounts	(1,243)	(3,278)	(1,243)	(3,278)
Trade receivables, net	**262,177**	**200,615**	**296,181**	**214,737**

As at September 30, 2011, the Company's foreign trade receivables in the amount of R$47,079 refer to related parties (R$61,574 as at December, 2010). (Note 9)

	Company		Consolidated	
	Set/11	Dec/10	Set/11	Dec/10
Current - up to 30 days	184,985	123,359	213,620	161,164
From 31 to 60 days	53,000	53,700	58,781	29,773
Over 61 days	17,671	19,407	16,992	17,768
Due until 30 days	2,748	2,864	3,468	3,486
Due between 30 and 60 days	3,773	1,285	3,320	2,546
Past due over 61 days and provisioned	1,243	3,278	1,243	3,278
	263,420	**203,893**	**297,424**	**218,015**

The allowance for doubtful accounts is determined based on past-due receivables, under the conditions below.

	Period past due		Campany and Consolidated Set/11	Dec/10
Domestic market	From 60 to 180 days	50%	16	92
	More than 180 days	100%	750	350
Foreign market	More than 180 days	100%	477	2,836
			1,243	**3,278**

During the reporting period, changes in the allowance for doubtful accounts were as follows:

	Campany and Consolidated
Balance at Dec/2010	**(3,278)**
Additions	(444)
Write-off to losses	2,479
Balance at Set/2011	**(1,243)**

6. INVENTORIES

	Company		Consolidated	
	Set/11	Dec/10	Set/11	Dec/10
Finished products	68,972	59,794	92,630	88,327
Work in process	24,738	26,239	24,738	26,239
Raw materials	20,996	27,233	20,996	27,233
Processing materials	27,639	26,509	27,639	26,509
Maintenance and other supplies	33,660	36,755	33,660	36,755
Allowance for losses	(2,170)	(3,867)	(2,170)	(3,867)
	173,835	**172,663**	**197,493**	**201,196**

An allowance was recognized for adjustment of certain items to their realizable value. During the reporting period, changes in the allowance for adjustment of inventories to realizable value were as follows:

	Company and consolidated
Balance at Dec/2010	**(3,867)**
Write-off to losses	1,697
Balance at Set/2011	**(2,170)**

7. RECOVERABLE TAXES

Recoverable taxes, classified as according to their expected realization, are as follows:

	Company					
	Set/11			Dec/10		
	Current	Noncurrent	Total	Current	Noncurrent	Total
(a) 1979-1981 IPI Premium Credit	-	53,466	53,466	-	52,560	52,560
(b) 1988-1990 Premium Credit	-	91,063	91,063	-	88,843	88,843
(c) Broadening of the COFINS base	15,045	-	15,045	-	25,170	25,170
(d) State VAT (ICMS) - São Paulo	-	23,941	23,941	-	32,138	32,138
(d) Allowance for losses on ICMS	-	(15,501)	(15,501)	-	(15,501)	(15,501)
(e) State VAT (ICMS) - Santa Catarina	10,826	7,005	17,831	7,368	7,005	14,373
Income tax	3,366	-	3,366	7,197	-	7,197
Social contribution	-	-	-	2,603	-	2,603
Tax on revenue (COFINS)	977	-	977	1,056	-	1,056
Tax on revenue (PIS)	195	-	195	207	-	207
Federal VAT (IPI) and other	22	-	22	2	-	2
	30,431	**159,974**	**190,405**	**18,433**	**190,215**	**208,648**

	Consolidated					
	Set/11			Dec/10		
	Current	Noncurrent	Total	Current	Noncurrent	Total
(a) 1979-1981 IPI Premium Credit	-	53,466	53,466	-	52,560	52,560
(b) 1988-1990 Premium Credit	-	91,063	91,063	-	88,843	88,843
(c) Broadening of the COFINS base	15,045	-	15,045	-	25,170	25,170
(d) State VAT (ICMS) - São Paulo	-	23,941	23,941	-	32,138	32,138
(d) Allowance for losses on ICMS	-	(15,501)	(15,501)	-	(15,501)	(15,501)
(e) State VAT (ICMS) - Santa Catarina	10,826	7,005	17,831	7,368	7,005	14,373
Income tax	3,379	-	3,379	7,228	209	7,437
Social contribution	-	-	-	2,603	-	2,603
Tax on revenue (COFINS)	977	-	977	1,056	-	1,056
Tax on revenue (PIS)	195	-	195	207	-	207
Federal VAT (IPI) and other	4,970	1,800	6,770	5,296	1,789	7,085
	35,392	**161,774**	**197,166**	**23,758**	**192,213**	**215,971**

The origin of the tax credits above is as follows:

a. IPI Premium Credit - 1979-1981 exports.

Tax benefit known as Federal VAT (IPI) premium credit, arising on the exports carried out by the Company in 1979-1981, in the amount of R$53,138, the right to utilize such credit was recognized by a final and unappealable court decision of December 2003. The sentence execution decision became unappealable in March 2011. The Company will begin procedures for offsetting the credit by the end of year of 2011.

b. IPI Premium Credit – Jun 1988-Oct 1990 exports.

IPI export premium credit originating from exports carried out by the Company from June 1988 to October 1990; the right to utilize such credit was recognized by a final and unappealable decision of the Superior Court of Justice of April 2009. In light of the inflation adjustment criteria applicable to this credit and the documentation currently required for its realization (as prescribed by current case rulings), the Company reviewed the historical documentation related to its export transactions and based on this work concluded that the credit amount for the period

is R$91,063. In 2011, the Company will file a collection lawsuit seeking authorization for realization.

The Company expects the execution to occur in up to 5 years, as this would it make it possible to realize the credit amount through the issuance of bonds. However, there are tax proceedings before the Federal Revenue Service that may ultimately result in the credit realization being made in an earlier time by offsetting IPI tax amounts against federal taxes owed in future periods.

c. COFINS credit from broadening of tax base (note 9718/98).

Right to refund COFINS paid later recognized as undue by the Company in a final and unappealable decision of May 2006. This payment was made at the time through the utilization of IPI premium credit, which was not accepted by the Federal Revenue Service. Litigation and the related debt to the Federal Revenue Service were settled under the amnesty set forth by Provisional Act 470/09, in October 2010. In April 2011, the Company started to offset tax credits and, through December 31, 2011, had already used R$10,125, with R$15,045 remaining for future utilization.

Contrary to previous court decisions applicable to this matter, on May 24, 2011, the Federal Revenue Service suspended new offsets, claiming that the period had expired. On July 18, 2011, the Company filed a lawsuit contesting this decision and expects a favorable outcome to be announced within 6 to 12 months.

d. Recoverable São Paulo State VAT (ICMS).

Credits arising from the purchase of raw materials used in to manufacture exported products. Management filed with the São Paulo State Department of Finance a request for the onerous transfer of credits to suppliers based in São Paulo. Management recorded a provision of R$15,501 to offset possible losses on the credit balance in view of the delay in obtaining such authorization. While is awaits the authorization above, the Company has revalued its transactions between the Santa Catarina and the São Paulo units to minimize losses, resulting a R$8,197 reduction of the credit balance in first nine months of 2011 (R$4,370 in 2010).

e. Recoverable Santa Catarina ICMS.

Credits arising from the purchase of property, plant and equipment amounting to R$17,831, realizable in 48 installments, according to relevant state legislation (R$14,373 in 2010).

8. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

DEFERRED TAX ASSETS AND LIABILITIES	Company		Consolidated	
Current assets	Set/11	Dec/10	Set/11	Dec/10
Trade receivables	2,790	1,799	2,790	1,799
Inventories	738	1,315	738	1,315
Recoverable taxes	5,270	5,270	5,270	5,270
Other	1,872	1,987	1,873	1,987
Noncurrent assets				
Property, plant and equipment - valuation adjustments to equity	(69,926)	(76,492)	(69,926)	(76,492)
Differences depreciation rates	(27,625)	(20,646)	(27,625)	(20,646)
Incentive depreciation	(456)	(546)	(456)	(546)
Lease agreements	(327)	(632)	(327)	(632)
Other	5,024	5,261	5,024	5,261
Unrealized earnings	-	-	3,912	2,482
Current liabilities				
Payroll, related taxes and profit sharing	1,861	13,426	1,861	13,426
Other	3,446	1,410	3,446	1,410
Noncurrent liabilities				
Provisions for tax, civil, social security, and labor contingencies	57,925	53,457	57,925	53,457
	(19,408)	**(14,391)**	**(15,495)**	**(11,909)**
Deferred income tax and social contribution assets	78,143	82,747	82,056	85,229
(-) Deferred income tax and social contribution liabilities	97,551	97,138	97,551	97,138
	(19,408)	**(14,391)**	**(15,495)**	**(11,909)**

The changes in deferred income tax and social contribution assets and liabilities for the period are as follows:

DEFERRED TAX ASSETS AND LIABILITIES	Company	Consolidated
Deferred income tax and social contribution assets	82,747	85,229
(-) Deferred income tax and social contribution liabilities	97,138	97,138
Balance at December, 31 2010	**(14,391)**	**(11,909)**
Temporary differences assets		
Trade receivables	991	991
Inventories	(577)	(577)
Differences depreciation rates	(6,979)	(6,979)
Incentive depreciation	90	90
Property, plant and equipment - valuation adjustments to equity	(6,566)	(6,566)
Lease agreements	305	305
Unrealized earnings	-	1,430
Other	(352)	(351)
Total	**(13,088)**	**(11,657)**
Temporary differences liabilities		
Payroll, related taxes and profit sharing	(11,565)	(11,565)
Provisions for tax, civil, social security, and labor contingencies	4,468	4,468
Other	2,036	2,036
Total	**(5,061)**	**(5,061)**
Deferred income tax and social contribution assets	78,143	82,056
(-) Deferred income tax and social contribution liabilities	97,551	97,551
Balance at September, 30 2011	**(19,408)**	**(15,495)**

The Company prepared a technical feasibility plan, approved by the Board of Directors, on the recovery of deferred income tax and social contribution, which points to the full recovery of these deferred taxes. As at March 31, expected future realization, based on the Company's earnings projections, is as follows:

	Company		Consolidated	
Year	Set/11	Dec/10	Set/11	Dec/10
2011	6,925	27,247	6,925	27,247
2012	28,410	27,488	28,410	27,488
2013	30,492	28,012	30,492	30,494
2014	12,316	-	16,229	-
	78,143	**82,747**	**82,056**	**85,229**

Subsidiary Sociedade Técnica de Fundições Gerais S.A. - Sofunge (under liquidation) has income tax loss carryforwards of R$56,053 (R$55,755 in 2010) and social contribution tax carryforwards of R$61,284 (R$60,986 in 2010). At the moment, management does not envisage any form of realization, which is why the related credits are not recognized.

9. RELATED-PARTY TRANSACTIONS

The main Company transactions with related parties can be summarized as follows:

a. Subsidiaries:

	Receivables		Payables	
Balance sheet	Set/11	Dec/10	Set/11	Dec/10
Tupy Agroenergética Ltda.	-	-	151	3,475
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "em liquidação"	-	-	1,568	2,253
Tupy American Foundry Co.	27,593	35,494	-	-
Tupy American Iron & Alloys Co.	2	910	-	-
Tupy Europe GmbH	17,773	23,213	-	-
Tupy Argentina S.R.L.	1,711	1,957	-	-
	47,079	**61,574**	**1,719**	**5,728**

	Sales revenue		Financial expenses	
Income statement	09/30/11	09/30/10	09/30/11	09/30/10
Tupy Agroenergética Ltda.	-	-	(25)	(15)
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "em liquidação"	-	-	(16)	(11)
Tupy American Foundry Co.	259,449	243,225	-	-
Tupy American Iron & Alloys Co.	3,976	3,481	-	-
Tupy Europe GmbH	99,890	95,818	-	-
Tupy Argentina S.R.L.	260	2,222	-	-
	363,575	**344,746**	**(41)**	**(26)**

Intragroup receivables and sales revenue are basically represented by the product sale transactions at prices and under terms and conditions agreed by the parties.

Intragroup payables represent loans of subsidiaries in Brazil, which bear interest equivalent to TR (a managed prime rate).

b. Main shareholders:

The Company's main shareholders are PREVI – Caixa de Previdência dos Funcionários do Banco do Brasil and BNDES Participações S.A. – BNDESPAR.

The Company has a financings agreements with BNDES, the controlling shareholder of BNDES Participações S.A. - BNDESPAR, as detailed in Note 14.

The Company does not conduct material business transactions with its main shareholders' investees.

c. Management compensation

	Directors		Officers	
	2011	2010	2011	2010
Fixed remuneration	800	780	2,916	2,838
Variable remuneration	-	-	1,474	3,324
	800	**780**	**4,390**	**6,162**

The overall compensation approved by the Annual and Extraordinary Shareholders' Meeting is R$9,000 (R$8,500 in 2010).

Executive officers receive additional corporate benefits, such as company-provided vehicles, reimbursement of vehicle-related expenses, health insurance, and severance pay, the amounts of which are recorded under Administrative expenses.

The Company does not offer its officers a post-employment benefit plan or stock options.

Management compensation is paid only at the parent company level; therefore, no management compensation has been recorded in subsidiaries.

The amounts recorded as variable compensation for the Executive Board are proportional to the period, in compliance with targets set for the year. There is no provision for granting variable compensation to the Board of Directors.

10. ELETROBRÁS RECEIVABLES

Refer to receivables recorded in 2003 relating to the recognition by courts (in a final and unappealable decision) of the right to the supplementary inflation adjustment of the Eletrobrás compulsory loan and related interest.

Under the sentence execution action, after the Company had filed several claims on the right to the refund amounts adjusted by compensatory and late-payment interest, the court-appointed expert issued a new report pointing out the Company's receivables if such interest were considered.

The decisions of the First Section of the Superior Court of Justice on Special Appeals 1.003.955/RS and 1.028.592/RS issued in August 2009 state that interest accretion is fully feasible.

Based on this decision, Abstract 254 of the Federal Supreme Court and the last report of the court expert, the Company recorded R$27,896 in December 2009 as late-payment interest of 6% per year retroactively up to January 11, 2003.

In September 2011, the lower court accepted the expert's report and partially approved the credit amount subject to foreclosure procedures.

The Company filed an appeal related to the right to late payment interest, whose judgment was partially unfavorable, and, based on previous court decisions (Federal Supreme Court precedent and decisions of the Superior Court of Justice on special appeals), understands that the chance of a favorable decision is more than probable. The lawsuit was not yet filed with the Regional Federal Court of the 4th Region.

The Company expects the lawsuit to be judged by the court within 12 to 18 months and the respective amount to be received within 2 to 3 years.

The table below shows the balance of this account:

	Company and consolidated
Balance at Dec/10	**90,284**
Compensatory interest	4,547
Balance at Set/11	**94,831**

11. ASSETS HELD FOR SALE

The Company was not successful in the negotiation process to sell its reforesting investments. As there is not an accurate period for realizing the reforesting assets, on September 30, 2011 the Company reclassified the amount to property, plant and equipment.

Balance as at September 30, 2011 is R$4,574 (R$4,574 as at December 31, 2010).

12. INVESTMENTS

	Company		Consolidated	
	Set/11	Dec/10	Set/11	Dec/10
IN SUBSIDIARIES:				
Tupy Agroenergética Ltda.	10,084	13,184	-	-
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "em liquidação"	1,797	2,038	-	-
Tupy American Foundry Co.	29,289	25,840	-	-
Tupy American Iron & Alloys Co.	2,541	1,997	-	-
Tupy Europe GmbH	38,481	30,257	-	-
Tupy Argentina S.R.L.	1,846	2,370	-	-
	84,038	75,686		
OTHER INVESTMENTS	1,364	582	1,364	922
	85,402	**76,268**	**1,364**	**922**

Changes in these line items are as follows:

	Investments in subsidiaries						
	Tupy Agroenergética Ltda.	Soc. Téc. de Fund.Gerais S.A.-Sofunge	Tupy American Foundry	Tupy American Iron & Alloys	Tupy Europe GmbH	Tupy Argentina S.R.L	Total
Equity interests (%)	100.00	100.00	100.00	100.00	100.00	100.00	
TOTAL ASSETS							
Dec/10	13,296	3,098	81,881	3,529	65,260	4,036	171,100
Set/11	10,247	2,331	78,592	2,766	71,911	3,275	169,122
EQUITY							
Dec/10	13,184	2,038	25,840	1,997	30,257	2,370	75,686
Set/11	10,084	1,797	29,289	2,541	38,481	1,846	84,038
PROFIT (LOSS):							
After elimination of unrealized profits							
Dec/10	97	2,038	1,056	177	3,360	174	6,902
Set/11	766	(241)	3,449	544	8,224	(524)	12,218
Balance at December 31, 2009	**13,087**	**-**	**24,784**	**1,820**	**26,897**	**2,196**	**68,784**
Equity in subsidiaries	97	2,038	1,056	177	3,360	174	6,902
Balance at December 31, 2010	**13,184**	**2,038**	**25,840**	**1,997**	**30,257**	**2,370**	**75,686**
Equity in subsidiaries	766	(241)	3,449	544	8,224	(524)	12,218
Distribution of profits	(3,866)						(3,866)
Balance at September 30, 2011	**10,084**	**1,797**	**29,289**	**2,541**	**38,481**	**1,846**	**84,038**

13. PROPERTY, PLANT AND EQUIPMENT

a. Changes in property, plant and equipment

	Company							
PROPERTY, PLANT AND EQUIPMENT	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture and fixtures	Works In progress	Other	Total
Cost								
Balance at December 31, 2010	1,199,393	151,566	8,748	17,486	8,635	206,630	3,311	1,595,769
Additions	93,467	11,471	-	2,497	172	73,152	355	181,114
Write-offs	(7,430)	(211)	-	(1)	(549)	-	-	(8,191)
Balance at September 30, 2011	1,285,430	162,826	8,748	19,982	8,258	279,782	3,666	1,768,692
Depreciation								
Balance at December 31, 2010	(536,800)	(84,013)	-	(11,018)	(8,068)	-	-	(639,899)
Depreciation for the period	(54,174)	(3,015)	-	(1,523)	(93)	-	-	(58,805)
Write-offs	6,356	152	-	1	549	-	-	7,058
Balance at September 30, 2011	(584,618)	(86,876)	-	(12,540)	(7,612)	-	-	(691,646)
Book value								
At December 31, 2010	662,593	67,553	8,748	6,468	567	206,630	3,311	955,870
At September 30, 2011	700,812	75,950	8,748	7,442	646	279,782	3,666	1,077,046

	Consolidated							
PROPERTY, PLANT AND EQUIPMENT	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture and fixtures	Works In progress	Other	Total
Cost								
Balance at December 31, 2010	1,200,728	151,956	11,102	17,620	9,408	206,630	5,881	1,603,325
Additions	93,503	11,471	-	2,497	175	73,152	595	181,393
Write-offs	(7,497)	(241)	-	(1)	(588)	-	(17)	(8,344)
Transfer of held-for-sale assets	-	-	4,574	-	-	-	-	4,574
Effect of changes in foreign exchange	34	14	-	11	73	-	7	139
Balance at September 30, 2011	1,286,768	163,200	15,676	20,127	9,068	279,782	6,466	1,781,087
Depreciation								
Balance at December 31, 2010	(537,878)	(84,300)	-	(11,105)	(8,772)	-	(21)	(642,076)
Additions	(54,204)	(3,024)	-	(1,535)	(104)	-	(34)	(58,901)
Write-offs	6,415	182	-	1	582	-	17	7,197
Effect of changes in foreign exchange	(13)	(13)	-	(9)	(70)	-	(3)	(108)
Balance at September 30, 2011	(585,680)	(87,155)	-	(12,648)	(8,364)	-	(41)	(693,888)
Book value								
At December 31, 2010	662,850	67,656	11,102	6,515	636	206,630	5,860	961,249
At September 30, 2011	701,088	76,045	15,676	7,479	704	279,782	6,425	1,087,199

Additions to consolidated property, plant and equipment, which take into consideration the continuity of the acquisitions for the new production lines of blocks, cylinder heads, and other parts of the automotive products segment in both plants, the maintenance of the operating capacity, and environmental protection (furnace exhausting systems, industrial landfill, and sand regeneration), are broken down as follows:

	Consolidated	
INVESTMENTS IN PP&E	09/30/11	09/30/10
In expansion	91,160	44,306
Sustaining operating capacity	72,915	36,760
Environment	12,144	12,287
Interest and financial charges	5,174	3,578
	181,393	**96,931**

b. Depreciation

The Company depreciates property, plant and equipment on a straight-line basis, using the following useful lives;

	Average useful life
Machinery, facilities and equipment	15 anos
Buildings	35 anos
Vehicles	5 anos
Furniture and fixtures	10 anos

c. Capitalization of interest and financial charges

The Company recognizes interest and financial charges incurred during the construction period of the qualifying assets as asset formation cost. The amount recognized in the first nine months of 2011 totals R$5,174 (R$2,298 in the same period of 2010).

d. Collaterals

As at September 30, 2011, proprieties in the carrying amount of R$126,635 (R$132,936 in 2010) were pledged as collateral of long-term bank loans.

e. Insured amounts

Property, plant and equipment are insured for fire, electrical damage, and explosion. Insurance coverage is determined based on the amounts and the level of risk involved, as described in note 25.

14. BORROWINGS AND FINANCING

			Company and Consolidated	
LOCAL CURRENCY:	**Maturity**	**Cost**	**Set/11**	**Dec/10**
BNDES Exim - Pré-embarque (PSI)	Set/2013	5,37% p.y.	681,644	550,563
Tupy S.A. expansion project - BNDES	Jul/2016	TJLP + 3,12% p.y.	172,065	153,220
Lease agreements	Jul/2011	15,94% p.y.	-	178
Finame (PSI)	Mar/2021	5,37% p.y.	8,095	1,261
FOREIGN CURRENCY:				
Working capital	Mar/2013	VC + Libor + 1,90% p.y.	18,926	51,559
Export prepayments	Aug/2017	VC + Libor + 3,61% p.y.	180,635	66,047
Tupy S.A. expansion project - BNDES	Jul/2016	VC + 5,89% p.y.	17,238	15,489
			1,078,603	**838,317**
Current portion			370,036	75,718
Long-term portion			708,567	762,599

Maturities of long-term borrowings and financing are as follows:

	Company and Consolidated	
Year	Set/11	Dec/10
2012	40,601	379,101
2013	442,906	305,407
2014	56,305	32,666
2015	70,643	28,460
After	98,112	16,965
	708,567	**762,599**

The credit facility extended by the BNDES on June 15, 2009 has a total maturity of 80 months, with a 27-month grace period. The agreement provides for the disbursement of 89% of funds with costs in reais and the remaining 11% in U.S. dollars. Collaterals comprise industrial equipment, mortgage, bank guarantees, and a guarantee deposit of 12% of the outstanding balance. (note 4)

In September and November 2009, and June 2010 the Company entered into BNDES Exim - Pré-Embarque (pre-shipment) of the Investment Support Program (PSI) transactions with several financial institutions totaling R$299,217 and R$250,000 respectively, used in the to the substitution of debts falling due in the short term and reinforcement of the Company's cash. The funds extended in 2009 and 2010 have a total maturity of 36 months, with the bullet repayment of principal at the termination of each agreement.

In September 2011, the Company entered into BNDES Exim - Investment Support Program (PSI) transactions with several financial institutions, totaling R$131,000, with a total repayment term of 24 months and amortization of the principal in a single installment at the end of each contract.

Also in September 2011, the Company entered into a loan agreement with Banco Safra in the amount of US$70,000, with total a repayment term of 6 years and grace period of 3 years.

Additionally, in September 2011, the Company entered into loan agreements in the amount of US$300 million, with total period of 6 years, including the 3-year grace period, which was released on 10/7/2011 (US$150 million) and 10/17/2011 (US$150 million). These funds will be used to reinforce the Company's cash and discharge liabilities falling due beginning 2012.

In order to adjust the level of exchange rate exposure in October 2011, the Company contracted swap transactions in the amount of US$300 million for a 60-day period.

About 35% borrowings and financing are subject to compliance with certain financial ratios, which are being fully complied with, as follows: Net debt to Adjusted EBITDA; Adjusted EBITDA to Financial Income (Expenses); Net Debt to Equity; Equity to Total Assets; and Current Assets to Current Assets.

Adjusted EBITDA correspond to earnings plus income tax and social contribution, financial income (expenses), depreciation and amortization, adjusted by the addition of other operating expenses or reduction of other operating income, net.

Net debt is the bank debt, less cash and cash equivalents and long-term investments.

15. TAXES AND PAYROLL TAXES IN INSTALLMENTS

		Company and Consolidated	
	Cost	Set/11	Dec/10
Payroll taxes - REFIS-PAES	TJLP	19,124	25,565
		19,124	**25,565**
Current portion		11,732	11,193
Long-term portion		7,392	14,372

The long-term portion matures as follows:

	Company and Consolidated	
Year	Set/11	Dec/10
2012	2,464	9,580
2013	4,928	4,792
	7,392	**14,372**

On July 31, 2003, the then subsidiary Tupy Fundições Ltda. formalized the request enrollment with the REFIS-PAES program, created by Law 10684/03, for the payment of social security tax (INSS) debts, amounting to R$58,379, which are being amortized in 120 monthly installments of approximately R$486 adjusted by the long-term interest rate (TJLP). The Company does not provide any form of guarantee.

16. PAYROLL, RELATED TAXES AND PROFIT SHARING

	Company		Consolidated	
	Set/11	Dec/10	Set/11	Dec/10
Salaries	11,366	8,350	11,819	9,111
Accrued vacation and 13th salary	63,828	31,233	63,854	31,244
Payroll taxes	11,533	10,830	11,545	10,834
Profit sharing plan	5,474	39,488	5,479	39,498
Private Pension	780		780	
	92,981	**89,901**	**93,477**	**90,687**

The Company's profit sharing plan applies proportionately according to time in service and is linked to financial and operating indicators and individual performance goals.

These expenses are distributed between cost and operating expenses in the consolidated income statement.

17. PROVISIONS FOR TAX, CIVIL, SOCIAL SECURITY, AND LABOR CONTINGENCIES

The Company and its subsidiaries are parties to ongoing lawsuits arising from the normal course of business and for which provisions for contingencies were recognized based on estimates made by their legal counsel.

The changes in the provisions for tax, civil, social security, and labor contingencies in September, 30 2011 and the related balances are as follows:

	Company				
	Dec/10	Additions	Adjustments	Write-offs	Set/11
Civil	134,680	-	11,437	(4,554)	141,563
Tax	10,008	-	121	-	10,129
Labor	8,855	8,736	-	(3,397)	14,194
Social security	3,684	800	-	-	4,484
	157,227	**9,536**	**11,558**	**(7,951)**	**170,370**
Related escrow deposits	(6,324)	(2,552)	-	336	(8,540)
	150,903	**6,984**	**11,558**	**(7,615)**	**161,830**

	Consolidated				
	Dec/10	Additions	Adjustments	Write-offs	Set/11
Civil	135,259	-	11,437	(4,554)	142,142
Tax	10,051	-	121	-	10,172
Labor	9,461	8,736	-	(3,924)	14,273
Social security	3,684	800	-	-	4,484
	158,455	**9,536**	**11,558**	**(8,478)**	**171,071**
Related escrow deposits	(6,523)	(2,552)	-	336	(8,739)
	151,932	**6,984**	**11,558**	**(8,142)**	**162,332**

The main consolidated provisions are as follows:

- Civil: refer to success fees in tax lawsuits and contingent debts arising from the acquisition of a subsidiary;
- Tax: refer to PIS, COFINS, ICMS, and IPI;
- Social security: refer to INSS debts-Small Business Support Service (SEBRAE) and Occupational Accident Risk Insurance (RAT); and
- Labor: refer to lawsuits filed by for employees.

Most of the provisions described above are adjusted using the SELIC (Central Bank's policy rate) and their effects are described in note 22.

No provisions were recorded for contingencies whose likelihood of loss has been assessed by the legal counsel as possible. These contingences are broken down as follows:

	Company and consolidated	
TAX	**Set/11**	**Dec/10**
PIS, COFINS, IRPJ and CSLL assessments	64,103	59,108
Pis, Cofins, IPI, and IRRF	58,126	24,971
ICMS assessments	3,004	2,770
	125,233	**86,849**
SOCIAL SECURITY		
Tax assessments issued by Federal Revenue Service	50,717	46,765
Taxes owed by service providers	12,381	11,416
	63,098	**58,181**
LABOR	**23,936**	**21,960**

The unaccrued labor contingencies refer to lawsuits whose main claims involve overtime, job reinstatement, severance pay and health hazard premium.

18. CAPITAL, RESERVES AND DIVIDENDS

a. Capital

Authorized capital is limited to R$450,000, represented by registered shares without par value, divided into common and preferred shares.

Of the authorized capital, R$398,395 is subscribed and paid in, represented by 57,138,750 shares, of which 56,820,214 are voting common shares and 318,536 are nonvoting preferred shares.

The Company's Board of Directors may increase subscribed capital by an amount deemed convenient and necessary up to the limit of authorized capital.

The Company, within the limit of authorized capital and in accordance with the plan approved by the Shareholders' Meeting, may grant stock options to its management or employees, or persons that provide services to its subsidiary. By September 30, 2011, no stock options had been granted.

Preferred shares entitle their holders to:

- the right to priority in capital reimbursement, should Company activities be discontinued;
- the right to a share, under the same conditions of other shares, in the distribution of dividends, receipt of bonuses arising from inflation adjustment, revaluation of assets, capitalization of reserves, or use of any funds; and
- the right to tag along in any public offering to sell the Company's shareholding control, in accordance with Article 254-A of Law 6404/76, being ensured dividends equal to those paid to common shares.

b. Valuation adjustment to equity

It is composed of balances of assets revalued in 1990 under Land and buildings account (R$17,557) and in 2005, under Machinery and equipment account (R$127,382), which were treated as an integral part of the costs related to the assets. Realization against the Retained earnings account is proportional to the corresponding assets' depreciation, when applicable.

c. Earnings reserve

- Legal reserve

  Calculated as 5% of annual profit, pursuant to Article 193 of Law 6404/76 up to the limit of 20% of capital.

- Investment reserve

  Recognized in an amount not lower than 5% of annual profit, up to the limit of 50% of capital. This reserve cannot exceed at any time amount of share capital.

d. Allocation of profit:

Shareholders are entitled to an annual minimum dividend of 25% of profit for the year, adjusted pursuant to Article 202 of Law 6404/76.

19. OPERATING REVENUE

The table below shows the reconciliation between gross revenue for tax purposes and revenue stated in the income statement for the third quarter and nine months ended:

	Company		Consolidated	
	For the quarters ended:		For the quarters ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Gross revenue	662,132	607,110	679,040	602,278
Returns and discounts	(8,635)	(6,986)	(8,635)	(6,985)
Revenue less returns and discounts	653,497	600,124	670,405	595,293
Sales taxes	(83,201)	(74,333)	(83,201)	(74,378)
Operating revenue	**570,296**	**525,791**	**587,204**	**520,915**

	Company		Consolidated	
	For the periods ended:		For the periods ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Gross revenue	1,856,694	1,604,831	1,893,396	1,619,419
Returns and discounts	(23,058)	(16,943)	(23,058)	(16,948)
Revenue less returns and discounts	1,833,636	1,587,888	1,870,338	1,602,471
Sales taxes	(235,450)	(206,512)	(235,463)	(206,623)
Operating revenue	**1,598,186**	**1,381,376**	**1,634,875**	**1,395,848**

20. COSTS AND EXPENSES BY NATURE

The table below shows the breakdown of costs and expenses by maturity reconciled with costs and expenses by function presented in the income statement for the quarter and nine months ended:

	Company		Consolidated	
	For the quarters ended:		For the quarters ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Raw materials	151,762	141,694	153,318	137,694
Processing materials	99,632	86,443	100,654	84,003
Maintenance and other supplies	48,019	35,450	48,512	34,449
Payroll and related taxes	92,470	72,707	93,419	70,655
Profit sharing plan	6,670	11,184	7,278	11,347
Employee benefits	17,769	12,060	17,951	11,720
Electricity	29,607	25,308	29,911	24,594
Depreciation	19,811	17,752	19,844	17,801
Freight on sales	21,335	16,833	24,805	19,744
Management compensation	1,569	1,745	1,569	1,745
Other costs	3,715	8,366	9,171	9,843
	492,359	**429,542**	**506,433**	**423,596**
Cost of sales	452,804	396,512	461,323	385,376
Selling expenses	25,946	22,155	30,800	25,930
Administrative expenses	12,040	9,130	12,741	10,545
Management compensation	1,569	1,745	1,569	1,745
	492,359	**429,542**	**506,433**	**423,596**

	Company		Consolidated	
	For the periods ended:		For the periods ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Raw materials	434,370	377,342	436,661	371,156
Processing materials	283,954	247,414	285,452	243,358
Maintenance and other supplies	143,116	104,228	143,871	102,519
Payroll and related taxes	265,628	207,278	267,029	203,880
Profit sharing plan	6,670	24,569	6,670	24,732
Employee benefits	45,726	33,927	45,967	33,371
Electricity	83,677	67,757	89,145	69,597
Depreciation	58,805	53,149	58,901	53,377
Freight on sales	72,587	52,184	72,970	51,328
Management compensation	3,379	5,137	3,379	5,137
Other costs	6,714	9,970	20,448	27,670
	1,404,626	**1,182,955**	**1,430,493**	**1,186,125**
Cost of sales	1,289,383	1,092,119	1,299,518	1,081,894
Selling expenses	76,633	57,073	90,271	67,665
Administrative expenses	35,231	28,625	37,325	31,428
Management compensation	3,379	5,138	3,379	5,138
	1,404,626	**1,182,955**	**1,430,493**	**1,186,125**

21. FINANCIAL INCOME (EXPENSES)

	Company		Consolidated	
	For the quarters ended:		For the quarters ended:	
Financial expenses	09/30/11	09/30/10	09/30/11	09/30/10
Interest on borrowings and financing	(6,059)	(4,977)	(6,059)	(4,977)
Interest on taxes and payroll taxes in installments	(116)	(576)	(116)	(577)
Other expenses	(3,397)	(3,012)	(4,244)	(4,747)
	(9,572)	(8,565)	(10,419)	(10,301)
Financial income				
Interest on short-term investments	9,343	5,491	9,343	5,491
Interest on Eletrobrás receivables	848	150	848	150
Other income	5,618	3,499	6,898	4,208
	15,809	9,140	17,089	9,849
Inflation adjustment and exchange differences, net				
Foreign exchange rate changes, net:	2,682	(212)	8,819	(1,209)
Inflation adjustments	601	1,045	116	985
	3,283	833	8,935	(224)
	9,520	**1,408**	**15,605**	**(676)**

	Company		Consolidated	
	For the periods ended:		For the periods ended:	
Financial expenses	09/30/11	09/30/10	09/30/11	09/30/10
Interest on borrowings and financing	(27,291)	(21,232)	(27,291)	(21,232)
Interest on taxes and payroll taxes in installments	(723)	(4,228)	(730)	(4,249)
Other expenses	(768)	(1,802)	(2,757)	(5,332)
	(28,782)	(27,262)	(30,778)	(30,813)
Financial income				
Interest on short-term investments	41,281	20,760	41,281	20,760
Interest on Eletrobrás receivables	4,547	3,012	4,547	3,012
Other income	3,328	4,360	4,621	7,000
	49,156	28,132	50,449	30,772
Inflation adjustment and exchange differences, net				
Foreign exchange rate changes, net:	6,588	3,937	8,866	294
Inflation adjustments	211	596	208	598
	6,799	4,533	9,074	892
	27,173	**5,403**	**28,745**	**851**

Financial income includes primarily income earned on short-term investments, and gains on the adjustment of assets and on hedging instruments, which is recognized in profit or loss.

Financial expenses include primarily interest and inflation adjustments on bank financing and borrowings that are not directly attributable to the acquisition, construction or production of a qualifying asset, interest and inflation adjustments on taxes and payroll taxes in installments, bank expenses, taxes on financial transactions, and losses on hedging instruments, and are recognized in profit or loss.

Gains and losses arising on exchange differences on the translation of assets and liabilities denominated in foreign currencies are reported on a net basis.

22. OTHER OPERATING INCOME (EXPENSES)

	Company		Consolidated	
	For the quarters ended:		For the quarters ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Recognition of and adjustments to provisions:				
Tax	(43)	(372)	(43)	(372)
Civil	(3,533)	(55,530)	(3,533)	(1,365)
Labor	(2,844)	-	(2,844)	-
previdenciárias	(143)	(642)	(143)	(3,569)
Reversal of part of IPI premium credits for 1988-1990	-	(42,815)	-	(42,815)
Reversal of IPI premium credits for 1981-1985	-	(5,766)	-	(5,766)
Proportional reversal of lawyers' fees on IPI premium Credit	-	20,449	-	20,449
Depreciation of nonoperating assets	(504)	(404)	(504)	(410)
Gain (loss) on sale of unusable assets and write-off of third-party tools and other assets	(1,726)	(1,440)	(1,169)	(564)
	(8,793)	**(86,520)**	**(8,236)**	**(34,412)**

	Company		Consolidated	
	For the periods ended:		For the periods ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Recognition of and adjustments to provisions:				
Tax	(121)	(976)	(121)	(976)
Civil	(8,093)	(59,134)	(8,093)	(4,969)
Labor	(8,736)	-	(8,736)	-
Social security	(800)	(2,344)	(800)	(11,300)
Reversal of part of IPI premium credits for 1988-1990	-	(42,815)	-	(42,815)
Reversal of IPI premium credits for 1981-1985	-	(5,766)	-	(5,766)
Proportional reversal of lawyers' fees on IPI premium Credit	-	20,449	-	20,449
Depreciation of nonoperating assets	(1,400)	(985)	(1,400)	(1,014)
Write-offs fixed assets	(1,133)	-	(1,147)	-
Gain (loss) on sale of unusable assets and write-off of third-party tools and other assets	(2,084)	90	(348)	580
	(22,367)	**(91,481)**	**(20,645)**	**(45,811)**

23. INCOME TAX AND SOCIAL CONTRIBUTION

	Company		Consolidated	
	For the quarters ended:		For the quarters ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Pretax profit	**88,218**	**62,210**	**88,140**	**62,231**
Combined tax rate	34%	34%	34%	34%
Expenses at combined tax rate	(29,995)	(21,151)	(29,968)	(21,158)
Tax effect of permanent (additions) deductions:				
- Equity in subsidiaries	3,248	17,364	-	-
- Depreciation of assets revalued in 1990	333	(165)	333	(165)
- Depreciation of nonoperating assets	(171)	-	(171)	-
- Reversal social security provision without deferred tax credits in the subsidiary	-	-	-	18,416
- Other permanent (additions) deductions	158	496	3,260	(1,629)
Effect on tax loss carryforwards of subsidiaries without recognition of deferred tax assets	-	-	197	1,059
Tax effects allocated to profit or loss	**(26,427)**	**(3,456)**	**(26,349)**	**(3,477)**

Breakdown of the tax effect allocated to profit or loss in the third quarter:

	Company		Consolidated	
	For the quarters ended:		For the quarters ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Current income tax and social contribution	(31,943)	(15,022)	(33,912)	(16,161)
Deferred income tax and social contribution	5,516	11,566	7,563	12,684
Tax effects allocated to profit or loss	**(26,427)**	**(3,456)**	**(26,349)**	**(3,477)**

	Company		Consolidated	
	For the periods ended:		For the periods ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Pretax profit	**210,584**	**161,359**	**212,482**	**164,763**
Combined tax rate	34%	34%	34%	34%
Expenses at combined tax rate	(71,599)	(54,862)	(72,244)	(56,019)
Tax effect of permanent (additions) deductions:				
- Equity in subsidiaries	4,154	16,665	-	-
- Depreciation of assets revalued in 1990	-	(495)	-	(495)
- Depreciation of nonoperating assets	(476)	(335)	(476)	(345)
- Reversal social security provision without deferred tax credits in the subsidiary	-	-	-	18,416
- Other permanent (additions) deductions	532	468	3,065	(2,477)
Effect on tax loss carryforwards of subsidiaries without recognition of deferred tax assets	-	-	368	(1,043)
Tax effects allocated to profit or loss	**(67,389)**	**(38,559)**	**(69,287)**	**(41,963)**

Breakdown of the tax effect allocated to profit or loss in the period:

	Company		Consolidated	
	For the periods ended:		For the periods ended:	
	09/30/11	09/30/10	09/30/11	09/30/10
Current income tax and social contribution	(62,372)	(41,574)	(65,701)	(47,354)
Deferred income tax and social contribution	(5,017)	3,015	(3,586)	5,391
Tax effects allocated to profit or loss	**(67,389)**	**(38,559)**	**(69,287)**	**(41,963)**

24. EARNINGS PER SHARE

The table below shows the calculation of basic and diluted earnings per share in the third quarter and nine month:

	For the quarter ended:	
	09/30/11	09/30/10
Profit attributable to Company shareholders	61,791	58,754
Weighted average number of outstanding shares	57,139	57,139
Basic and diluted earnings per share - R$	**1.0814**	**1.0283**

	For the periods ended:	
	09/30/11	09/30/10
Profit attributable to Company shareholders	143,195	122,800
Weighted average number of outstanding shares	57,139	57,139
Basic and diluted earnings per share - R$	**2.5061**	**2.1492**

25. INSURANCE

The Company adopts an insurance policy which takes into consideration the nature and level of risks involved, according to the guidance of its insurance advisors, and considered adequate by management.

The risk assumptions adopted, in view of their nature, are not part of the scope of an audit of the interim financial statements and, therefore, were not reviewed by our independent auditors.

The covered risks include the following items and corresponding amounts:

	Set/11	Dec/10
Buildings	77,378	73,965
Machinery, equipment, furniture and fixtures	954,918	901,954
Inventories	130,279	141,623
Loss of profits	629,328	483,089
Civil liability	36,706	36,706

26. SEGMENT REPORTING

The Company starts to disclose information by operating segment based on the information reported to management and used in decision-making in order to allocate resources to the segments and to assess their performance, as described below.

Automotive products - Manufacturing of casted and machined products, with high technological content, such as powertrain (blocks and cylinder heads), vehicle brake, transmission, steering, axle, and suspension components, developed on demand for world engine, passenger vehicle, commercial vehicle (trucks, buses, etc.), construction machine, tractor, agricultural machine, and power generator manufacturers.

Industrial products- Manufacturing of malleable iron fittings, iron and steel granules, and cast iron shapes and sections that are supplied to the construction, and the marble and granite industries, and several industrial engineering segments, among others.

The following is information on each reported segment.

Reconciliation of the revenues, costs and expenses and results in the third quarter and nine month

	Consolidated					
	For the quarters ended:					
	Automotive products		Industrial products		Total	
	09/30/11	09/30/10	09/30/11	09/30/10	09/30/11	09/30/10
Operating revenue (nota 19)	522,924	460,310	64,280	60,605	587,204	520,915
Costs and expenses (nota 20)	(455,996)	(378,732)	(50,437)	(44,864)	(506,433)	(423,596)
Profit before financial income (expenses), net and income tax and social contribution	66,928	81,578	13,843	15,741	80,771	97,319
Financial income (expenses), net (nota 21)					15,605	(676)
Other operating income (expenses) (nota 22)					(8,236)	(34,412)
Profit after financial income (expenses), net					88,140	62,231
Income tax and social contribution (nota 23)					(26,349)	(3,477)
Profit for the period					**61,791**	**58,754**

	Consolidated					
	For the periods ended:					
	Automotive products		Industrial products		Total	
	09/30/11	09/30/10	09/30/11	09/30/10	09/30/11	09/30/10
Operating revenue (nota 19)	1,456,066	1,228,689	178,809	167,159	1,634,875	1,395,848
Costs and expenses (nota 20)	(1,289,510)	(1,063,466)	(140,983)	(122,659)	(1,430,493)	(1,186,125)
Profit before financial income (expenses), net and income tax and social contribution	166,556	165,223	37,826	44,500	204,382	209,723
Financial income (expenses), net (nota 21)					28,745	851
Other operating income (expenses) (nota 22)					(20,645)	(45,811)
Profit after financial income (expenses), net					212,482	164,763
Income tax and social contribution (nota 23)					(69,287)	(41,963)
Profit for the period					**143,195**	**122,800**

Reconciliation assets and liabilities

	Consolidated					
	Automotive products		Industrial products		Total	
ASSETS	09/30/11	12/31/10	09/30/11	12/31/10	09/30/11	12/31/10
Trade receivables, net (nota 5)	249,370	199,680	46,811	15,057	296,181	214,737
Inventories (nota 6)	147,068	148,461	50,425	52,735	197,493	201,196
Third-party tools	44,418	30,224	58	35	44,476	30,259
Notes and other receivables	24,514	16,507	5,460	2,438	29,974	18,945
Property, plant and equipment (nota 13)	1,047,053	929,305	40,146	31,944	1,087,199	961,249
Other unallocated assets	-		-	-	1,148,008	998,935
Total consolidated assets	**1,512,423**	**1,324,177**	**142,900**	**102,209**	**2,803,331**	**2,425,321**
LIABILITIES						
Trade payables	139,072	102,613	23,288	18,678	162,360	121,291
Taxes payable	13,093	2,454	2,639	509	15,732	2,963
Payroll, related taxes and profit sharing (nota 16)	85,387	80,550	8,090	10,137	93,477	90,687
Advances from customers	38,299	49,338	5,483	6,677	43,782	56,015
Notes and other payables	32,617	24,688	4,670	560	37,287	25,248
Other unallocated liabilities					1,358,745	1,158,358
Equity	-	-	-	-	1,091,948	970,759
Total consolidated liabilities	**308,468**	**259,643**	**44,170**	**36,561**	**2,803,331**	**2,425,321**

Dedicated assets and liabilities are allocated directly to the segments and criteria on their applicability and origin are used for common assets and liabilities. The Company does not allocate to the reportable segments cash and cash equivalents, recoverable and deferred taxes, escrow deposits, and other, and investments in other companies as they are not directly related to the operation. For the same reason, borrowings and financing, taxes and payroll taxes in installments, dividends, provisions, deferred taxes, and other long-term liabilities are not allocated to reportable segments either.

Major customers accounting for over 10% of the Company's total operating revenue

The Company has a diversified portfolio of local and foreign customers. The automotive products segment has customers that individually account for more than 10% of the consolidated operating revenue, as reported for the third quarter and nine month, as follows:

	Consolidated			
	For the quarters ended:			
OPERATING REVENEU	09/30/11	%	09/30/10	%
Automotive products				
Customer A	110,823	*18.9*	114,907	*19.6*
Customer B	72,127	*12.3*	69,706	*11.9*
Other customers the automotive products	339,974	*57.9*	275,697	*47.0*
Total automotive products	**522,924**		**460,310**	
Industrial products	64,280	*10.9*	60,605	*11.6*
Total operating reveneu	**587,204**	*100.0*	**520,915**	*100.0*

	Consolidated			
	For the periods ended:			
OPERATING REVENEU	09/30/11	%	09/30/10	%
Automotive products				
Customer A	299,626	*18.3*	260,777	*18.7*
Customer B	228,247	*14.0*	198,788	*14.2*
Other customers the automotive products	928,193	*56.8*	769,124	*55.1*
Total automotive products	**1,456,066**		**1,228,689**	
Industrial products	178,809	*10.9*	167,159	*12.0*
Total operating reveneu	**1,634,875**	*100.0*	**1,395,848**	*100.0*

The distribution of the industrial products segment is quite diluted.

Information on the countries from which the Company's derives revenue

The revenue derived from customers in the country in which the Parent company is based and from customers in each foreign country, and their respective shares in the Company's total operating revenue for the third quarter and nine month period, is broken down as follows:

	Consolidated			
	For the quarters ended:			
OPERATING REVENEU	09/30/11	%	09/30/10	%
Brazil - Host Country	315,778	*53.8*	288,012	*55.3*
United States	108,168	*18.4*	115,231	*22.1*
England	44,917	*7.6*	31,123	*6.0*
Méxco	44,750	*7.6*	38,416	*7.4*
Hungary	16,326	*2.8*	7,938	*1.5*
Italy	10,570	*1.8*	5,610	*1.1*
Japan	8,568	*1.5*	6,803	*1.3*
France	7,651	*1.3*	4,988	*1.0*
China	5,666	*1.0*	1,385	*0.3*
South Africa	4,452	*0.8*	1,595	*0.3*
Argentina	4,077	*0.7*	4,323	*0.8*
Netherlands	4,069	*0.7*	1,721	*0.3*
Other countries	12,213	*2.1*	13,770	*2.6*
Total	**587,204**	*100.0*	**520,915**	*100.0*

	Consolidated			
	For the periods ended:			
OPERATING REVENEU	09/30/11	%	09/30/10	%
Brazil - Host Country	895,520	*54.8*	791,414	*56.7*
United States	299,912	*18.3*	279,733	*20.0*
México	140,000	*8.6*	103,870	*7.4*
England	114,044	*7.0*	89,978	*6.4*
Italy	32,493	*2.0*	15,700	*1.1*
Hungary	31,813	*1.9*	20,644	*1.5*
France	27,054	*1.7*	15,546	*1.1*
Japan	20,886	*1.3*	16,667	*1.2*
China	12,213	*0.7*	2,825	*0.2*
Argentina	10,032	*0.6*	11,665	*0.8*
South Africa	9,742	*0.6*	5,978	*0.4*
Netherlands	9,386	*0.6*	4,070	*0.3*
Other countries	31,781	*1.9*	37,757	*2.7*
Total	**1,634,875**	*100.0*	**1,395,848**	*100.0*

27. FINANCIAL INSTRUMENTS

This note presents information on the Company's exposure to each one of the risks below, for risk measurement and management purposes, and the management of the Company's capital.

Financial risk management

The Company is exposed to risks arising from the use of financial instruments, related to credit, liquidity, market, and operational risks.

The Company manages financial risks by following short-term investments criteria, entering into derivatives, monitoring the ratings of the financial institutions with which it enters into transactions, and using other control procedures. In addition, management permanently monitors and controls the exposure of foreign currency-denominated assets and liabilities to foreign exchange risks.

Due to exchange volatility and the different periods of realization of assets and settlement of liabilities, the Company contracts, when considered necessary, financial instruments to limit exposure to foreign exchange risks.

a. Fair value

The fair values of financial assets and financial liabilities are as follows, presented together with their carrying amounts disclosed in the balance sheet:

	Consolidated			
	Set/11		Dec/10	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	742,820	742,820	578,366	578,366
Trade receivables, net	296,181	296,181	214,737	214,737
Notes and other receivables	29,974	29,974	18,945	18,945
Trade payables	162,360	162,360	121,291	121,291
Borrowings and financing	1,078,603	1,078,603	838,317	838,317
Notes and other payables	37,287	37,287	25,248	25,248

Financial instruments, which are recognized in the consolidated interim financial statements at their carrying amount, are substantially similar to those that would be obtained if they were traded in the market. However, because there is no active market for these instruments, differences could exist if the Company and its subsidiaries decide to settle them in advance.

b. Credit risk

Credit risk is the risk of the Company incurring in losses if a customer or a counterparty to a financial instrument fails to perform its contractual obligations, and arises mainly from trade receivables and investment securities.

Trade and other receivables

The Company sets exposure limits for each customer to limit the credit risk of trade receivables and risks are managed according to specific credit rating criteria.

The Company recognizes an allowance for impairment that represents its estimates of losses incurred on trade and other receivables according to the criteria described in note 5.

c. Liquidity risk

The liquidity risk is the risk related to Company difficulties to settle its obligations arising from to its financial liabilities, which are settled in cash or with another financial asset. The Company's approach to manage this risk is to ensure that it has enough liquidity to settle its obligations without incurring losses or impairing its operations.

As at September 30, 2011, the Company had sufficient cash and cash equivalent to settle all contracted commitments.

The table below shows the contractual maturities of financial liabilities:

FINANCIAL LIABILITIES	Carrying amount	Average cost of interest	Consolidated					Total of contractual cash flows
			Contractual cash flows					
			6 months Or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	
Local Currency								
Bank borrowings	448,056	**6,3 % p.y.**	33,348	220,233	135,038	103,812	4,685	497,116
Unsecured bank borrowings	413,748	**5,93% p.y.**	11,702	103,979	338,470	-	-	454,151
Foreign Currency								
Bank borrowings	49,594	**3,66 % p.y.**	14,404	14,340	10,405	10,392	-	49,541
Unsecured bank borrowings	167,205	**4,26 % p.y.**	11,663	11,584	22,795	98,567	35,847	180,456
Trade and other payables	199,647		199,647					199,647
	1,278,250		**270,764**	**350,136**	**506,708**	**212,771**	**40,532**	**1,380,911**

It is not expect that the cash outflows, included in the Company's maturity analyses, will occur significantly sooner or in amounts significantly different. In addition, the Company has an excellent cash generation capacity.

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, impact Company earnings or its share in financial instruments. The objective of the management of the market risk is to maintain exposures within acceptable standards and, at the same time, optimize returns.

Currency risk

The Company is exposed to the currency risk in sales, purchases and borrowings denominated in currencies other than the Company's functional currency, the Brazilian real. The main currencies in which these transactions are denominated are the US dollar and the euro.

The Company has a natural hedge against this risk, which is its export revenue; however, because of concerns regarding exchange volatility and the different periods of realization of assets and settlement of liabilities the Company contracts financial instruments to limit exposure the foreign exchange risks.

The table below shows the Company's exposure to the foreign exchange risk:

ASSETS	Note	Consolidated	
		Set/11	Dec/10
Short-term investments abroad	3	69,150	178,502
Foreign market customers	5	169,950	130,391
		239,100	308,893
LIABILITIES			
Foreign currency borrowings	14	(216,799)	(133,095)
Other amounts		(80,939)	(46,368)
		(297,738)	(179,463)
Net exposure (R$'000)		**(58,638)**	**129,430**
Net exposure (US$'000)		**(31,621)**	**77,680**

On December 31, 2010, the Company's asset exposure amounted to US$77,680 million. Considering the dollar depreciation scenario over the first nine months of 2011, the Company gradually converted part of its dollar assets into Brazilian reais, thus reducing to a short position of US$31,621 on September 30, 2011.

Sensitivity analysis of foreign exchange exposure

This analysis is based on the foreign exchange rate fluctuation, pursuant to Regulatory Instruction CVM 475, in which the risk variable is assessed with a 25 and 50 percent fluctuation as compared to the probable scenario estimated by the Company. This analysis considers that all other variables, especially the interest rate, will remain constant.

ACCOUNTING CURRENCY EXPOS	Risk	Disclosed	Scenario Probable (i)	Scenario (ii)	Scenario (iii)
US dollar rate	Dollar appreciation	R$ 1.8544	R$ 1.75	R$ 2.19	R$ 2.63
Long position		239,100	225,639	282,049	338,459
Short position		(297,738)	(280,976)	(351,220)	(421,464)
Net exposure (R$'000)		(58,638)	(55,337)	(69,171)	(83,005)
Net exposure (US$'000)		(31,621)	(31,621)	(31,621)	(31,621)
Potential impact (R$'000)		-	**3,301**	**(10,533)**	**(24,367)**

The simulation considered a depreciation of the Brazilian real in relation to the US dollar as compared to the probable scenario indicated by the Company.

Interest rate risk

Refers to the Company's exposure to changes in the interest rates on its short-term investments and bank borrowings with a direct impact on profit or loss. To mitigate this risk, the Company seeks to diversify its borrowings and short-term investments, as follows:

Profile

At the end of the reporting period, the profile of the Company's interest-bearing financial instruments was as follows:

		Consolidated	
		Carrying amount	
	Note	Set/11	Dec/10
Variable rate instruments			
Financial assets	3 e 4	695,311	418,505
Financial liabilities	14	388,864	286,315
Fixed rate instruments			
Financial assets	3	55,558	158,357
Financial liabilities	14	689,739	552,002

Sensitivity analysis to fluctuations in variable and fixed interest rates

The Company has short-term investments in bank certificates of deposit (CDBs) pegged to the fluctuation of the interbank deposit rate (CDI). The simulation considers a fluctuation of 1% per year, upward or downward, in the variable CDI, which would represent an impact of R$6,953 per year.

The Company also has short-term investments abroad at fixed rates. The simulation considers a fluctuation of 0.50% per year, upward or downward, in the LIBOR, which would represent an impact of R$278 per year.

The Company's foreign currency borrowings and financing are also exposed to interest rate risks related to the LIBOR fluctuation. A fluctuation of 0.50% per year, upward or downward, in the LIBOR would have an impact of R$998 per year.

Similarly, the Company is exposed to changes in fixed interest rates of its borrowings and financing pegged to the TJLP, and a fluctuation of 1% per year, upward or downward, in this rate would have an impact of R$1,721 per year.

Price risk

Derives from the possibility of fluctuations in market prices of the inputs used in the manufacturing process, especially scraps, metal alloys, coke, and electricity. These price fluctuations can impact Company costs. The Company has eh policy of monitoring these prices to pass on possible changes to its sales prices.

Capital structure risk

Derives from the ratio between equity and the debt used by the Company to finance its operations. To mitigate liquidity risks and optimize the average cost of capital, the Company monitors the compliance with financial ratios required under its loan agreements.

The equity-to-debt ratio at the end of the reporting period is as follows:

	Consolidated	
	Set/11	Dec/10
Own capital (equity)	1,091,948	970,759
Total payables	1,711,393	1,454,562
Cash and cash equivalents	(742,820)	(578,366)
Borrowings	968,573	876,196
Capital to debt ratio	1.13	1.11

e. Operational risk

Arises from all Company operations and can cause direct losses associated to a variety of factors, such as processes, personnel, technology, infrastructure, and external factors.

The Company's objective is to manage the operational risk to avoid any damages to its reputation and seek cost efficiency.

The primary responsibility for developing and implementing operating risk controls relies with a centralized area of Internal Controls under the Senior management's responsibility.

f. Derivative financial instruments

The Company conducts transactions involving financial instruments and monitors its financial liabilities to manage market risks. All these transactions are carried out in accordance with the guidelines set forth by risk management structure.

The Company and its subsidiaries do not have as a policy to invest in speculative financial transactions, while entering into some financial derivative transactions to hedge certain assets and/or liabilities against fluctuations, especial exchange rate fluctuations.

The most common transaction entered into by the Company is the non-deliverable forward (NDF).

As at September 30, 2011 and December 31, 2010, the Company was not a party to any derivative transactions.

28. AUTHORIZATION FOR COMPLETION OF THE INTERIM FINANCIAL STATEMENTS

The Company's executive board authorized the completion of these interim financial statements on November 14, 2011.