Iochpe-Maxion S.A. and subsidiaries

Individual and Consolidated Financial Statements for the years ended December 31, 2012 and 2011 and Independent Auditors' Report on the Financial Statements

Deloitte Touche Tohmatsu Auditores Independentes

1) COMPANY OVERVIEW

We are a global company, world leader in the production of automotive wheels and one of the leading producers of automotive structural components in the Americas. We are also leaders in the segment of railway equipment in Brazil.

We count with 32 plants located in 13 countries and approximately 18 thousand employees, which enable us to serve our customers around the world within the deadlines, quality and competitiveness standard required by them.

In the automotive segment we run our operations through 2 divisions, Maxion Wheels and Maxion Structural Components.

In Maxion Wheels, we produce and commercialize a wide range of steels wheels for light and commercial vehicles and agricultural machinery and light vehicles aluminum wheels.

In Maxion Structural Components, we produce side rails and frames for commercial vehicles and structural components (car body) for light vehicles.

In the railway segment, through the joint venture AmstedMaxion we produce railway freight cars, wheels and railway castings and industrial castings.

2) HIGHLIGHTS

- Consolidated net operating revenue of R$ 1,466.7 million in 4Q12 and R$ 5,698.5 in 2012, an increase of 104.5% over 4Q11 and 96.2% over 2011;
- EBITDA of R$ 112.1 million in 4Q12 and R$ 459.6 in 2012, an increase of 40.2% over 4Q11 and 11.8% over 2011;
- Net income of R$ 35.9 million (earnings per share of R$ 0.3799) in 4Q12 and R$ 66.9 million (earnings per share of R$ 0,7070) in 2012, a reduction of 18.8% over 4Q11 (earnings per share of R$ 0.4676) and 70.1% over 2011 (earnings per share of R$ 2.3617);
- Net bank indebtedness of R$ 2,494.4 million at the end of 2012 (R$ 519.4 million at the end of 2011), which was strongly influenced by the completion of the acquisitions of Grupo Galaz and Hayes Lemmerz within 1Q12. This indebtedness represents 5.4x EBITDA for the past 12 months (1.3x at the end of 2011).

3) MARKET

Production of vehicles and agricultural machines in regions where the company's highest percentage of consolidated sales is concentrated presented the following behavior in the periods indicated (in units):

PRODUCTION	BRAZIL[1]			NAFTA[2]			EUROPE[2]		
Segment	**4Q12**	**4Q11**	**Var.**	**4Q12**	**4Q11**	**Var.**	**4Q12**	**4Q11**	**Var.**
Light Vehicles	835,408	724,607	*15.3%*	3,890,744	3,439,384	*13.1%*	1,415,150	1,765,655	*-19.9%*
Commercial Vehicles	33,410	57,846	*-42.2%*	101,716	115,205	*-11.7%*	95,350	114,083	*-16.4%*
Total Vehicles	**868,818**	**782,453**	***11.0%***	**3,992,460**	**3,554,589**	***12.3%***	**1,510,500**	**1,879,738**	***-19.6%***
Agricultural Machinery	20,293	19,683	*3.1%*	N/A	N/A		N/A	N/A	
Segment	**2012**	**2011**	**Var.**	**2012**	**2011**	**Var.**	**2012**	**2011**	**Var.**
Light Vehicles	3,172,953	3,135,100	*1.2%*	15,413,639	13,126,383	*17.4%*	13,799,497	14,974,923	*-7.8%*
Commercial Vehicles	132,820	223,388	*-40.5%*	464,029	422,486	*9.8%*	404,559	453,224	*-10.7%*
Total Vehicles	**3,305,773**	**3,358,488**	***-1.6%***	**15,877,668**	**13,548,869**	***17.2%***	**14,204,056**	**15,428,147**	***-7.9%***
Agricultural Machinery	83,640	81,513	*2.6%*	N/A	N/A		N/A	N/A	

(1) Source: ANFAVEA
(2) Source: IHS Automotive (Light Vehicles) and LMC Automotive (Commercial Vehicles)
Europe: considers Western Europe + Central Europe + Turkey

According to AmstedMaxion's estimates, Brazilian railway equipment market presented the following behavior in periods indicated:

Segment	4Q12	4Q11	Var.	2012	2011	Var.
Railway Freight Cars (unit)	659	1,304	*-49.5%*	2,903	5,616	*-48.3%*
Railway Wheels (unit)*	14,434	8,569	*68.4%*	59,129	64,698	*-8.6%*
Castings (tonnes)*	524	956	*-45.2%*	3,638	7,161	*-49.2%*

*** Aftermarket only; does not include wheels and castings used in assembling new railroad freight cars.**

4) OPERATING AND FINANCIAL PERFORMANCE

Consolidated

I.S - R$ thousand	4Q12	4Q11	*Var.*	2012	2011	*Var.*
Net Operating Revenue	1,466,650	717,209	*104.5%*	5,698,513	2,905,139	*96.2%*
Cost of Goods Sold	(1,329,330)	(605,175)	*119.7%*	(5,122,210)	(2,353,383)	*117.7%*
Gross Profit	**137,320**	**112,034**	*22.6%*	**576,303**	**551,756**	*4.4%*
	9.4%	***15.6%***		***10.1%***	***19.0%***	
Operating Expenses	(77,686)	(46,721)	*66.3%*	(297,793)	(193,503)	*53.9%*
Operating Income (EBIT)	**59,634**	**65,313**	*-8.7%*	**278,510**	**358,253**	*-22.3%*
	4.1%	***9.1%***		***4.9%***	***12.3%***	
Financial Results	(53,100)	5,856	*-1006.8%*	(160,624)	(15,175)	*958.5%*
Minority Shareholders	(11,514)	-		(38,842)	-	
Net Income	**35,926**	**44,238**	***-18.8%***	**66,864**	**223,436**	***-70.1%***
	2.4%	***6.2%***		***1.2%***	***7.7%***	
EBITDA	**112,069**	**79,942**	***40.2%***	**459,571**	**411,163**	***11.8%***
	7.6%	***11.1%***		***8.1%***	***14.2%***	

4.1) Net Operating Revenue

Consolidated net operating revenue totaled R$ 1,466.7 million in 4Q12, an increase of 104.5% over 4Q11.

Main factors contributing to this result were (i) the consolidation of Grupo Galaz and Hayes Lemmerz results, (ii) the relevant decrease in the production of commercial vehicles in Brazil, (iii) the relevant decrease in the production of vehicles in Europe, (iv) the reduction in the production of commercial vehicles in NAFTA and (v) the strong decrease in Brazilian market demand for railway freight cars.

Consolidated net operating revenue totaled R$ 5,698.5 million in 2012, an increase of 96.2% over 2011.

Not considering the acquisitions, consolidated net operating revenue in 4Q12 would be R$ 593.5 million (R$ 2,421.8 million in 2012), a reduction of 17.2% over 4Q11 and 16.6% over 2011.

Consolidated international sales totaled R$ 873.3 million or US$ 426.1 million in 4Q12 (R$ 3,372.5 million or US$ 1,717.7 million in 2012) against R$ 109.3 million or US$ 60.5 million in 4Q11 (R$ 417.9 million or US$ 245.1 million in 2011).

Not considering the acquisitions, consolidated international sales would be R$ 125.0 million or US$ 60.7 million in 4Q12 (R$ 533.7 million or U$ 274.3 million in 2012).

Consolidated sales amount per origin in 4Q12 were: South America – 40.1% (40.8% in 2012 and 85.6% in 2011) considering only Brazil – 39.7% (40.3% in 2012 and 84.3% in 2011), Europe – 29.5% (28.0% in 2012 and 0.2% in 2011), North America – 22.9% (23.9% in 2012 and 13.1% in 2011) and Asia/Others – 7.5% (7.3% in 2012 and 1.1% in 2011).

Net Operating Revenue R$ thousand	4Q12	% Part.	4Q11	% Part.	Var.	2012	% Part.	2011	% Part.	Var.
Maxion Wheels										
Light Vehicles (steel)										
South America	117,063	8%	66,590	9%	75.8%	446,496	8%	283,309	10%	57.6%
North America	177,349	12%	102,192	14%	73.5%	708,645	12%	380,203	13%	86.4%
Europe	170,214	12%	-	0%		589,665	10%	-	0%	
Asia + Others	9,938	1%	-	0%		33,324	1%	-	0%	
	474,564	**32%**	**168,782**	**24%**	**181.2%**	**1,778,130**	**31%**	**663,512**	**23%**	**168.0%**
Light Vehicles (aluminum)										
South America	48,813	3%	-	0%		161,523	3%	-	0%	
North America	37,346	3%	-	0%		125,925	2%	-	0%	
Europe	149,870	10%	-	0%		555,918	10%	-	0%	
Asia + Others	72,697	5%	-	0%		267,769	5%	-	0%	
	308,725	**21%**	**-**	**0%**		**1,111,134**	**19%**	**-**	**0%**	
Commercial Vehicles										
South America	107,249	7%	116,402	16%	-7.9%	422,632	7%	479,118	16%	-11.8%
North America	30,890	2%	-	0%		133,751	2%	-	0%	
Europe	113,046	8%	2,982	0%	3691.0%	449,266	8%	6,760	0%	6545.9%
Asia + Others	26,943	2%	4,138	1%	551.1%	112,757	2%	30,909	1%	264.8%
	278,128	**19%**	**123,522**	**17%**	**125.2%**	**1,118,406**	**20%**	**516,787**	**18%**	**116.4%**
Total	**1,061,417**	**72%**	**292,304**	**41%**	**263.1%**	**4,007,670**	**70%**	**1,180,299**	**41%**	**239.5%**
Maxion Structural Components	-		-			-		-		
South America	248,614	17%	287,422	40%	-13.5%	917,574	16%	1,169,366	40%	-21.5%
North America	89,997	6%	-	0%		395,512	7%	-	0%	
Total	**338,611**	**23%**	**287,422**	**40%**	**17.8%**	**1,313,085**	**23%**	**1,169,366**	**40%**	**12.3%**
AmstedMaxion (50%)										
South America	66,629	5%	137,482	19%	-51.5%	377,758	7%	555,474	19%	-32.0%
Total	**66,629**	**5%**	**137,482**	**19%**	**-51.5%**	**377,758**	**7%**	**555,474**	**19%**	**-32.0%**
Consolidated Iochpe-Maxion	**1,466,657**	**100%**	**717,208**	**100%**	**104.5%**	**5,698,513**	**100%**	**2,905,139**	**100%**	**96.2%**

4.2) Cost of Goods Sold (COGS)

COGS reached R$ 1,329.3 million in 4Q12, representing 90.6% of consolidated net operating revenue and an increase of 119.7% over 4Q11, when this cost represented 84.4% of consolidated net operating revenue. COGS in 4Q12 was affected by (i) an additional depreciation amount of R$ 11.5 million due to a US$352.9 million positive adjustment to plant, property and equipment (Purchase Price allocation – PPA), (ii) the relevant reduction of production volumes in certain locations generating high idleness and structure adjustment expenses and (iii) by the introduction of provisional measure 563 (payroll tax reduction – INSS) in the Brazilian plants of the Automotive Segment.

COGS reached R$ 5,122.2 million in 2012, representing 89.9% of consolidated net operating revenue and an increase of 117.7% over 2011, when this cost represented 81.0% of consolidated net operating revenue.

Not considering the acquisitions, COGS would be R$ 525.5 million in 4Q12 (R$ 2,145.1 in 2012), representing 88.5% of consolidated net operating revenue without acquisitions (88.6% in 2012) and a reduction of 13.2% over 4Q11 (reduction of 8.8% over 2011).

4.3) Gross Profit

In 4Q12 gross profit stood at R$ 137.3 million, representing a gross margin of 9.4% and an increase of 22.6% over 4Q11, when gross profit totaled R$ 112.0 million with a 15.6% gross margin.

In 2012 gross profit stood at R$ 576.3 million, representing a gross margin of 10.1% and an increase of 4.4% over 2011, when gross margin represented 19.0% of consolidated net operating revenue.

Not considering the acquisitions, gross profit in 4Q12 would be R$ 68.1 million, representing a gross margin of 11.5% (R$ 276.7 million and gross margin of 11.4% in 2012) and a reduction of 39.2% over 4Q11 (reduction of 49.9% over 2011).

4.4) Net Operating Expenses

Net operating expenses totaled R$ 77.7 million in 4Q12, an increase of 66.3% over 3Q11. These expenses represented 5.3% of consolidated net operating revenue in 4Q12 against 6.5% in 4Q11.

The variation in the amount of net operating expenses is the result of (i) the increase in expenses arising from the mere consolidation of acquisitions of Grupo Galaz and Hayes Lemmerz, (ii) salary increases arising from collective bargaining subsequent to 4Q11 and (iii) the decrease in certain sales expenses relating to sales volume.

Net operating expenses totaled R$ 297.8 million in 2012, an increase of 53.9% over 2011. These expenses represented 5.2% of consolidated net operating revenue in 2012 against 6.7% in 2011.

Not considering the acquisitions, net operating expenses in 4Q12 would be R$ 40.9 million (R$ 168.7 million in 2012), a reduction of 12.4% over 4Q11 (reduction of 12.8% over 2011). These expenses would be 6.9% of consolidated net operating revenue without acquisitions in 4Q12 (7.0% in 2012), compared to 6.6% on 4Q11 (6.7% in 2011).

4.5) Earnings before Interest and Tax (EBIT)

EBIT totaled R$ 59.6 million in 4Q12, representing 4.1% of consolidated net operating revenue and a reduction of 8.7% over 4Q11, when EBIT represented 9.1% of consolidated net operating revenue.

EBIT totaled R$ 278.5 million in 2012, representing 4.9% of consolidated net operating revenue and a reduction of 22.3% over 2011, when EBIT represented 12.3% of consolidated net operating revenue

Not considering the acquisitions, EBIT would be R$ 27.1 million representing 4.6% of consolidated net operating revenue without acquisitions (R$ 108.0 million and 4.5% of consolidated net operating revenue without acquisitions in 2012) and a reduction of 58.5% over 4Q11 (reduction of 69.8% over 2011).

4.6) Gross Cash Generation (EBITDA)

EBITDA totaled R$ 112.1 million in 4Q12, an increase of 40.2% over 4Q11. As a percentage of consolidated net operating revenue, it has decreased from 11.1% in 4Q11 to 7.6% in 4Q12.

EBITDA totaled R$ 459.6 million in 2012, representing 8.1% of consolidated net operating revenue and an increase of 11.8% over 2011, when EBITDA represented 14.2% of consolidated net operating revenue.

Not considering the acquisitions, EBITDA in 4Q12 would be R$ 38.9 million or 6.6% of consolidated net operating revenue without acquisitions (R$ 169.1 million or 7.0% of consolidated net operating revenue in 2012), representing a reduction of 51.3% over 4Q11 (reduction of 58.9% over 2011).

The following table sets forth the evolution of EBITDA in the periods indicated.

EBITDA Reconciliation (R$ thousand)	4Q12	3Q12	*Var.*	2012	2011	Var.
Net Income	35,926	44,238	*-18.8%*	66,864	223,436	*-70.1%*
Minority Shareholders	11,514	-		38,842	-	
Income Taxes	(40,906)	26,931	*-251.9%*	12,180	119,642	*-89.8%*
Financial Results	53,100	(5,856)	*-1006.8%*	160,624	15,175	*958.5%*
Depreciation / Amortization	52,435	14,629	*258.4%*	181,061	52,910	*242.2%*
EBITDA	**112,069**	**79,942**	***40.2%***	**459,571**	**411,163**	***11.8%***

4.7) Financial Result

Financial results in 4Q12 was negative in R$ 53.1 million, 1006.8% worse than the positive result of R$ 5.9 million in 4Q11.

This variation is mainly due to: (i) R$ 32.1 million increase in expenses with interest on financing, due to increase in indebtedness, (ii) reduction of R$ 6.2 million of income on marketable securities, (iii) R$ 5.5 million unfavorable net effect relating to foreign exchange variation and (iv) the positive effect on 4Q11 of R$ 16.3 million due to the financial update of lawsuits on PIS/COFINS taxes concluded definitively concluded in our favor.

Financial results in 2012 was negative in R$ 160.6 million, a 958.5% increase against an R$ 15.2 million negative result in 2011.

4.8) Net Result

Net income totaled R$ 35.9 million (earnings per share of R$ 0.3799) in 4Q12 and R$ 66.9 million (earnings per share of R$ 0.7070) in 2012, a reduction of 18.8% over 4Q11 (earnings per share of R$ 0.4676) and 70.1% over 2011 (earnings per share of R$ 2.3617).

Net income in 4Q12 and 2012 was positively impacted by R$ 47.3 million due to the fiscal credit recognition not recognized in previous fiscal years, by the grouping of Borlem S.A Empreendimentos Industriais into Hayes Lemmerz Indústria de Rodas Ltda.. Such grouping will bring higher synergies and consequently cost reduction due to corporate structure optimization.

5) CAPITAL EXPENDITURES

Capital expenditures to develop new products and to modernize the industrial park totaled R$ 61.4 million in 4Q12, or R$ 28.1 million without considering the acquisitions (R$ 58.1 million in 4Q11).

Capital expenditures in 2012 totaled R$ 259.6 million or R$ 97.6 million without considering the acquisitions (R$ 196.8 million in 2011).

6) LIQUIDITY AND INDEBTEDNESS

Consolidated cash and cash equivalents at the end of 2012 was R$ 506.5 million, of which 44.0% in Brazilian Reais, 36.9% in US Dollars, 15.3% in Mexican Pesos, 3.2% in Yuan, 0.4% in Euros and 0.2% in Argentine Pesos.

Marketable securities accounted for 55.5% of such amount, consisting entirely of short-term instruments.

Consolidated gross bank debt reached R$ 3,000.9 million at the end of 2012, R$ 813.1 million (27.1%) of which registered in the short-term and R$ 2,187.8 million (72.9%) in the long-term.

The main indicators of the consolidated gross bank indebtedness were: US Dollars – 53.7%, followed by fixed interest of 9.0% in Reais (BNDES – EXIM) – 17.7%, fixed interest of 8.0% in Reais (BNDES – PSI-IV Program) – 7.9%, fixed interest of 4.5% in Reais (BNDES – PSI-I Program) – 7.1%, Euro – 5.6% and Yuan – 2.0%.

Consolidated net bank indebtedness totaled R$ 2,494.4 million at the end of 2012, a 380.3% increase against R$ 519.4 million at the end of 2011. This indebtedness represents 5.4x EBITDA for the last 12 months (1.3x at the end of 2011).

For the purposes of understanding the recent evolution of consolidated net bank indebtedness, it is worth mentioning (i) the payment in January of US$ 871 million for the acquisitions of Grupo Galaz and Hayes Lemmerz and (ii) the payment of dividends and distribution of retained earnings (due to the adoption of the deemed cost concept for plant, property and equipment) in the total amount of R$ 86.9 million in March 2012 relating to income for the year 2011.

7) SHAREHOLDERS' EQUITY

Shareholders' equity totaled R$ 1,090.9 million (equity value of R$ 11.50 per share) at the end of 2012, up by 18.8% against shareholders' equity at the end of 2011 (R$ 918.6 million and equity value per share of R$ 9.68).

Equity valuation adjustment at the end of 2012 recorded a R$ 49.8 million negative variation against the end of 2011, mainly due to: (i) foreign exchange variation in investments abroad (R$ 32.9 million negative adjustment) and (ii) depreciation of deemed cost attributed to plant, property and equipment (R$ 11.1 million negative adjustment).

8) BUSINESS SEGMENTS

8.1) Automotive Segment

The Automotive Segment presented R$ 1,400.0 million of net operating revenue in 4Q12 (R$ 5,320.8 million in 2012), representing 95.5% of consolidated net operating revenue (93.4% in 2012) and an increase of 141.5% over 4Q11 (increase of 126.4% over 2011).

EBIT totaled R$ 74.4 million in 4Q12 (R$ 301.7 million in 2012), an increase of 41.1% over 4Q11 (reduction of 2.4% over 2011), EBITDA totaled R$ 125.3 million (R$ 476.2 million in 2012), an increase of 91.8% over 4Q11 (increase of 33.7% over 2011) and net income totaled R$ 49.2 million in 4Q12 (R$ 97.6 million in 2012), an increase of 23.6% over 4Q11 (reduction of 52.0% over 2011).

Main factors that contributed to these results were: (i) the consolidation of Grupo Galaz and Hayes Lemmerz results, (ii) the relevant reduction in production of commercial vehicles in Brazil, (iii) the relevant reduction in production of vehicles in Europe, (iv) the reduction in production of commercial vehicles in NAFTA, with respective reduction (related to items (ii), (iii) and (iv) above) of production volumes in certain facilities, generating high idleness and structure adjustment expenses, (v) the impact of Purchase Price Allocation – PPA and (vi) and the introduction of Provisional Measure 563 (payroll tax reduction – INSS) in the Brazilian plants.

I.S - R$ thousand	4Q12	4Q11	*Var.*	2012	2011	*Var.*
Net Operating Revenue	1,400,021	579,727	*141.5%*	5,320,755	2,349,665	*126.4%*
Cost of Goods Sold	(1,258,637)	(485,106)	*159.5%*	(4,761,901)	(1,892,693)	*151.6%*
Gross Profit	**141,384**	**94,621**	*49.4%*	**558,854**	**456,972**	*22.3%*
	10.1%	***16.3%***		***10.5%***	***19.4%***	
Operating Expenses	(66,986)	(41,895)	*59.9%*	(257,180)	(147,979)	*73.8%*
Operating Income (EBIT)	**74,398**	**52,726**	*41.1%*	**301,674**	**308,993**	*-2.4%*
	5.3%	***9.1%***		***5.7%***	***13.2%***	
Financial Results	(47,272)	10,318	*-558.1%*	(136,379)	1,724	*-8010.0%*
Minority Shareholders	(11,514)	-		(38,842)	-	
Net Income	**49,198**	**39,815**	***23.6%***	**97,557**	**203,035**	***-52.0%***
	3.5%	***6.9%***		***1.8%***	***8.6%***	
EBITDA	**125,257**	**65,320**	***91.8%***	**476,188**	**356,057**	***33.7%***
	8.9%	***11.3%***		***8.9%***	***15.2%***	

8.2) Railway Segment*

The Railway Segment presented R$ 66.6 million of net operating revenue in 4Q12 (R$ 377.8 million in 2012), representing 4.5% of consolidated net operating revenue (6.6% in 2012) and a reduction of 51.5% over 4Q11 (reduction of 32.0% over 2011).

EBIT was negative in R$ 14.8 million in 4Q12 (negative in R$ 23.2 million in 2012), a reduction of 217.3% over 4Q11 (reduction of 147.0% over 2011), EBITDA was negative in R$ 13.2 million (negative in R$ 16.6 million in 2012), a reduction of 190.2% over 4Q11 (a reduction of 130.2% over 2011) and net result was a loss of R$ 13.3 million in 4Q12 (loss of R$ 30.7 million in 2012), a reduction of 400.0% over 4Q11 (reduction of 250.4% over 2011).

Main factor that contributed to this result was the strong decrease in Brazilian market demand for railway freight cars with respective reduction of production volume, generating high idleness and structure adjustment expenses.

I.S - R$ thousand	4Q12	4Q11	Var.	2012	2011	Var.
Net Operating Revenue	66,629	137,482	-51.5%	377,758	555,474	-32.0%
Cost of Goods Sold	(70,693)	(120,069)	-41.1%	(360,309)	(460,690)	-21.8%
Gross Profit	**(4,064)**	**17,413**	-123.3%	**17,449**	**94,784**	-81.6%
	-6.1%	***12.7%***		***4.6%***	***17.1%***	
Operating Expenses	(10,700)	(4,825)	121.7%	(40,613)	(45,523)	-10.8%
Operating Income (EBIT)	**(14,764)**	**12,588**	-217.3%	**(23,164)**	**49,261**	-147.0%
	-22.2%	***9.2%***		***-6.1%***	***8.9%***	
Financial Results	(5,828)	(4,462)	30.6%	(24,245)	(16,899)	43.5%
Net Income /(Loss)	**(13,272)**	**4,424**	***-400.0%***	**(30,693)**	**20,402**	***-250.4%***
	-19.9%	***3.2%***		***-8.1%***	***3.7%***	
EBITDA	**(13,188)**	**14,623**	***-190.2%***	**(16,617)**	**55,106**	***-130.2%***
	-19.8%	***10.6%***		***-4.4%***	***9.9%***	

***Amounts corresponding to Iochpe-Maxion S.A.'s ownership (50%)**

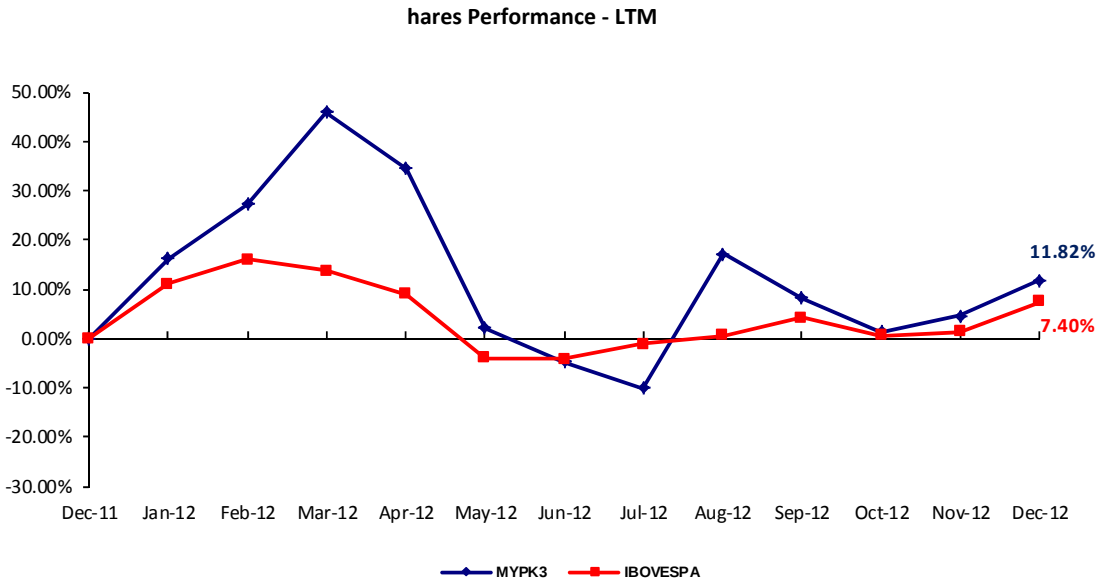
9) DIVIDENDS

Iochpe-Maxion's Bylaws provides for the distribution of 37% of net income (less any accumulated losses from previous periods). As net income reached R$ 66.9 million in 2012 and the adoption of the deemed cost concept to property, plant and equipment and its respective depreciation throughout the year that generated an addition of R$ 11.1 million to equity, the dividends to be distributed in 2013, referring to 2012, should amount to R$ 28.9 million (R$ 86.4 million in the previous year) or R$ 0.30516511 per share (R$ 0.91842660 per share in the previous year).

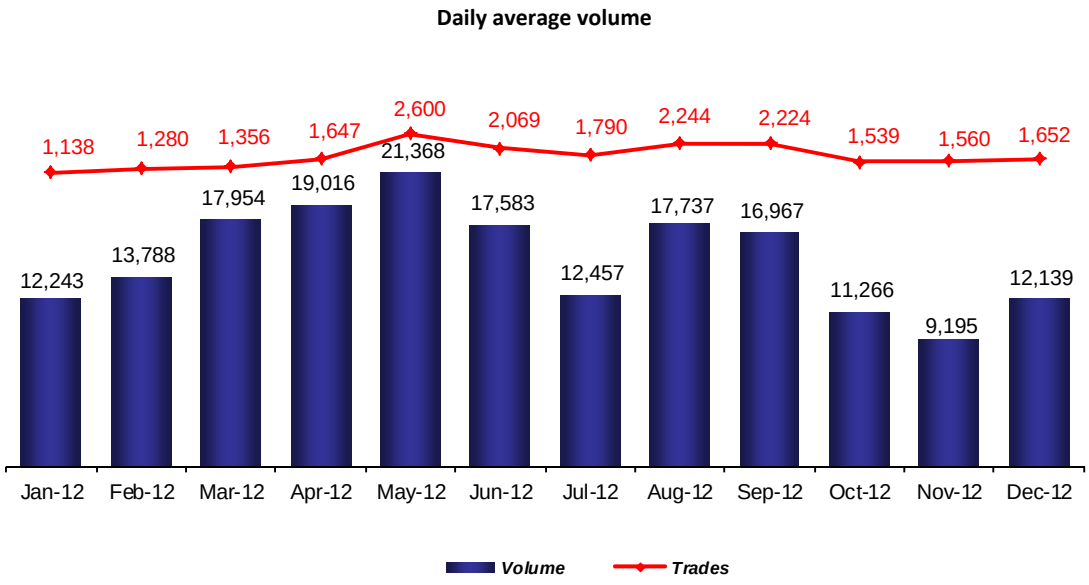
It's worth to mention that as a reducer of such amount to be distributed, the Company already declared in 2012 as interest on shareholder's equity ("JCP") the amount of R$ 25.4 million to be paid in the same date of the remaining balance of dividends.

10) CAPITAL MARKET

Iochpe-Maxion's common shares (Bovespa: MYPK3) closed 2012 priced at R$ 27.35, appreciating 3.32% in 4Q12 and 11.82% in 2012. At the end of 2012, Iochpe-Maxion's market capitalization totaled R$ 2,594.5 million (R$ 2,395.3 at the end of 2011).



Iochpe-Maxion's shares recorded a daily average trading volume on São Paulo Stock Exchange in the amount of R$ 10.9 million in 4Q12 (R$ 15.2 million in 2012) and 1.580 daily average transactions (1.765 transactions in 2012). In 2011 the daily average trading volume was R$ 7.4 million and 786 daily average transactions.



11) ARBITRATION CLAUSE

The company is bound to arbitration at the Arbitration Chamber of *Novo Mercado*, as provided for in the Arbitration Clause included in its By-laws.

12) INSTRUCTION CVM No. 381

In accordance to Instruction 381 of CVM, we inform that during 2012, Iochpe-Maxion along with its controlled companies abroad, contracted on its independent auditors Deloitte Touche Tohmatsu, services not related to financial statements' independent audit services (explanation related to tax and corporate rules of certain countries) for duration below one year which represented less than 5% of the consolidated total value of the financial statements' independent audit services. Iochpe-Maxion management team along with its independent auditors concluded that the services provided did not affect their independence and objectivity, due to the scope definition and the executed procedures. Iochpe-Maxion adopts as policy attending the rules which define the restrictions to services provided by independent auditors.

On our relationship with independent auditors, we try to evaluate the conflict of interest with non-audit work based on the following: the auditor must not (a) audit its own work, (b) execute managerial functions and (c) promote our interests.

13) MANAGEMENT'S STATEMENT

Pursuant to Article 25 of CVM Instruction No. 480/09, of November 7, 2009, the Executive Directors declares that they have discussed, reviewed and agreed with the independent auditors' review report and with the consolidated financial statements of December 31st, 2012.

The company's financial information presented herein is in accordance with the Brazilian corporate legislation criteria for audited financial statements.

EBITDA should not be considered as an alternative to net income (loss), as an indicator of the company's operating performance, or as an alternative to cash flow as an indicator of liquidity.

The company's Management believes that EBITDA is a practical measure to determine its operating performance and enable a comparison with other companies.

The company calculates EBITDA according to CVM Instruction 527, of October 4, 2012. Therefore EBITDA represents net income (loss) before financial result, income and social contribution taxes, depreciation and amortization.

Cruzeiro, February 25, 2013.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
To the Management of Iochpe-Maxion S.A. Cruzeiro – SP

We have audited the individual and consolidated financial statements of Iochpe-Maxion S.A., ("Company"), identified as parent company and consolidated, respectively, comprising the balance sheet as of December 31, 2012 and the accompanying statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year ended on that date, as well as a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements
Management is responsible for preparation and fair presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil, as well as the internal controls that management determines as necessary to enable preparation of financial statements free of material misstatement due to fraud or error.

Independent Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit conducted in accordance with Brazilian and international auditing standards, which require us to comply with ethical requirements and to plan and conduct audit in order to obtain reasonable assurance that financial statements are free of any material misstatement.
An audit involves selected procedures to obtain evidence of the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of risks of material misstatement in the financial statements irrespective of their being due to fraud or error. As part of this risk assessment, the auditor considers the internal controls relevant for preparation and fair presentation of the financial statements in order to plan the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of a company's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as an evaluation of the presentation of the financial statements taken as a whole.
We believe that the audit evidence obtained is sufficient and appropriate to provide the basis for our opinion.

Individual financial statements - opinion
In our opinion, the above-mentioned individual financial statements fairly present, in all material aspects, the financial position of Iochpe- -Maxion S.A. as of December 31, 2012, its result of operations and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Consolidated financial statements - opinion
In our opinion, the above-mentioned consolidated financial statements fairly present, in all material aspects, the consolidated financial position of Iochpe-Maxion S.A. as of December 31, 2012, its consolidated result of operations and cash flows for the year then ended in accordance with the IFRSs issued by the IASB and the accounting practices adopted in Brazil.

Qualification
As described in note No. 4, the financial statements were prepared in accordance with the accounting practices adopted in Brazil. In the case of the Company, these practices differ from

the IFRS applicable to separate financial statements only in relation to valuations of investments in subsidiaries and joint ventures by equity pick-up, while for IFRS purposes they would be valued at cost or fair value. Our opinion is not qualified due to this subject.

Other matters

Statements of value added

We also examined the individual and consolidated statements of value added ("DVA") for the year ended December 31, 2012, prepared under the responsibility of the company's management, and which are required under Brazilian corporate law for publicly-traded companies, and as supplementary information under the IFRS, which do not require disclosure of statements of value added. These statements were subject to the same audit procedures described above and in our opinion are fairly stated in all material aspects in relation to the financial statements taken as a whole.

Audit corresponding to prior year amounts

The amounts for the parent company and consolidated data for the year ended December 31, 2011, shown for comparative purposes, have been previously audited by other auditors in a report dated February 10, 2012, and have not been modified. As part of our audit of the consolidated financial statements for 2012, we also examined the reclassifications described in Note 34, which were made to amend the individual and consolidated financial statements for 2011. In our opinion, these reclassifications are appropriate and were made correctly. We were not engaged to audit, review or apply any other procedure to the company's individual and consolidated financial statements for 2011 and, therefore, we are not expressing an opinion or providing any form of assurance on the 2011 financial statements taken as a whole.

São Paulo, February 25, 2013

DELOITTE TOUCHE TOHMATSU
Auditores Independentes
Regional Accounting Council (CRC) No. 2 SP 011609/O-8

André Rafael de Oliveira
Accountant
Public registration CRC 1 SP 220308/O-1

AUDIT COMMITTEE REPORT

IOCHPE-Maxion S/A's Audit Committee for 2012 conducted its work in accordance with the annual plan of activities approved by the Board of Directors' meeting of August 29 2012, focusing mainly on the following areas of responsibility, through assessment, monitoring and review with the assistance and cooperation of Deloitte Touche Tohmatsu Auditores Independentes (DTT), and our own Internal Audit department to verify:

1. Risks and Controls - The adequacy and effectiveness of risk management and internal controls of companies and how they affect the presentation of financial reports.

2. Financial Reports - The adequacy and effectiveness of the system used to compile the financial information disclosed to the market, including annual financial statements and review of operations, as well as interim or periodical reports.

3. Regulatory issues - the process for monitoring compliance with relevant laws and regulations and any legal matters that could significantly impact the companies' financial reports

4. Code of Conduct (Ethics) - The process for monitoring compliance with any internal codes of conduct, which includes procedures for dealing with employees' concerns or complaints received by the companies in relation to accounting and auditing subjects.

5. Management compensation - The process of monitoring risk exposures

6. Related parties - adequacy of related party transactions

Audit works were performed by: 1. Reading of monthly management reports, minutes of the board of directors and shareholders' meetings; 2. Monthly meetings with managers, members of corporate, operational and legal management; 3. Visits to operational units on an annual rotation basis; 4. Quarterly meetings with the independent auditor's partner, managers and supervisors (retaining services, independence, planning and conduction of audit work and recommendations for improvements) and 5. Bimonthly meetings with the head of Internal Audit. Considering the internal control system, the coverage and depth of the studies made by the independent auditors, as well as their respective report issued as an unqualified opinion on February 25, 2013, as well as reports on the visits to units made by Internal Audit, we believe that the financial statements as of December 31, 2012 fairly present the financial position of IOCHPE-Maxion SA in relation to the accounting practices adopted in Brazil and the international financial reporting standards (IFRS). Therefore, they may be forwarded to be voted by the annual shareholders' meeting.

São Paulo, February 25, 2013

Mauro Knijnik

Luiz Antonio Viana

Pedro O. Predeus
Public Accountant
CRCSP 1SP061331/0-3

IOCHPE-MAXION S.A. AND SUBSIDIARIES

Balance sheet as of December 31, 2012 and 2011
(thousands of Brazilian *Reais* - R$)

	Note	Parent (BR GAAP)		Consolidated (BR GAAP and IFRS:)	
ASSETS		2012	2011	2012	2011
CURRENT ASSETS					
Cash and cash equivalents	7	218,429	246,641	506,500	291,484
Financial investments	8	-	45,837	-	45,837
Trade accounts receivable	9	233,361	247,633	759,724	395,980
Inventories	10	189,653	193,311	703,903	382,503
Taxes recoverable	11	32,854	33,239	110,514	56,205
Prepaid Expenses		15,887	2,079	31,420	6,412
Other Credits		9,191	11,930	42,812	21,860
Total current assets		699,375	780,670	2,154,873	1,200,281
NON-CURRENT ASSETS					
Related parties	13	7,377	6,700	-	-
Dividends receivable received from parent company	13 and 14b	545	-	-	-
Taxes recoverable	11	9,697	10,655	61,507	52,511
Deferred income and social contribution taxes	12	-	-	64,717	-
Court deposits	19	10,604	7,067	26,210	9,606
Escrow accounts	2 and 19	-	-	38,827	-
Other Credits		2,139	1,613	4,711	4,045
Investments	14	253,459	279,063	104	104
Property, plant and equipment	15	807,949	794,301	2,565,544	1,106,579
Intangible assets	16	2,298	1,521	869,089	27,438
Total non-current assets		1,094,068	1,100,920	3,630,709	1,200,283
TOTAL ASSETS		1,793,443	1,881,590	5,785,582	2,400,564

	Note	Parent (BR GAAP)		Consolidated (BR GAAP and IFRS:)	
LIABILITIES AND SHAREHOLDERS' EQUITY		2012	2011	2012	2011
CURRENT					
Loans and financing	17	238,712	281,124	813,129	539,506
Suppliers	18	95,483	91,533	598,033	225,807
Tax liabilities		17,904	14,657	57,948	19,235
Taxes to be paid in installments		-	-	6,303	-
Labor and pension/social security liabilities		24,317	38,208	88,863	50,564
Provision for vacation pay and charges		30,420	35,715	49,532	45,055
Advances from customers		10,649	16,086	13,632	47,031
Dividends and interest on shareholders' equity to be paid	21.c	25,738	82,671	25,738	82,671
Related parties	13	3,633	3,202	-	-
Financial instruments to be paid	28	-	104	-	104
Other liabilities		23,837	27,775	155,564	50,929
Total current liabilities		470,693	591,075	1,808,742	1,060,902
NONCURRENT					
Loans and financing	17	291,998	276,540	2,187,776	317,188
Provision for tax, civil and labor claims	19	11,221	6,024	77,572	9,165
Deferred income and social contribution taxes	12	94,360	72,180	188,872	75,001
Liabilities not covered - subsidiaries	14	95	-	-	-
Actuarial liabilities of pension and post-employment benefits	20	-	-	328,605	-
Other liabilities		12,038	17,151	103,105	19,688
Total current liabilities		409,712	371,895	2,885,930	421,042
SHAREHOLDERS' EQUITY					
Share capital	21.a	650,000	500,000	650,000	500,000
Vested stock options		2,920	2,554	2,920	2,554
Capital reserves		149	-	149	-
Income reserves		138,417	239,274	138,417	239,274
Treasury shares		(6,556)	(5,282)	(6,556)	(5,282)
Equity valuation adjustment		150,530	166,227	150,530	166,227
Other comprehensive income		(22,422)	11,674	(22,422)	11,674
Additional dividends proposed		-	4,173	-	4,173
Shareholders' equity attributed to controlling shareholders		913,038	918,620	913,038	918,620
Minority shareholder portion controlling shareholders' equity		-	-	177,872	-
Total shareholders' equity		913,038	918,620	1,090,910	918,620
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,793,443	1,881,590	5,785,582	2,400,564

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

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(thousands of Brazilian *Reais* - R$, except earnings per share

	Note	Parent (BR GAAP)		Consolidated (BR GAAP and IFRS)	
		2012	2011	2012	2011
NET SALES REVENUES	26	1,624,444	1,999,119	5,698,513	2,905,139
COST OF GOODS AND SERVICES SOLD	27	(1,405,998)	(1,587,885)	(5,122,210)	(2,353,383)
GROSS PROFIT		218,446	411,234	576,303	551,756
OPERATING REVENUES (EXPENSES)					
Selling expenses	27	(39,047)	(43,328)	(92,699)	(88,959)
General and administrative expenses	27	(58,697)	(69,998)	(208,350)	(101,115)
Management's fees	13	(6,660)	(5,775)	(6,660)	(5,775)
Equity pick-up	14	(25,146)	23,627	-	-
Other operating revenues, net	25	3,848	3,048	9,916	2,346
OPERATING INCOME BEFORE FINANCIAL INCOME AND EXPENSES		92,744	318,808	278,510	358,253
Financial income	23	43,100	48,045	47,014	51,618
Financial expenses	23	(41,754)	(34,445)	(199,755)	(59,906)
Net exchange-rate variation	24	5,040	(6,420)	(7,883)	(6,887)
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		99,130	325,988	117,886	343,078
INCOME AND SOCIAL CONTRIBUTION TAXES					
Current	12.b	(10,069)	(66,934)	(71,974)	(85,906)
Deferred	12.b	(22,197)	(35,618)	59,794	(33,736)
NET INCOME FOR THE PERIOD		66,864	223,436	105,706	223,436
ATTRIBUTABLE TO:					
Controlling shareholders		66,864	223,436	66,864	223,436
Minority shareholders		-	-	38,842	-
NET EARNINGS PER SHARE FOR THE PERIOD:					
BASIC - R$	31	0.70697	2.36165		
DILUTED - R$	31	0.70402	2.35275		

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

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(thousands of Brazilian *Reais* - R$)

	Parent (BR GAAP)		Consolidated (BR GAAP and IFRS)	
	2012	2011	2012	2011
NET INCOME FOR THE PERIOD	66,864	223,436	105,706	223,436
OTHER COMPREHENSIVE INCOME				
Gains on measurement of financial instruments, net	69	1,107	69	1,107
Gains (losses) on conversion of financial statements from foreign subsidiaries	(34,165)	8,146	(34,165)	8,146
Total other comprehensive income	(34,096)	9,253	(34,096)	9,253
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	32,768	232,689	71,610	232,689
Attributable to:				
Controlling shareholders	32,768	232,689	32,768	232,689
Minority shareholders	-	-	38,842	-
	32,768	232,689	71,610	232,689

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(thousands of Brazilian *Reais* - R$)

				Capital reserve	Income reserves									
	Note	Share Capital	Stock options granted vested	Premium on sales of treasury shares	Legal Reserve	Statutory Reserve - investment and working capital	Treasury shares	Valuation adjustment	Other comprehensive income	Additional dividends proposed	Retained earnings	Shareholders' equity attributed controlling shareholders	Minority interest in shareholders' equity of subsidiaries	Total Shareholder equity
BALANCES AS OF DECEMBER 31, 2010		360,000	1,624	-	34,451	196,953	-	179,339	2,421	4,600	-	779,388	-	779,388
Net income for the period		-	-	-	-	-	-	-	-	-	223,436	223,436	-	223,436
Other comprehensive income		-	-	-	-	-	-	-	9,253	-	-	9,253	-	9,253
Total comprehensive income		-	-	-	-	-	-	-	9,253	-	223,436	232,689	-	232,689
Capital increase using statutory reserve		140,000	-	-	-	(140,000)	-	-	-	-		-	-	-
Acquisition of treasury shares		-	-	-	-	-	(5,282)	-	-	-		(5,282)	-	(5,282)
Granting of stock options		-	930	-	-	-	-	-	-	-		930	-	930
Realization of deemed cost, net of tax effects		-	-	-	-	-	-	(11,278)	-	-	11,278	-	-	-
Write-off of deemed cost, net of tax effects		-	-	-	-	-	-	(1,834)	-	-		(1,834)	-	(1,834)
Payment of additional dividends proposed in 2010		-	-	-	-	-	-	-	-	(4,600)		(4,600)	-	(4,600)
Allocation of net income for the period:		-	-	-	-	-	-	-	-	-		-	-	-
Legal reserves	21. c	-	-	-	11,736	-	-	-	-	-	(11,736)	-	-	-
Statutory reserve for investments and working capital	21. c	-	-	-	-	136,134	-	-	-	-	(136,134)	-	-	-
Minimum mandatory dividends	21. c	-	-	-	-	-	-	-	-	4,173	(86,844)	(82,671)	-	(82,671)
Balances as of December 31, 2011		500,000	2,554	-	46,187	193,087	(5,282)	166,227	11,674	4,173	-	918,620	-	918,620
Net income for the period		-	-	-	-	-	-	-	-	-	66,864	66,864	38,842	105,706
Other comprehensive income		-	-	-	-	-	-	-	(34,096)	-	-	(34,096)	-	(34,096)
Total comprehensive income		-	-	-	-	-	-	-	(34,096)	-	66,864	32,768	38,842	71,610
Capital increase using statutory reserve	21.a	150,000	-	-	-	(150,000)	-	-	-	-	-	-	-	-
Share of minority shareholders in the acquisition of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	139,030	139,030
Acquisition of treasury shares		-	-	-	-	-	(1,915)	-	-	-	-	(1,915)	-	(1,915)
Sales of treasury shares upon exercise of stock options		-	-	149	-	-	641	-	-	-	-	790	-	790
Granting of stock options	21.d and 22	-	563	-	-	-	-	-	-	-	-	563	-	563
Exercise of stock options	21.d	-	(197)	-	-	-	-	-	-	-	-	(197)	-	(197)
Realization of deemed cost, net of tax effects		-	-	-	-	-	-	(11,141)	-	-	11,141	-	-	-
Write-off of deemed cost, net of tax effects		-	-	-	-	-	-	(4,556)	-	-	-	(4,556)	-	(4,556)
Payment of additional dividends proposed in 2011		-	-	-	-	-	-	-	-	(4,173)	-	(4,173)	-	(4,173)
Allocation of net income for the period:		-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	21. c	-	-	-	3,900	-	-	-	-	-	(3,900)	-	-	-
Statutory reserve for investments and working capital	21. c	-	-	-	-	45,243	-	-	-	-	(45,243)	-	-	-
Interest on shareholders' equity	21. c	-	-	-	-	-	-	-	-	-	(12,659)	(12,659)	-	(12,659)
Interest on shareholders' equity	21. c	-	-	-	-	-	-	-	-	-	(12,713)	(12,713)	-	(12,713)
Minimum mandatory dividends supplementing interest on shareholders' equity	21.c	-	-	-	-	-	-	-	-	-	(3,490)	(3,490)	-	(3,490)
Balances as of December 31, 2012		650,000	2.920	149	50,087	88,330	(6,556)	150,530	(22,422)			913,038	177,872	1,090,910

The accompanying notes are an integral part of the financial statements

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(thousands of Brazilian *Reais*)

		Parent (BR GAAP)		Consolidated (BR GAAP and IFRS)	
	Note	2012	2011	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES					
Net income for the period		66,864	223,436	105,706	223,436
Adjustments to reconcile net income to net cash from (used in) operating activities:					
Depreciation	15	44,154	37,628	173,256	52,616
Amortization	16	469	296	7,805	609
Deferred income and social contribution taxes	12	22,197	35,618	(59,794)	33,736
Residual cost of property, plant and equipment items written-off	15	8,127	22,212	11,557	35,382
Equity pick-up	14	25,146	(23,627)	-	-
Provision for tax, civil and labor risks, net of reversals	19	6,863	724	13,457	4,619
Interest, monetary and exchange-rate variations		36,215	34,012	186,256	58,947
Granting of stock options	21.d	366	930	366	930
Gains and losses on conversion		-	-	(310,814)	3,139
Provision for doubtful debts (reversal)		143	(283)	1.325	(293)
Provision for loss on inventories (reversal)		3,261	(1,184)	3,029	102
Decrease (increase) in assets:					
Trade accounts receivable		14,129	(72,030)	30,558	(143,113)
Inventories		397	(5,453)	(46,269)	(61.570)
Other credits and other accounts		(14,466)	(2,334)	(81,194)	(7,635)
Increase (decrease) in liabilities:					
Suppliers		3,950	32,106	(12,686)	75,701
Other accounts payable (acquisition of Montich subsidiary)		-	8,098	-	8,098
Other liabilities and other accounts		(28,533)	54,168	(39,536)	10,951
Payment of interest on loans and financing		(24,093)	(23,621)	(76,806)	(35,935)
Payments of income and social contribution taxes	11	(10,069)	(66,934)	(71,974)	(85,906)
Net cash from (used in) operating activities		155,120	253,762	(165,758)	173,814
CASH FLOW FROM INVESTMENT ACTIVITIES					
Capital increase in subsidiaries	14	(35,240)	(118)	-	-
Acquisition of investments, net of cash		-	(14,196)	(1,089,728)	-
Acquisition of property, plant and equipment	15	(65,929)	(158,147)	(259,597)	(196,773)
Acquisition of intangible assets	16	(1,246)	(627)	(1,387)	(627)
Redemption of financial investments		45,837	200,930	45,837	219,644
Net cash from (used in) investment activities		(56,578)	27,842	(1,304,875)	22,244
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends received from subsidiaries	14	1,081	100	-	-
Funding - loans and financing		288,100	58,241	2.956.160	359,097
Repayment of loans and financing - principal		(327,176)	(29,402)	(1,183,244)	(251,403)
Acquisition of treasury shares		(1,915)	(5,282)	(1,915)	(5,282)
Payment of proposed and additional dividends	21	(86,844)	(65,337)	(86,844)	(65,337)
Net cash from (used in) financing activities		(126,754)	(41,680)	1,684,157	37,075
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(28,212)	239,924	213,524	233,133
EXCHANGE-RATE VARIATION ON CASH AND CASH EQUIVALENTS OF SUBSIDIARIES ABROAD		-	-	1,492	712
Initial balance of cash and cash equivalents		246,641	6,717	291,484	57,639
Closing balance of cash and cash equivalents		218,429	246,641	506,500	291,484
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(28,212)	239,924	215,016	233,845

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

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(thousands of Brazilian *Reais* - R$)

	Note	Parent (BR GAAP)		Consolidated (BR GAAP and IFRS)	
		2012	2011	2012	2011
Revenues	26	2,013,806	2,434,716	6,153,340	3,396,944
Sales of goods and products	9	(143)	283	(1,325)	293
Provision for doubtful debts	25	7,387	5,972	27,224	10,659
Other revenues		2,021,050	2,440,971	6,179,239	3,407,896
INPUTS ACQUIRED FROM THIRD PARTIES (incl. ICMS and IPI taxes)					
Raw materials consumed		1,160,192	1,395,407	3,671,740	2,015,814
Materials, energy, third party services and other		170,066	165,377	764,071	288,479
		1,330,258	1,560,784	4,435,811	2,304,293
GROSS VALUE ADDED		690,792	880,187	1,743,428	1,103,603
WITHHOLDINGS	15	(44,154)	(37,628)	(173,256)	(52,616)
Depreciation	16	(469)	(296)	(7,805)	(609)
Amortization					
NET VALUE ADDED PRODUCED BY COMPANY AND SUBSIDIARIES		646,169	842.263	1,562,367	1,050,378
VALUE ADDED RECEIVED AS TRANSFER	14	(25,146)	23,627	-	-
Equity pick-up	23 and 24	53,415	52,576	87,856	61,746
Financial income - incl. exchange variation gains		28,269	76,203	87,856	61,746
TOTAL VALUE ADDED TO DISTRIBUTE		674,438	918,466	1,650,223	1,112,124
DISTRIBUTION OF VALUE ADDED					
Employees:					
Payroll and related charges		289,724	307,433	797,777	433,221
Employee profit sharing:		29,530	36,456	68.488	47,077
Taxes:					
Federal		126.560	215,180	345,213	218,498
State		102,636	80,616	143,406	99,938
Municipal		141	271	288	1,549
Funders					
Interest/ exchange variations losses/fees	23 and 24	46,920	42,673	248,371	74,198
Leases		922	1.123	7,517	2,929
Shareholders:					
Proposed and additional dividends	21, c	3,490	86,844	3,490	86,844
Interest on shareholders' equity	21, c	25,372		25,372	
Retained earnings		49,143	147,870	49,143	147,870
Minority shareholders portion of retained earnings				(38,842)	
		674,438	918,466	1,650,223	1,112,124

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

1. OPERATIONS

a) General Provisions

Iochpe-Maxion S.A. ("Company") is a publicly-traded company headquartered at Rua Dr. Othon Barcellos, 83, in the city of Cruzeiro, state of São Paulo, and is listed on the São Paulo Stock, Commodities and Futures Exchange (BM&FBOVESPA) under trading symbol MYPK3.

The activities of the Company and those of its subsidiaries and joint ventures are carried out at 32 units in Brazil and abroad, organized into the following business segments / units:

i. Automotive segment - wheels

• Manufacture and sale of heavy steel wheel through units located in:

- Cruzeiro e Guarulhos – Brazil.
- Nantong – China.
- Akron – United States of America.
- Konigswinter - Germany.
- Manisa - Turkey.
- Pune - India.
- San Luis Potosi – Mexico.

• Manufacture and sale of light steel and aluminum wheels for automobiles, pickups, SUVs and light and medium commercial vehicles at plants located in:

- Limeira, Santo André, and Guarulhos - Brazil.
- San Luis Potosi, Tlalnepantla, and Chihuahua - Mexico.
- Konigswinter - Germany.
- Ostrava - Czech Republic.
- Manisa - Turkey.
- Pune - India.
- Bangkok - Thailand.
- Johannesburg - South Africa
- Sedalia - United States of America.
- Manresa - Spain.
- Dello - Italy.

Through its joint venture Remon Resende Montadora Ltda. ("Remon"), the Company provide fitting and balancing services for tires and wheels at the unit in the city of Resende - Rio de Janeiro.

• Additionally, light wheels are made at and sold from plants located in Northville - United States and Amsterdam - Netherlands.

ii. Automotive segment - structural components

• Manufacture and sale of heavy structural components (complete chassis, sidebars and crossbars) and stamped parts for commercial vehicles through the following units:

- Cruzeiro, Sete Lagoas, Resende, Juiz de Fora - Brazil.
- Cordoba - Argentina.
- Castanos - Mexico.
- Canelones - Uruguay.

• Manufacture and sale of lightweight structural components (stamped parts for passenger vehicles, brake levers, pedal sets, structural parts for automobiles and other automotive components) through facilities located in Cruzeiro and Contagem - Brazil.

iii. Railway segment

Through its joint venture Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. ("Amsted-Maxion"), with units located in the cities of Cruzeiro and Hortolandia, state of São Paulo, the Company produces and sells industrial castings, railway equipment, wheels and freight cars.

For detailed information on directly and indirectly subsidiaries and joint ventures, see Note 3.

b) Corporate restructuring

i. On September 27, 2012, the indirect subsidiary Hayes Lemmerz Aluminio S. de R.L. de C.V., located in Chihuahua - Mexico, changed its name to Maxion Wheels de Mexico S. de R.L. de C.V.

ii. On October 1, 2012, the indirect subsidiary Borlem S.A. Empreendimentos Industriais, located in Guarulhos - São Paulo, merged into the Company's indirect subsidiary Hayes Lemmerz Indústria de Rodas Ltda., located in Santo Andre - São Paulo incorporated our thus obtaining more synergy, lower operating costs and financial optimization for administrative structures.

iii. On October 5, 2012, the indirect subsidiary Maxion Wheels de Mexico S. de R.L. de C.V., located in Chihuahua - Mexico, was acquired from the subsidiary HLI European Holdings ETVE, S.a.r.l by the subsidiary Iochpe Sistemas Automotivo de México S.A. de C.V., through a business combination between related parties, with the aim of simplifying corporate structure, achieving more synergy and consequently reducing operating and financial costs.

iv. On October 17, 2012, the indirect subsidiary Hayes Lemmerz Inci Jant Sanaye, A.S. opened a new aluminum plant in Manisa - Turkey.

v. On October 26, 2012, the subsidiary Maxion Hong Kong Limited, which was inactive as reported in Note 3, was permanently wound up.

vi. On December 1, 2012, Iochpe-Maxion Austria GmbH was incorporated as an indirect subsidiary, followed by Iochpe Holdings Austria GmbH, also an indirect subsidiary, in which the Company began to consolidate its foreign investments, except [those in] China, the Netherlands and Argentina.

vii. On December 14, 2012, the indirect subsidiary Maxion Inmagusa, located in Castanos -

Mexico, entered into a business combination with related parties and became a direct subsidiary of Iochpe Sistemas Automotivos de México S.A. de C.V., which was previously a direct subsidiary of Maxion Fumagalli de México
de C.V.

viii. On December 17, 2012, the subsidiaries Iochpe Sistemas Automotivos de México, S.A. de C.V. e Iochpe Holdings, LLC became subsidiaries of Iochpe Holdings Austria GmbH. Under the new structure, these companies are indirect subsidiaries of Iochpe Maxion S.A. as of December 31, 2012.

ix. On January 1, 2013, the indirect subsidiary Maxion Wheels de Mexico S. de R.L. de C.V. merged indirect subsidiaries Maxion Fumagalli de México de C.V., located in San Luis Potosi - Mexico, and Iochpe Sistemas Automotivos - S. de R.L. de C.V., located in Tlalnepantla - Mexico, thus obtaining a higher level of synergy and lower operating costs by optimizing financial and administrative structures.

x. On January 1, 2013, the indirect subsidiary Maxion Inmagusa S.A. de C.V., located in Castanos - Mexico, merged the indirect subsidiary Ingenieria
Y Maquinaria de Guadalupe S.A. de C.V., retaining the business name Ingenieria
Y Maquinaria de Guadalupe S.A. de C.V.

xi. On 1 January 2013, the indirect subsidiary Maxion Componentes Estruturales located in Castanos - Mexico, merged the indirect subsidiary Ingenieria Y Maquinaria de Guadalupe S.A. de C.V., retaining the business name Ingenieria Y Maquinaria de Guadalupe S.A. de C.V., in order to streamline the ownership structure in Mexico.

2. ACQUISITION OF SUBSIDIARIES (BUSINESS COMBINATION)

Hayes Lemmerz International, Inc.

On February 1, 2012, through its direct subsidiary Iochpe Holdings LLC, the Company acquired 100% of the equity of Hayes Lemmerz International, Inc. (“Hayes Lemmerz”) and its subsidiaries. Hayes Lemmerz makes steel and aluminum automotive wheels for lightweight vehicles and steel wheels for commercial vehicles.

On February 24, 2012, Hayes Lemmerz changed its business name to Maxion Wheels Inc. (“Maxion Wheels”) through an “Action by Unanimous Written Consent of the Sole Stockholder”.

The acquisition of equity interest of Maxion Wheels will enable the Company to increase its global presence through 17 industrial plants located in the United States, Mexico, Brazil, Germany, Czech Republic, Turkey, Spain, Italy, South Africa, India, and Thailand.

The result of operations of Maxion Wheels for the eleven months ended December 31, 2012 contributed net revenues of R$2,845,825 and net income of R$78,296. If the acquisition had taken place on January 1, 2012, management estimates that revenues for the year ended December 31, 2012 would be R$3,069,640 and net income R$76,667. In making these estimates, Management assumed that the adjustments at fair value determined on the date of acquisition would have been the same if the acquisition had taken place on January 1, 2012.

The amount transferred in payment and fair values recognized for the assets acquired and

liabilities assumed as of the acquisition date are as follows:

Consideration transferred	
Cash	1,120,488
Identifiable assets acquired and liabilities assumed, at fair value	
Cash and cash equivalents	195,730
Accounts receivables and other accounts	445,439
Inventories	227,895
Income tax assets	14,862
Property, plant and equipment	1,039,034
Intangible assets	112,463
Suppliers and other accounts payable	(655,049)
Loans and financing	(261,846)
Actuarial liabilities for pension and post-employment benefits	(226,319)
Deferred income tax liabilities	(69,313)
Contingent liabilities	(17,195)
Non-controlling shareholders' equity	(148,132)
Total identifiable assets, net	657,569

Goodwill

Goodwill recognized on a preliminary basis as a result of the acquisition was identified as follows:

Amount of consideration transferred	1,120,488
Total identifiable assets, net	(657,569)
Goodwill determined on a preliminary basis	462,919

For the period ended December 31, 2012, based on CPC 15/IFRS 3 - Business Combinations that allows adjustments arising from information obtained during the measurement period of up to one year, Management reviewed the Purchase Price Allocation (PPA) procedure for the above-mentioned subsidiary and allocated an additional amount of R$17,025 related to fair value of property, plant and equipment net of depreciation effects, for the period from March to December 2012.

Thus, the final goodwill determined was R$445,894, as follows:	R$
Amount of consideration transferred	1,120,488
Total identifiable assets, net	(657,569)
Goodwill determined on a preliminary basis	462,919
(-) Additional allocation of fair values to property, plant and equipment	(17,025)
Final goodwill	445,894

Goodwill thus determined was attributed to future profitability, which will be obtained mainly from synergy arising from quality and technical talent of the Company's workforce and that of Maxion Wheels, as well as synergy we expect to get by combining operations across several wheel business units.

The consolidated balance sheet shows goodwill under "Intangible assets" and it is subject to

the annual impairment testing required under the accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRSs").

For details of impairment testing see Note 16.

Grupo Galaz S.A. de C.V.

On January 23, 2012, the Company, through its subsidiary Iochpe Sistemas Automotivos de México S.A de C.V, acquired a 100% equity interest in Grupo Galaz S.A de C.V ("Grupo Galaz") and its subsidiaries, a Mexican manufacturing company of steel heavy-duty crossbars for commercial vehicles.
On January 23, 2012, Grupo Galaz changed its corporate name to "Maxion Inmagusa S.A. de C.V." ("Maxion Inmagusa"), as resolved at the General Meeting of the Shareholders.

The acquisition of control of Maxion Inmagusa aimed to increase the presence of the Company's structural component division in Mexico and US markets (NAFTA).

The results of the operations of Maxion Inmagusa for the eleven-month period ended December 31, 2012, contributed to a net revenue of R$395,511 and a net income of R$47,638. If the acquisition had occurred on January 1, 2012, Management estimated that the revenue for the eleven-month period would be R$418,884 and that the net income for the eleven-month period would be R$55,772. To estimate these amounts, Management considered that the adjustments at fair value, determined on the date of acquisition, would be the same if the acquisition had occurred on January 1, 2012.

Below is the summary of the consideration transferred and the fair values recognized from assets and liabilities assumed on the date of acquisition:

Consideration transferred:

Cash	201,972
Identifiable assets acquired and liabilities assumed, valued at fair values	
Cash and cash equivalents	37,002
Accounts receivable and other accounts receivable	76,381
Inventories	47,220
Property, plant and equipment	124,864
Suppliers and other accounts payable	(238,163)
Deferred income tax liabilities	(10,782)
Contingent liabilities (1,491)	(1,491)
Non-controlling shareholders' equity	(6)
Total identifiable assets, net	35,025

Goodwill

The goodwill recognized as the result of the acquisition was identified as follows:

Amount of the consideration transferred	201,972
Total identifiable assets, net	(35,025)
Goodwill ascertained	166,947

In addition to the net assets identified, the Company recognized a contingent tax liability, valued at its fair value, related to the risk arising from the use of tax losses from prior years by the companies of Grupo Galaz in the original amount of R$35,560, against an escrow in the same amount. On December 31, 2012, the updated balance is R$38,827. See details in note No. 19.

The goodwill ascertained was attributed to the future profitability, which will be obtained especially from the synergy between the quality and technical talent of the workforce from both the Company and Maxion Inmagusa, as well as from the synergy expected from the integration of operations undertaken by the Company's several structural component business units.

In the consolidated balance sheet, goodwill is recorded under Intangible assets and is subject to the annual impairment test, as required by the accounting practices adopted in Brazil.

Pre-existing relationships

The Company did not have pre-existing relationships of any nature with the former Grupo Galaz and with Hayes Lemmerz.

Acquisition costs

Incurred acquisition costs of R$1,276 referring to external attorneys' fees and due diligence were recorded as administrative expenses in the statement of income for the period ended December 31, 2012.

3. COMPANIES OF THE GROUP

The consolidation includes the financial statements for the Company and the following direct and indirect subsidiaries and joint ventures:

	Country	Direct interest - %		Indirect interest - %	
		2012	2011	2012	2011
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. (6)	Brazil	50,00	50,00	-	-
Remon Resende Montadora Ltda. (6)	Brazil	33,33	33,33	33,33	-
Maxion Componentes Estruturais Ltda. (2)	Brazil	99,99	99,99	0,01	0,01
Maxion Montich S.A. (6)	Argentina	50,00	50,00	-	-
Montich do Brasil Ltda.	Brazil	-	-	50,00	50,00
Montich Uruguay S.A.	Uruguay	-	-	50,00	-
Maxion (Nantong) Wheels, Co., Ltd.	China	100,00	100,00	-	-
Maxion Hong Kong Limited. (7)	China	-	100,00	-	-
Cooperatie Maxion Europe U.A. (3)	Holland	99,99	99,99	0,01	0,01
Newbridge Strategic Partners (2)	Cayman	100,00	100,00	-	-
Iochpe Maxion Austria GmbH	Austria	100,00	-	-	-
Iochpe Holdings Austria GmbH	Austria	-	-	100,00	-
Iochpe Sistemas Automotivos de México, S.A. de C.V.	Mexico	-	100,00	100,00	-
Maxion Fumagalli de México S de RL de C.V. (5)	Mexico	-	-	100,00	100,00
Servicios Maxion Fumagalli de México S.A. de C.V. (5)	Mexico	-	-	100,00	100,00
Iochpe Sistemas Automotivos S. de RL de C.V. (5)	Mexico	-	-	100,00	100,00
Servicios Maxion Fumagalli de C.V. (5)	Mexico	-	-	100,00	100,00
Maxion Wheels de Mexico S. de R.L. de C.V. (1)	Mexico	-	-	100,00	-
Servicios Maxion Wheels Chihuahua S de R.L. de C.V.	Mexico	-	-	100,00	-
Maxion Componentes Estruturales	Mexico	-	-	100,00	-
Maxion Inmagusa S.A. de CV (4)	Mexico	-	-	100,00	-
Ingenieria Y Maquinaria de Guadalupe S.A. de C.V. (4)	Mexico	-	-	100,00	-
Servicios Corporativos Inmagusa S.A. de C.V. (4)	Mexico	-	-	100,00	-
Representaciones Inmagusa S.A. de C.V. (4)	Mexico	-	-	100,00	-
Iochpe Holdings, LLC	USA	-	100,00	100,00	-
Maxion Fumagalli Automotive USA, Inc.	USA	-	-	100,00	100,00
Maxion Fumagalli Japan KK	Japan	-	-	100,00	100,00
Maxion Wheels (1)	USA	-	-	100,00	-
HLI Operating Company, Inc. (1)	USA	-	-	100,00	-
Hayes Lemmerz Japan KK (1)	Japan	-	-	100,00	-
HLI Suspension Holding Company, LLC (1)	USA	-	-	100,00	-
HLI Delaware Holdings, LLC (1)	USA	-	-	100,00	-
Hayes Lemmerz International - Laredo, Inc. (1)	USA	-	-	100,00	-
HLI Realty, Inc. (1)	USA	-	-	100,00	-
Hayes Lemmerz International Howell, Inc. (1)	USA	-	-	100,00	-
Hayes Lemmerz International - Commercial Higway, Inc. (1)	USA	-	-	100,00	-
Hayes Lemmerz International - Sedalia, LLC (1)	USA	-	-	100,00	-
Hayes Lemmerz International Import, LLC (1)	USA	-	-	100,00	-
Hayes Lemmerz International - Georgia, LLC (1)	USA	-	-	100,00	-
HLI Netherlands Holdings, Inc. (1)	USA	-	-	100,00	-
Hayes Lemmerz Luxembourg Holdings S.a.r.l. (1)	Luxembourg	-	-	100,00	-
Hayes Lemmerz Finance LLC (1)	USA	-	-	100,00	-
Hayes Lemmerz Finance LLC - Luxembourg S.C.A. (1)	Luxembourg	-	-	100,00	-
HLI European Holdings ETVE, S.a.r.l (1)	Luxembourg	-	-	100,00	-
Hayes Lemmerz Czech s.r.o. (1)	Czech Republic	-	-	100,00	-
Hayes Lemmerz Germany Holding GmbH (1)	Germany	-	-	100,00	-
Hayes Lemmerz Italy Holding, S.r.l. (1)	Italy	-	-	100,00	-
Hayes Lemmerz, S.r.l. (1)	Italy	-	-	100,00	-
Siam Lemmerz Co., Ltd. (1)	Thailand	-	-	70,00	-
Automotive Overseas Investments (Proprietary) Limited (1)	South Africa	-	-	100,00	-
Hayes Lemmerz South Africa (Proprietary) Limited (1)	South Africa	-	-	100,00	-
Hayes Lemmerz Manresa, S.L. (1)	Spain	-	-	100,00	-
Hayes Lemmerz Barcelona, S.L. (1)	Spain	-	-	100,00	-
Hayes Lemmerz Holding GmbH (1)	Germany	-	-	100,00	-
Hayes Lemmerz Industria de Rodas Ltda (1)	Brazil	-	-	100,00	-
Hayes Lemmerz Werke GmbH (1)	Germany	-	-	100,00	-
Hayes Lemmerz Inci Jant Sanayi, A.S. (1)	Turkey	-	-	60,00	-
Hayes Lemmerz Jantas Jant Sanayi ve Ticaret A.S. (1)	Turkey	-	-	60,00	-
Hayes Lemmerz Konigswinter GmbH (1)	Germany	-	-	100,00	-
Hayes Lemmerz Immobilien GmbH & Co. KG (1)	Germany	-	-	100,00	-
Kalyani Hayes Lemmerz Limited (1)	India	-	-	85,00	-

(1) Financial statements sub-consolidated by the subsidiary Iochpe Maxion Austria GmbH (Iochpe Holdings, LLC - USA in 2011). Companies acquired on February 1, 2012, as set forth in note No. 2.
(2) Inactive subsidiaries.

(3) Company established in 2010, with an indirect interest of Maxion Componentes Estruturais Ltda.
(4) Financial statements sub-consolidated by the subsidiary Iochpe Sistemas Automotivos de México S.A. de C.V. Companies acquired on January 23, 2012, as set forth in note No. 2.
(5) Financial statements sub-consolidated by the subsidiary Iochpe Sistemas Automotivos de México S.A. de C.V.
(6) Financial statements consolidated proportionally, due to the joint venture kept by the Company.
(7) Company closed in October 2012.

Joint-ventures

Investments in the joint ventures Amsted-Maxion, Maxion Montich S.A. ("Maxion Montich") and Remon are valued by the equity pick-up and their accounting information is consolidated proportionately in the consolidated information, by virtue of control being shared, in accordance with the BR GAAP and IFRSs.

The principal groups of asset, liability and income accounts of these companies are presented as follows:

Balance sheets	Amsted Maxion		Maxion Montich		Remon	
	2012	2011	2012	2011	2012	2011
Current assets	251,355	412,335	38,363	31,736	709	936
Non-current assets	384,834	359,159	63,260	62,554	115	134
Total assets	636,189	771,494	101,623	94,290	824	1,070
Current liabilities	400,341	609,737	43,946	25,465	534	543
Non-current liabilities	199,139	63,660	19,573	19,951	83	-
Shareholders' equity	36,709	98,097	38,104	48,874	207	527
Total liabilities and shareholders' equity	636,189	771,494	101,623	94,290	824	1,070

Balance sheets	Amsted Maxion		Maxion Montich		Remon	
	2012	2011	2012	2011	2012	2011
Statement of income						
Net sales revenue	755,516	1,110,948	101,138	78,193	2,286	3,244
Cost of goods sold	(720,617)	(921,380)	(97,049)	(67,392)	(1,742)	(1,899)
Gross profit	34,899	189,568	4,089	10,801	544	1,345
Operating expenses, net	(129,716)	(124,845)	(10,859)	(6,128)	(809)	(851)
Income and social contribution taxes	33,431	(23,920)	2,128	(1,439)	(56)	(80)
Net profit (loss) for the period	(61,386)	40,803	(4,642)	3,234	(321)	414

4. PREPARATION BASIS FOR FINANCIAL STATEMENTS

a) Statement of compliance

The Company's financial statements include:

• Consolidated financial statements prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards – IFRSs issued by the International Accounting Standards Board – IASB and identified as Consolidated (BR GAAP and IFRS).

• Individual financial statements of the parent company, prepared in accordance with the accounting practices adopted in Brazil and identified as Parent Company (BR GAAP).

The BR GAAP consist of accounting practices included in the Brazilian corporate legislation and the pronouncements, guidelines and technical interpretations issued by the Accounting Pronouncement Committee (*Comitê de Pronunciamentos Contábeis* or CPC) and approved by the Brazilian Securities Commission (*Comissão de Valores Mobiliários* or CVM).

The individual financial statements show the valuation of investments in subsidiaries and joint ventures by equity pick-up, in accordance with the Brazilian corporate legislation in force. Thus, these individual financial statements are not considered as being in compliance with the IFRSs, which require the valuation of these investments in the subsidiary by its fair value or cost; however, equity pick-up is a determination of the Brazilian corporate legislation for the individual financial statements of the parent company.

As there is no difference between consolidated shareholders' equity and consolidated income attributable to the shareholders of the parent company, as shown in the consolidated financial statements prepared in accordance with the IFRSs and the BR GAAP, and shareholders' equity and income of the parent company, shown in its individual financial statements prepared in accordance with the BR GAAP, the Company has chosen to present these individual and consolidated financial statements side by side in a single table.

b) Measurement basis

The individual and consolidated financial statements were prepared based on the historical cost, except, when applicable, for certain financial instruments measured at their fair values, as set forth in the following accounting practices. The historical cost is generally based on the fair value of considerations paid in exchange for assets.

c) Functional currency and presentation currency

The items included in the financial statements of the Company and of each of the subsidiaries and joint ventures included in the consolidated financial statements are measured on the basis of the functional currency of each of these companies, which represents the currency of the main economic environment in which they operate.

For the purposes of the consolidated financial statements, income and equity balances of each Group company are converted into *Reais*, which is the functional currency and the presentation currency for the Company's financial statements.

d) Use of estimates and judgment

In applying the accounting policies set forth in note No. 5, Management must make judgments and prepare estimates regarding the book values of assets and liabilities, which are not easily obtained from other sources. The estimates and respective assumptions are based on historical experience and other factors deemed relevant. Actual results can differ from such estimates.

The estimates and underlying assumptions are reviewed continuously. The effects arising from reviews to accounting estimates are recognized in the income for the period when the

estimates are reviewed, if the review affects only that period, or also in later periods if the review affects both current and future periods.

The principal areas of where judgment and accounting estimates are applied are as follows:

d.1) Valuation of goodwill impairment

To determine whether the goodwill showed indication of impairment, an estimate is required of the value in use of the Cash Generating Units (*Unidades Geradoras de Caixa*, or UGCs) to which the goodwill was allocated. The calculation of value in use requires that Management estimate the expected future cash flows arising from the UGCs and an adequate discount rate.

The book value of goodwill as of December 31, 2012, was R$731,114 (R$21,404 on as of 31, 2011). Details of the test of value in use are set forth in note No. 16.

d.2) Useful life of property, plant and equipment

As set forth in note No. 5.k.3, the Company reviews the estimated useful life of property, plant and equipment annually, at the end of each period. During the current period, Management reviewed and concluded that, due to the inexistence of internal and external factors involving its operations and the technological development in assets, the remaining useful life of assets remains the same. See details of the useful life of assets in note No. 15.

Other areas that involved estimates and judgments are as follows:

• Note No. 2 – Determination of the fair value of assets and liabilities acquired on business combinations.
• Note No. 9 – Provision for doubtful debts.
• Note No. 10 – Provision for impairment of inventories.
• Note No. 12 – Deferred income and social contribution taxes.
• Note No. 19 – Provision for tax, civil and labor risks.
• Note No. 20 – Post-employment benefits.
• Note No. 22 – Stock options plan.
• Note No. 28 – Risk management and financial instruments.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all the periods shown in the individual and consolidated financial statements.

a) Consolidation of financial statements

a.1) Definition of subsidiaries

These are all the companies whose financial and operational policies are controlled and conducted by the Company and in which it normally has a shareholding of more than 50%. In applicable cases, the existence and the effect of potential voting rights, which are currently exercisable or convertible, are taken into account in assessing whether the Company has control of the other company or not. Subsidiaries are fully consolidated as from the date when control is transferred to the Company, and they cease to be consolidated, in applicable cases, as from the date on which control ceases.

a.2) Consolidated financial statements

The consolidated financial statements have been prepared by taking into account cost as the value base and include the financial statements of the Company, its subsidiaries and joint ventures, all with the same closing date (except for the subsidiary Remon, as set forth in Note No. 14.c) and consistent with the accounting policies of the Company.

Intra-group balances and transactions, and any revenues or expenses derived from intra-group transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized profits, if any, arising from transactions with investee companies and booked under equity pick-up are eliminated against the investment in proportion to the Company's share in subsidiaries and joint ventures. Unrealized losses, if any, are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The main consolidation procedures include:

• Elimination of balances of asset and liability accounts between consolidated companies.

• Elimination of interests of the parent company in the shareholders' equity of direct and indirect subsidiaries and joint ventures.

• Elimination of balances of revenues and expenses, as well as of unrealized profits, arising from business between the companies. Unrealized losses are eliminated in the same way, but only when there is no indication of problems in recovering the related assets.

The income of subsidiaries acquired or disposed of during the period is included in the consolidated and comprehensive statements of income as from the date of actual acquisition or the date of disposal, as applicable.

The consolidated financial statements are shown in *Reais* (R$), which are the Company's functional currency.

a.3) Conversion of financial statements of overseas subsidiaries

The Company reviews the accounting practices adopted by overseas subsidiaries and, in the event of differences with the BR GAAP, adjusts shareholders' equity and income for the period reported by the subsidiaries before calculating income and equity pick-up.

In preparing the consolidated information statements, the statements of income, cash flows, statements of value added and all the other movements of assets and liabilities are converted into *Reais* at the average rate of exchange, which is considered to be close to the exchange rate ruling on the date of the corresponding transactions. The balance sheet is converted into *Reais* at the closing exchange rate for each period.

The profits or losses resulting from the conversion of the financial statements of overseas subsidiaries into the Company's presentation currency are recognized as "Other comprehensive income". In the event of total or partial disposal of an interest in a subsidiary, the accumulated exchange profits or losses related to such interest are recognized in the statement of income as part of the profit or loss on disposal of the investment, in accordance with technical pronouncement CPC 02/IAS 29 – Effects of Changes in Foreign Exchange Rates and Conversion of Financial Statements.

a.4) Joint ventures

The financial statements of the joint ventures are included in the consolidated financial statements proportionally to the period from the date on which shared control begins up to the date when it ceases to exist. The accounting practices of joint ventures are in line with the policies adopted by the Company.

In the individual financial statements of the parent company, the financial statements of the joint ventures are proportionally recognized according to the equity pick-up method.

a.5) Changes in shareholdings in existing subsidiaries

In the consolidated financial statements, changes in the Company's interests in subsidiaries which do not result in loss of control over such subsidiaries are registered as capital transactions. The accounting balances of the interests of the Company and of minority shareholders are adjusted to reflect changes in their respective interests in subsidiaries. The difference between the amount on the basis of which the minority interests are adjusted, and the fair value of consideration paid or received, is directly registered in shareholders' equity and attributed to the controlling shareholders.

When the Company loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between: (i) the sum of the fair value of the consideration received and the fair value of the residual interest; and (ii) the previous balance of the subsidiary's assets (including goodwill) and liabilities, and minority interests, if any. When the assets of the subsidiary are registered at fair value and the corresponding accumulated gain or loss has been recognized in the account "Other comprehensive income" and added to shareholders' equity, the amounts previously recognized in "Other comprehensive income" and added to shareholders' equity are recorded in the books as if the Company had disposed of the corresponding assets directly (i.e. reclassified to income or transferred directly to the "Accumulated profit" account, as required by the applicable IFRSs). The fair value of any investment held in the former subsidiary on the date of loss of control is considered as being fair value in the initial recognition for subsequent accounting, in accordance with technical pronouncement CPC 38/IAS 39 - Financial Instruments: Recognition and Measurement, or, when applicable, as the cost at the time of the initial recognition of an investment in an subsidiary or joint venture.

b) Business combination
b.1) Consolidated financial statements

In the consolidated financial statements, business acquisitions are recorded using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated by the sum of the fair values of assets transferred, of liabilities incurred on the date of acquisition for the former controlling shareholders of the acquired company and of the shares issued by the Company in exchange for the control of the acquired company. Costs related to acquisition are generally recognized in the statement of income, when incurred.

On the date of acquisition, the identifiable assets acquired and liabilities assumed are recognized at fair value on the date of acquisition, except for:

• Deferred tax assets or liabilities related to benefit agreements with employees are recognized and measured in accordance with technical pronouncements CPC 32/IAS 12 – Income Taxes and CPC 32/IAS 19 – Benefits to Employees, respectively.

• Liabilities or equity instruments related to payment agreements based on shares of the acquired company or share based payment agreements entered into in lieu of payment agreements based on shares of the acquired company, are measured in accordance with technical pronouncement CPC 10(R1)/IFRS 2 – Payment Based on Shares on the date of acquisition.

• Assets classified as held for sale, in accordance with technical pronouncement CPC 31/IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, are measured according to this standard.

Goodwill is measured as the excess of the sum of the consideration received and the value of non-controlling interests in the acquired company on the net amounts, on the date of acquisition, of identifiable assets acquired and liabilities assumed. If, after valuation, the net amounts of identifiable assets acquired and liabilities assumed on the date of acquisition are greater than the sum of the consideration transferred and the amount of non-controlling interests in the acquired company, the excess is immediately recognized in the statement of income as gain.

Non-controlling interests corresponding to current interests and granting to their holders the right to a proportional share in the entity's net assets, in the event of liquidation, may be initially measured at fair value or on the basis of the proportional share in non-controlling interests, at the amounts recognized of the identifiable net assets of the acquired company. The selection of the measurement method is made on the basis of each transaction. Other types of non-controlling interests are measured at fair value or, when applicable, as described in another IFRS and CPC.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration agreement, the contingent consideration is measured at fair value on the date of acquisition and included in the consideration transferred in a business combination. Variations in the fair value of contingent consideration, classified as adjustments for the measurement period, are adjusted retroactively, with the corresponding adjustments to goodwill. Adjustments in the measurement period correspond to adjustments resulting from additional information obtained during the "measurement period" (which may not exceed one year from the date of acquisition) and related to facts and circumstances existing on the date of acquisition.

The subsequent accounting of variations in the fair value of contingent consideration, which are not classified as adjustments in the measurement period, depends on the method of classification of contingent consideration. The contingent consideration classified as equity is not measured on dates of subsequent financial statements, and its corresponding settlement is recorded as equity. The contingent consideration classified as asset or liability is remeasured on the dates of subsequent financial statements, in accordance with technical pronouncement CPC 38/IAS 39 – Financial Instruments: Recognition and Measurement, or technical pronouncement CPC 25/IAS 37 – Provisions, Contingents Liabilities and Contingent Assets, as applicable, and the corresponding profit or loss is recognized in the statement of income.

When a business combination is gradual, the interest previously held by the Company in the acquired company is remeasured at fair value on the date of acquisition (i.e., the date on which the Company takes control), and the corresponding profit or loss, if any, is recognized in the statement of income. Amounts of interests in the acquired company on the date of acquisition, which were previously recognized in "Other comprehensive income", are

reclassified in the statement of income, to the extent this treatment is adequate, if this interest is disposed of.

If the initial accounting of a business combination is incomplete at the closing of the period in which such combination occurred, the Company records the provisional amounts of items the accounting of which is incomplete. These provisional amounts are adjusted during the measurement period (see information above), or additional assets and liabilities are recognized to reflect the new information obtained about facts and circumstances existing on the date of acquisition which, if known, would have affected the amounts recognized on that date.

b. 2) Individual financial statements

In the individual financial statements, the Company applies technical interpretation requirements "ICPC 09 – Individual financial statements, separate statements, consolidated statements and application of equity pick-up", which requires that any amount exceeding the acquisition cost of the Company's interest at the net fair value of identifiable assets, liabilities, contingent liabilities of the acquired company on the date of acquisition be recognized as goodwill. Goodwill is added to the book value of the investment. Any amount of the Company's interest at the net fair value of identifiable assets, liabilities and contingent liabilities exceeding the acquisition cost, after reassessment, is immediately recognized in the statement of income. The consideration transferred, as well as the net fair value of assets and liabilities, are measured using the same criteria applicable to the consolidated financial statements described above.

c) General principles and criteria for recognition of revenues

Assets, liabilities and expenses are determined on an accrual basis.

Revenue is measured at the fair value of the consideration received or receivable, less any estimates of returns, business discounts and/or bonuses granted to the buyer and other similar deductions. It is shown in the statement of income for the period, net of deductions, including sales taxes.

c. 1) Sales revenue

It is recognized when: (i) the risks and benefits inherent to the products and goods sold are transferred to the buyers; (ii) when it is likely that the Company, its subsidiaries and joint ventures will receive the amount owed; and (iii) when Management is no longer involved with the products/goods. More specifically, sales revenue is recognized when the products are delivered and the legal ownership is transferred.

c.) Revenue from services

Revenue from a services agreement is recognized in accordance with the stage of the provision of services, usually on the basis of time, materials contracted and direct expenses incurred.

c.3) Revenue from dividends

Revenue from dividends is recognized when the right for a shareholder to receive such dividends is established.

c.4) Revenue from interest

Revenue from interest is recognized when it is likely that future economic benefits will flow to the Company, its subsidiaries and joint ventures and that the value of revenue can be measured reliably. Revenue from interest is recognized by the straight-line method on the basis of time and effective interest rate on the amount of the outstanding principal, the effective interest rate being that which discounts future cash flow receipts estimated during the estimated life of the financial asset in relation to the initial book value of this asset.

c.5) Revenue from lease

Revenue from operating lease is recognized by the straight-line method during the effective period of such lease. The initial direct costs incurred in the negotiation and preparation of operating lease are added to the book value of the assets leased and are also recognized by the straight-line method for the effective period of lease.

d) Foreign currency transactions

These are translated into the respective functional currency of the Company and its subsidiaries and joint ventures according to the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated and calculated in foreign currencies at the time of presentation are converted into the functional currency at the exchange rate ruling on that date. The exchange gain or loss on monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted for effective interest and payments made during the period, and the amortized cost in foreign currency at the exchange rate ruling at the closing of the period. Non-monetary assets and liabilities denominated in foreign currencies, which are valued at fair value, are converted to the functional currency at the exchange rate ruling on the date when their fair value was ascertained.

e) Financial instruments

Classification

The financial assets held by the Company, its subsidiaries and joint ventures, are classified under the following categories, as applicable: (i) financial assets measured at fair value through income; (ii) financial assets held to maturity; (iii) financial assets available for sale; and
(iv) loans and receivables. The classification depends on the purpose for which the financial assets were acquired or contracted.

Financial assets

(i) Financial assets measured at fair value through income

These are financial assets held for trading, when they are acquired for this purpose, mainly in the short term. Derivative financial instruments are also classified in this category. The assets in this category are classified as current assets.

Only derivative financial instruments are classified in this category, when applicable. Balances of gains or losses from non-liquidated transactions are classified as current assets or liabilities, while changes recorded in fair value are registered under the headings of “Financial revenues” or “Financial expenses”, respectively. As of December 31, 2012, the Company, its subsidiaries

and joint ventures, did not hold any derivative financial instruments classified in this category registered in the financial statements. The financial instruments registered in this category as of December 31, 2011, are described in note 28.

(ii) Financial assets held to maturity

These include investments in specific financial assets classified at the time they are contracted, which are to be held until maturity, and they are measured at acquisition cost plus earnings obtained according to their periods and the terms of the contracts. As of December 31, 2012 and 2011, the Company, its subsidiaries and joint ventures, did not hold any financial instruments classified in this category registered in the financial statements.

(iii) Financial assets available for sale

Non-derivative financial assets are included in this category, when applicable, such as securities and/or shares quoted on active markets, or those not quoted on active markets but whose fair value can be reasonably estimated. As of December 31, 2012 and 2011, the Company, its subsidiaries and joint ventures, did not hold any financial instruments classified in this category registered in the financial statements.

(iv) Loans and receivables

Non-derivative financial assets, with fixed or determinable revenues, not quoted on an active market, are included in this classification. They are shown under current assets, except, where applicable, those maturing in over 12 months from the date of closing of each year (these are classified as non-current assets). As of December 31, 2012 and 2011, loans and receivables for the Company, its subsidiaries and joint ventures, consist of cash and cash equivalents (note 7), financial investments (note 8), trade accounts receivable (note 9) and balances receivable from related parties (note 13).

Financial liabilities measured at fair value through income

These are classified under this heading when they are held for trading or designated at fair value through income.

Other financial liabilities

These are measured at amortized cost using the effective interest rate method. As of December 31, 2012 and 2011, they consist of bank loans and financing (note 17), trade accounts payable (note 18) and balances payable to related parties (note 13), which are shown at the original value plus, when applicable, interest and monetary and currency variations incurred up to the closing of each year.

Effective interest rate method

The effective interest rate method is used to calculate the amortized cost of a debt instrument and to allocate its interest revenues over the corresponding period. The effective interest rate is the rate that discounts estimated future cash revenues, including all fees and amounts paid and received that make up an integral part of the effective interest rate, transaction costs and other premiums or discounts, over the estimated life of the debt instrument or, when appropriate, over a shorter period, to obtain the net book value at the date of initial recognition.

Measurement

Regular purchases and sales of financial assets are taken into the books on their negotiation date, i.e. the date on which the Company, its subsidiaries and joint ventures undertake to buy or sell the asset. Financial assets at fair value through income are initially recognized at their fair value, with the transaction costs being debited to the statement of income. Loans and receivables are registered in the books at amortized cost.

Gains or losses arising from variations in the fair value of financial assets measured at fair value through income are registered in the statement of income under “Financial revenues” or “Financial expenses”, respectively, in the period during which they occur.

Set-off of financial instruments

Financial assets and liabilities are set off against each other, and the net value shown in the balance sheet, when there is a legal right of set-off over the amounts recognized and when there is an intention to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments and hedging activities

Transactions contracted by the Company, its subsidiaries and joint ventures, are measured, when applicable, at fair value, with variations being registered to income for the period, when they are not designated as hedge accounting. The nominal amounts of transactions with derivative financial instruments are not recorded in the balance sheet. Unrealized net income from these transactions, calculated at fair market value, is registered in income on an accrual basis, with a balancing entry to current asset and liability accounts.

Fair value of derivative financial instruments is calculated by the Company treasury on the basis of information on each transaction contracted and of the corresponding market information, such as the interest rate and exchange coupon, on the closing of each year. In applicable cases, this information is compared with the positions reported by the dealing desk of each financial institution involved.

Cash flow hedges (hedge accounting)

When a derivative is designated as a hedging instrument in a hedge of cash flow variability attributable to a specific risk associated with a recognized asset or liability or a highly probable forecast transaction and that could affect income, the effective portion of changes in fair value of the derivative is recognized in “Other Comprehensive Income”. The amount recognized in other comprehensive income is reclassified to income in the same period that the hedged cash flows affect income, on the same line of the statement of income as the hedged item. Any ineffective portion of changes in fair value of the derivative is recognized immediately in income.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or has its designation revoked, then hedge accounting is discontinued prospectively. Accrued income, previously recognized in other comprehensive income, and presented in asset valuation reserve in shareholders’ equity, remains there until the expected transaction affects income. When the item subject to hedging is a non-financial asset, the value recognized in other comprehensive income is transferred to the book value of the asset

when the asset is realized. If there are no further expectations of the transaction occurring, then the balance in other comprehensive income is recognized immediately in income. In other cases the value recognized in other comprehensive income is transferred to income in the same period that the hedged item affects income for the year.

As of December 31, 2012, the Company, its subsidiaries and joint ventures did not hold derivative financial instruments classified as “hedge accounting”.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits at sight, temporary investments maturing in 90 days from contract date; investments with immediate liquidity or convertible into cash amounts and subject to insignificant risk of change in value, being recorded at cost, plus earnings until the closing of each year, not exceeding their market or realization values.

g) Financial investments

These comprise all financial investments maturing in over 90 days from contract date, and not considered by the Management of the Company, subsidiaries and joint ventures as having immediate liquidity or classified as held to maturity. They are recorded at cost plus earnings until the closing of the year, not exceeding their market or realization values.

h) Trade accounts receivable and provision for doubtful debts

These are recorded and maintained in the balance sheet at the nominal value of the bills representing these credits, adjusted at present value, if required, and deducted from the provision for doubtful debts, which is recorded considering the criteria described in Note 9.

i) Inventories

Inventories are recorded at the average cost of acquisition or production, adjusted to net realizable market value or to losses, if applicable. The average cost includes acquisition expenses, production and processing costs, and other costs incurred in bringing them to their location and sales conditions. In the case of manufactured inventories and work in progress, cost includes a portion of manufacturing overhead based on normal operating capacity.

The net realizable market value is the estimated sale price in the ordinary course of business, less estimated completion costs and selling expenses.

These values are disclosed in Note 10.

j) Investments

Investments in subsidiaries – this accounting practice is only applicable to individual financial statements.

Investments are valued at equity pick-up.

j.2) Equity in joint ventures – this accounting practice is only applicable to individual financial

statements.

"Joint venture" means an agreement according to which the Company and other parties exercise economic activities that are subject to joint control. Accordingly, any decision on strategic financial and operational policies relating to the activities of a joint venture requires the approval by all the parties holding equity in the business.

In our case, agreements involving the incorporation of a separated entity in which each party holds an equity are named "joint ventures".

The presentation of equity in joint ventures in our consolidated financial statements is based on the proportional consolidation method, except when investments are classified as "held for sale"; in this case, the investment is recorded according to technical pronouncement "CPC 31/IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations." The Company's equity in assets, liabilities and income from joint ventures is matched line by line to their corresponding items in the consolidated financial statements.

Equity in joint ventures is recorded in the individual financial statements of the parent company through the equity pick-up method.

When applicable, the goodwill arising from the purchase of equity in a joint venture is recorded pursuant to the accounting practice used for calculating the goodwill resulting from business combinations (note 5.b). When a company of the group carries out a transaction with a joint venture, the gains and losses resulting thereof are recognized in the consolidated financial statements only to the extent of the equity held by the Company in the joint venture not related to the group.

j.3) Other investments

These are valued at acquisition cost less the provision for depreciation, when applicable.

k) Property, plant and equipment

k.1)

- Recognition and measurement

Property, plant and equipment items are measured at acquisition or construction cost, plus, if applicable, interest rates capitalized during the construction period, in case of eligible assets, and net of accumulated depreciation and provision for impairment regarding inoperative assets which are not expected to be reused or realized.

Property, plant and equipment include, when applicable, all expenses incurred during the construction period and/or during the pre-operating testing period.

Gains and losses on disposal of property, plant and equipment are calculated by comparing proceeds from disposal with the book value of respective item and are recognized net in other revenues and operating expenses in the statement of income.

k.2)

- Subsequent costs

The replacement cost of property, plant and equipment item is recognized in the book value of

the item if the economic benefits embodied in the item are likely to flow to the Company, its subsidiaries, and joint ventures, and its cost can be measured reliably. Current day-to-day maintenance costs of property, plant and equipment are recognized in income as incurred.

k.3)

- Depreciation

This is calculated on the depreciable value, which is the cost of an asset, or other replacement value cost, less residual value.

Depreciation is recognized in income based on the linear method with respect to the estimated useful life of each part of an item of property, plant and equipment, since this method is that which more closely reflects the pattern of future economic benefits embodied in the asset. When applicable, leased assets are depreciated over the period that is shorter between the lease term and their useful lives, unless it is reasonably sure that ownership will be obtained at the end of the lease term. Land is not depreciated.

Estimated useful lives are shown in Note 15.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and any adjustments are subsequently recognized as a change in accounting estimates.

l) Intangible assets

Intangible assets purchased separately, including those purchased through business combinations

Intangible assets with defined useful lives and purchased separately are recorded at cost, deducted from amortization and, if applicable, accumulated impairment losses. The amortization is recorded according to the straight line method, based on the estimated useful life, which, together with the amortization method, is reviewed at the closing of the each year, and the effects from any changes in estimates is prospectively recorded. Intangible assets with indefinite useful lives and purchased separately are recorded at cost, being deducted, when applicable, from impairment losses.

Intangible assets comprise: (i) trademarks; (ii) real estate use rights; (iii) licenses for use of computer systems (software), including implementation expenses; (iv) client portfolios purchased from third parties; and (v) goodwill from the acquisition of subsidiaries (in the consolidated). Assets with defined useful lives are amortized according to the terms described in Note 16. As from January 1, 2009, intangible assets with no determined useful lives and substantially composed of the value of goodwill paid upon the acquisition of subsidiaries, started to be valued on a yearly basis regarding impairment and/or upon indications of non recovery.

Software licenses, including expenses with implementation and purchase of management systems, are also capitalized and amortized at the rates described in Note 16, and maintenance-related expenses are recognized as expenses when incurred.

Trademarks and patents purchased separately are recorded at their historical cost. The trademarks and patents purchased through business combination are recognized at fair value on the date of acquisition, since their useful lives are defined and they are recorded at cost, less accumulated depreciation. Amortization is calculated through the straight line method,

based on the rates set forth in Note 16.

1.2) Expenses from product research and development

These are recorded as expenses, when incurred.

m) Leased assets

These are classified as "financial" whenever the terms of the lease agreement provide for the substantial transfer of all risks and benefits of the ownership of assets to the Company, its subsidiaries and joint ventures.

Financial lease agreements are recorded upon contracting. Leases in which a significant portion of ownership risks and benefits is retained by lessor are recorded as operating leases. Operating lease payments are registered as expenses for the year through the straight line method during the term of the lease. Financial lease agreements are capitalized in the balance sheet at the beginning of the contract at the fair value of the asset leased or the present value of minimum payments, whichever is less.

A portion of each financial lease installment paid is allocated to liabilities, while another portion is allocated to unearned financial charges, so that an effective interest rate can be obtained on the balance of the outstanding debt. The relevant obligations, net from financial charges, are recorded in current and non-current liabilities, according to lease agreement terms.

Other operating leases are not recognized in the balance sheet.

Payments of operating leases are recognized in income by the straight line method over the lease term. When applicable, lease incentives received are recognized as an integral part of total leasing expenses, during the term of the lease.

Minimum lease installments are allocated in financial expenses and deducted from outstanding liabilities. Financial expenses are allocated to each year during the term of the lease agreement, in order to produce a constant effective interest rate on the liabilities outstanding. Contingent lease payments are recorded based on the analysis of minimum lease payments for the remaining term of the lease, upon the confirmation of lease adjustments.

n) Impairment

n.1) Assets (except goodwill)

The Company, its subsidiaries and joint ventures analyze, on a yearly basis, any evidence of impairment in the book value of assets. In case impairment is evidenced, the recoverable value of assets is estimated. The recoverable value is the greatest between: (i) the fair value less costs that would be incurred upon the sale of the asset; and (ii) the value in use of the asset. The value in use corresponds to discounted cash flows (before taxes) arising from the continued use of the asset. If the residual value of the asset exceeds its impairment value, the provision for impairment is recorded.

For purposes of calculation of the impairment value, assets are grouped at the lowest levels to

which there are cash flows that can be identified separately (Cash Generating Units, or UGCs).

n.2) Goodwill in subsidiaries

In order to test impairment, Management established that the UGCs should correspond to each business segment to which goodwill was allocated. Said losses are tested for impairment on a yearly basis, or on a regular basis, when there is indication that the UGC may have suffered impairment. When the recoverable value of the UGC is less than its book value, it is first allocated to reduce the book value of the goodwill allocated to the unit, and, subsequently, to other assets of the unit on a "pro rata" basis, based on the book value of each asset in the unit. Goodwill impairment is not reversed in subsequent periods. When a subsidiary is disposed of, the deemed value of goodwill, if any, is included in the calculations of the income from the disposal.

n.3) Financial assets (including receivables)

Financial assets not measured at fair value through income are valued at the closing of each fiscal year so as to determine any objective evidence of impairment. Impairment losses are incurred only if there is objective evidence of impairment as a result of loss events that may occur after the initial recognition of assets and that event has an impact on estimated future cash flows of the financial asset that can be estimated reliably.

The objective evidence of impairment of financial assets may include: non-payment or late payment by debtor; restructuring of the amount due to the Company under conditions that the Company would not consider in other transactions; probability that the debtor or issuer declares bankruptcy; or disappearance of a market in which a security is traded. Additionally, the significant or long-lasting decline of the fair value of an equity instrument below its cost is an objective evidence of impairment.

Also, the evidence of impairment for receivables and investment securities held to maturity is considered in the individual and collective levels. Individually significant assets are valued according to specific loss in value. When applicable, all receivables and investment securities held to maturity, individually significant, and identified as not having recorded impairment at the individual level are evaluated collectively regarding any loss that may have occurred but not yet identified. The impairment of individually important assets is valued collectively by group of assets with similar risk characteristics.

In order to analyze collective impairment, the Company uses historical trends that are associated with the probability of default, recovery terms and incurred losses, which are adjusted to reflect the Management's decision about the assumptions relating to economic and credit conditions that may lead to actual losses that may be above or below those suggested by historical trends.

o) Post-employment benefits

o.1) Defined contribution plan

Liabilities for contributions to defined contribution pension plans are recognized as expenses in income when the services that provide the right for such payments are rendered. In our case, the defined contribution plan consists of an open plan with fixed contributions and no

actuarial risk, or legal or constructive obligation of the Company to pay additional amounts. For further details, see Note 20.

o.2) Defined benefit plans

In this case, the cost for concession of the benefits is established through the Estimated Credit Unit Method, based on an actuarial analysis carried out on a yearly basis at the closing of each year. Actuarial gains and losses exceeding 10% of the greatest amount in the previous year, between the present value of obligations and the fair value of plan assets, are amortized throughout the expected remaining average period of labor life of plan participants. The cost of past services is immediately recognized to the extent that benefits are granted or through the straight-line method, throughout the average period until the benefits are obtained.

Liabilities for post-employment benefits recognized in the balance sheet represent the present value of liabilities for defined benefits, adjusted according to non-recognized actuarial gains and losses and the non-recognized cost of past services, less the fair value of plan assets. The assets resulting thereof are limited to the amount of non-recognized actuarial losses and the cost of past services, plus the present value of the reimbursements available and reduction in future plan contributions. The Company's consolidated financial statements include defined benefit plans that are sponsored by its indirect subsidiary Maxion Wheels, as detailed in note 20.

p) Employee benefits

p.1) Profit sharing

The Company, its subsidiaries and joint ventures record liabilities and employee's profit sharing expenses in income. Profit sharing is linked to the achievement of operational targets and specific objectives, which are defined and approved at the beginning of each fiscal year. A provision is recognized by the Company, its subsidiaries and joint ventures when there is a contractual obligation or when past practices have generated an obligation that has not been formalized.

Provisions are measured on an undiscounted basis and incurred as expenses as the related service is rendered.

The liability is recognized by the expected payable value under the cash bonus or short-term profit sharing plans, if the Company, its subsidiaries and joint ventures have a legal or established obligation to pay this amount because of past services rendered by the employee and the obligation can be estimated reliably.

p.2) Share-based payment

The fair value of stock options is determined on the granting date and recorded as expenses in income for the year through the straight line method, throughout the term in which the right is obtained, based on the Company's estimates about the options that will eventually be purchased with the corresponding increase in equity. At the closing of the fiscal year, the Company reviews its estimates on the number of equity instruments to be purchased, and the impact of the review of original estimates, if any, is recognized in income for the year, so that accumulated expenses may reflect the estimates reviewed, including the relevant adjustment in shareholders' equity, under "Recognized options granted ", where the benefit has been registered, as provided for in technical pronouncement CPC 10R1/IFRS 02 - Share-based

Payment.

For participants in overseas subsidiaries, the provision is added to non-current liabilities for the period in which employees acquire unconditional entitlement to benefits. The amount recognized as expense is adjusted to reflect the number of cases for which there is an expectation that the conditions of service and conditions of non-market acquisition will be met, so that the value finally recognized as expense is based on the number of cases that actually meet the conditions of service and conditions of non-market acquisition on the date when payment rights are acquired (vesting period).

q) Provisions

q.1) Provision for tax, civil and labor risks

A provision is recognized when the Company and its subsidiaries and joint ventures have a legal or established obligation as a result of a past event, and it is probable that an outflow will be required to settle the obligation and its amount can be estimated accurately. Provisions are recorded at the present value of the disbursement expected to settle the obligation, using the appropriate discount rate, in accordance with the risks associated to liabilities.

The obligation is adjusted until the closing of each year at the amount estimated for probable losses, according to their nature and supported by the opinion of legal counsels of the Company, its subsidiaries and joint ventures. The fundamentals and nature of the provisions for tax, civil and labor risks are described in Note 19.

q.2) Provision for restructuring

When applicable, this provision is recognized when the Company has a formal and detailed restructuring plan and a valid expectation has been created by the Company on the parties affected, through the implementation of the plan or the announcement of its main features to the parties affected. The measurement of the provision for the restructuring plan includes direct expenses arising from the restructuring, which correspond to the amounts necessarily linked to said restructuring and the amounts that are not associated to the continuing activities of the company.

q.3) Agreements for consideration

Present obligations arising from agreements for consideration are recognized and measured as provisions. These agreements are entered into when the costs required to fulfill agreement obligations surpass the economic benefits that are expected to be received throughout the effectiveness of this agreement.

q.4) Provision for warranties

The provision for costs expected from warranty of products sold are recognized on the date of sale of said products, based on Management's best estimates regarding the expenses required for settlement of the obligations of the Company, its subsidiaries and joint ventures.

q.5) Contingent liabilities arising from business combinations

These liabilities are initially measured at fair value on the acquisition date. At the closing of

each year, such contingent liabilities are measured based on the value that would be recognized according to the technical pronouncement CPC 25/IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or the value initially recognized less the accumulated amortization recorded, whichever is greater.

r) Taxation

r.1) Current taxes

The provision for income and social contribution taxes is based on the taxable income for the period. Taxable income differs from the income recorded in the statement of income since is does not include taxable revenues or expenses or that are deductible from other periods, besides excluding non-taxable and non-deductible items permanently. The provision for income and social contribution taxes is calculated individually by Company of the Group based on the tax rates in effect at the closing of each fiscal year, considering that, except for the subsidiaries located abroad, which must comply with the tax rates in effect in each country (see table below), income and social contribution taxes of the Company, its subsidiaries and joint ventures located in Brazil are calculated based on a 15% tax rate, plus 10% on taxable income exceeding R$240 (annual base) for income tax, and 9% on taxable income for social contribution on net profit, and take into account the offsetting of tax losses and negative social contribution base limited to 30% of actual profit.

Current income and social contribution tax expenses are calculated based on the tax laws and regulations enacted at the closing of each year, as provided for in Brazilian tax regulations. Management regularly assesses the positions assumed in the income tax return regarding the situations in which the applicable tax regulations are subject to different interpretations, and records provisions, when applicable, based on the amounts expected to be disbursed to tax authorities.

r.2) Deferred taxes

Deferred income and social contribution taxes (“deferred taxes”) are recognized on temporary differences at the closing if each year between asset and liabilities balances recognized in the financial statements, and the corresponding tax bases are used to determine the taxable income, including the balance of tax losses, if applicable. Deferred tax liabilities are usually recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible tax differences only when the Company, its subsidiaries and joint ventures are likely to record future taxable income in an amount deemed sufficient to enable use of these deductible temporary differences.

The recovery of the balance of deferred tax assets is reviewed at the closing of each year and, when future taxable income is not likely to be available to allow the full or partial recovery of the asset, the asset balance is adjusted according to the recovery amount expected.

Deferred tax assets and liabilities are calculated at the tax rates applicable for the period during which it is expected that the liability is settled or the asset is realized, based on the tax rates provided for in the tax laws in effect at the closing of each year, or when a new regulation is substantially enacted. The calculation of deferred assets and liabilities reflects the tax consequences that may result from the form that the Company, its subsidiaries and joint ventures expect to recover or settle the book value of its assets and liabilities at the closing of each year.

Deferred tax assets and liabilities are offset only when there is a legal right for offsetting current tax assets and current tax liabilities, and when assets and liabilities relate to taxes charged by one single tax authority and the Companies of the Group intend to settle the net amount of their current tax assets and liabilities.

r.3) Current and deferred taxes

These are recognized in income as expense or revenues, unless they are related to items directly recognized in other comprehensive income or shareholders' equity, in which case income tax is also directly recognized in other comprehensive income or shareholders' equity, or when it arises from the initial accounting of a business combination. In case of a business combination, when applicable, tax effects are considered in the accounting of the transaction.

r.4) Income tax rates of overseas subsidiaries

Country	Tax Rate - %	Country	Tax Rate - %
Mexico	30.0%	Italy	31.4%
United States	35.0%	Czech Republic	19.0%
Argentina	35.0%	Thailand	23.0%
China	25.0%	Turkey	20.0%
Luxemburg	28.8%	India	33.2%
Germany	31.6%	South Africa	28.0%
Spain	30.0%	Japan	40.9%

s) Net earnings per share

Net earnings per share are calculated using income for the year attributable to controlling and non-controlling shareholders of the Company and the weighted average of common stock outstanding in the respective year. Diluted earnings per share are calculated by the same average of common stock outstanding, adjusted for instruments potentially convertible into shares, thus creating a diluting effect, for the years presented, in accordance with CPC 41/IAS 33 - Earnings per Share.

t) Dividends and interest on shareholders' equity

When applicable, the proposal made by Management on the distribution of dividends and interest on shareholders' equity corresponding to the portion of minimum mandatory dividends is recorded as liabilities in "Dividends and interest on shareholders' equity payable," since it is seen as a statutory obligation of the Company; however, in some cases, the portion of dividends and shareholders' equity that exceeds the minimum mandatory dividends registered by Management after the date of the financial statements, but before the of authorization for issuance of said financial statements, is registered in "Additional Dividends Proposed" in Shareholders' Equity, its effects being disclosed in a separate note.

For equity and accounting purposes, interest on shareholders' equity is registered as income allocation directly to shareholders' equity. For tax purposes, it is classified as financial expenses deducted from the income and social contribution tax base.

u) Information by segment

This is presented in accordance with the internal report that is supplied to the key operational decision maker.

An operating segment is a component of the Company and its subsidiaries and joint ventures that develops business activities which can raise revenues and incur costs, including revenues and expenses related to transactions with other components. All operating income of operating segments is reviewed frequently by the key decision maker of the Company to make decisions about resources to be allocated to the segment and evaluate performance, and for which individual financial information is available.

The key operational decision maker, that is, the Chief Executive Officer, is responsible for allocating funds and evaluating performance in all operating segments. Details on this subject are disclosed in Note No. 6.

v) Present value

When applicable, the calculation of present value is performed for each transaction based on an interest rate that reflects the term, currency and risk of a transaction. The Company and its subsidiaries and joint ventures did not record adjustment to present value of current assets and liabilities due to its insignificant effect on the financial statements.

Considering that the accounts receivable and the balances payable to suppliers are usually settled in less than 60 days, the amounts registered substantially represent their present value as of the closing of each year.

w) Value added statement ("DVA")

This statement is intended to evidence the wealth created by the Company, as well as its distribution throughout a given period. Its presentation by the Company is made according to the requirements of the Brazilian corporate legislation, as part of the consolidated financial statements, since its presentation is neither expected nor mandatory according to the IFRSs.

The DVA was prepared based on the information obtained from accounting records that serve as the basis for preparation of the financial statements, as provided for in technical pronouncement CPC 09 "Value Added Statement". In the first part, the statement describes the wealth produced by the Company, which is represented by revenues (gross revenues, including taxes, other revenues, and the effects of the provision for doubtful debts), inputs purchased from third parties (cost of products sold, purchase of materials, energy and third-party services, considering taxes upon acquisition, the effects of losses and recovery of asset values, and depreciation and amortization) and the value added received from third parties (as a result of equity pick-up, financial revenues and other revenues). The second part of the DVA breaks down the distribution of wealth by personnel, taxes and contribution, return on third-party capital and return on own capital.

x) Adoption of new or revised international reporting standards

x.1) Standards, interpretations and amendments to existing standards that were not yet in effect on December 31, 2012 and have not been adopted in advance by the Company

The standards and amendments to existing standards described below were issued and are mandatory for periods starting on December 31, 2012. However, they were not adopted in advance by the Company, its subsidiaries and joint ventures.

Pronouncement	Description	Effectiveness
IFRS 9 - Financial Instruments	Refers to the first phase of the project for replacement of IAS 39 – Financial Instruments: Recognition and Measurement.	Annual periods starting on January 1, 2015.
IRFS 10 - Consolidated Financial Statements	Replaces the terms in IAS 27 – Segregated Statements addressing when and how an investor should prepare the consolidated financial statements and replaces SIC 12	Annual periods starting on or after January 1, 2013.
IFRS 11 – Equity Interest Agreements	Requires the use of equity pick-up for equity interest in joint ventures and eliminates the proportional consolidation method.	Annual periods starting on or after January 1, 2013.
IFRS 12 - Disclosure of Equity Interest in Other Entities	Defines the purpose of disclosures and the minimum disclosures required for entities holding investments in subsidiaries, joint ventures, affiliates or other non-consolidated entities.	Annual periods starting on or after January 1, 2013.
IFRS 13 – Measurement of Fair Value	Defines one single model for measuring fair value when this is required by other pronouncements.	Annual periods starting on or after January 1, 2013.
IAS 19 (R) – Employee Benefits	Amends accounting for changes in obligations regarding defined benefits and plan assets that require the recognition of these changes as they are incurred, and, in consequence, the elimination of the "corridor approach."	Annual periods starting on or after January 1, 2013.
IAS 27 (R) - Consolidated and Separated Financial Statements	Addresses the changes in IAS 27.	Annual periods starting on or after January 1, 2013.
IAS 28 (R) – Investment in Affiliates	Amends IAS 28 - Investment in Affiliates and Subsidiaries	Annual periods starting on or after January 1, 2013.

Except for the impacts described below, Management understands that the application of the above pronouncements, which will be adopted in the preparation of the Company's financial statements for the periods required, may have some effect on the balances previously reported. However, the Company is not able to provide reasonable estimates on these effects before conducting a detailed review by the time of the adoption of said pronouncements.

For some situations, the CPC has not yet issued the relevant pronouncements and modifications regarding the new and revised IFRSs mentioned above. Due to the commitment of CPC and CVM to regularly update the set of standards based on the updates made by the IASB, these pronouncements and changes are expected to be issued by CPC and approved by CVM until the date of their mandatory application.

Management will assess the impact from adoption of these pronouncements and interpretations on the financial statements, and the Company will adopt them according to their respective dates of effectiveness, or after their approval by CVM.

x.2) Reviews on consolidation, equity interest agreements, affiliates and disclosures

The package containing five standards on consolidation, equity interest agreements, affiliates and disclosures was issued in May 2011, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (revised in 2011) and IAS 28 (revised in 2011).

The principal requirements of these five standards with some impact on the Company and its subsidiaries are described below:

IFRS 10 replaces the terms in IAS 27 – Consolidated and Separated Financial Statements that address the consolidated financial statements. SIC-12 – Consolidation – Specific Purpose Companies will be replaced by IFRS 10, according to which there should be only one consolidation base, that is, the controlling interest. Additionally, IRFS 10 provides for a new definition of "control", which includes three elements: (a) power on an investee company; (b) exposure to or rights on variable earnings arising from the equity interest held in the investee company; (c) capacity to use its power on the investee company to affect the value of shareholders' gains. IFRS 10 provides comprehensive directives regarding complex scenarios.

IFRS 11 replaces IAS 31 – Equity in Joint Ventures. IFRS 11 addresses how to classify an equity interest agreement entered into between two or more controlling parties. SIC-13 – Joint Ventures – Non-monetary Contributions from Investors will be replaced by IFRS 11, according to which, equity interest agreements should be classified as joint ventures, as per the rights and obligations of the parties. On the other hand, according to IAS 31, there are three types of equity interest agreements: joint ventures, joint assets and joint operations. Also according to IFRS 11, joint ventures must be accounted for at equity pick-up, while IAS 31 provides for accounting of joint ventures at equity pick-up or the proportional accounting method.

IFRS 12 is a disclosure standard applicable to entities holding equity interest in subsidiaries, equity interest agreements, affiliates and/or non-consolidated structured entities. In general, IFRS 12 disclosure requirements are more comprehensive than the current standards.

Amendments to IFRS 10, IFRS 11 and IFRS 12 were issued in June 2012 to clarify certain transition standards regarding first-time adoption of the IFRSs.

These five standards, as well as the relevant changes regarding the transition standards, are applicable to annual periods starting on or after January 1, 2013. Management expects the application of these standards to have a significant effect on the amounts reported in the Company's consolidated financial statements. For example, the adoption of IFRS 11 will cause changes in the recognition of investments held by the Company in (i) Amsted-Maxion, (ii) Montich, and (iii) Remon, which are joint ventures according to IAS 31, being currently accounted for at proportional consolidation method. According to IFRS 31, these joint ventures will be classified as joint ventures and accounted for at equity pick-up, which will result in the recording of the Company's proportional equity interest in net assets, income for the year and other comprehensive income of the subsidiaries in one single account in the consolidated balance sheet, as well as in the consolidated statement of income for the year or comprehensive income as "investment in joint venture" and "equity in profit (loss) of joint ventures" respectively. Except for the investments in the joint ventures (i) Amsted-Maxion, (ii) Montich, and (iii) Remon, the Company does not hold interest in other joint ventures.

x.3) Revision of accounting for post-employment benefit plans

The changes in IAS 19 altered the accounting for defined benefit plans and employment termination benefits. The most significant change was the recording of changes in liabilities for defined benefits and plan assets. Such changes require the recognition of changes in liabilities for defined plans and in the fair value of plan assets as they occur, and the consequent elimination of the "corridor approach", which was allowed in the previous version of IAS 19, and the early recognition of costs of past services. Additionally, the modifications require that all actuarial gains and losses be recorded immediately in other comprehensive income so that net assets or liabilities for pension plans are recognized in the consolidated financial statements so as to reflect the full value of the plan's deficit or surplus. Also, interest expenses and the expected income on asset plans used in the previous version of IAS 19 were replaced with an amount of net interest based on the discount rate of the asset or liability of the net defined benefit.

The changes made to IAS 19 are effective for annual periods starting on or after January 1, 2013, and must be adopted retroactively. However, in our case, these changes were already brought forward upon the acquisition of our subsidiary Maxion Wheels, in February 2012, given that Management resolved on the early adoption of the revised standard during the analysis of the assets and liabilities of said subsidiary upon its acquisition.

So, as of December 31, 2012, there were no effects arising from: a) the full recognition of actuarial gains in other comprehensive income and reduction in net deficit of the pension fund; b) immediate recognition of costs of past services in income and increase in the net deficit of the pension fund; and c) reversal of the difference between the gain resulting from the expected return rate on pension fund assets and the discount rate through comprehensive income.

6. INFORMATION BY SEGMENT

The information by segment is stated according to technical pronouncement CPC 22/IFRS 8 – Information by Segment. It relates to business held by the Company, its subsidiaries and joint ventures, and is based on the management structure and internal management information used by key decision makers.

A segment is an identifiable component intended to the manufacturing of products, provision of services, or supply of products and services within a particular economic environment that may be subject to risks and remuneration that differ from other segments.

The transactions between the business segments presented were carried out on an arm's length basis.

Results by segment, as well as assets and liabilities, take into account all items that can be directly attributed to the segment, as well as those that may be allocated on reasonable bases.

The Company operates in two business segments: automotive and railways.

In the automotive segment, the Company's customers are vehicle manufacturers, and their main products are steel and aluminum wheels, chassis, stingers, structural stamped assemblies, hand brake levers and pedal sets.

In the railway segment, its customers are logistics operators and mining companies, their main products being freight cars, railway wheels and castings.

The goodwill on the acquisitions by Hayes Lemmerz and Galaz Groups, as shown in Note No. 2,

was allocated to the automotive segment.

	2012 Segments			2011 Segments		
	Automotive	**Railway**	**Consolidated**	**Automotive**	**Railway**	**Consolidated**
Net revenue from sale	5,320,755	377,758	5,698,513	2,349,665	555,474	2,905,139
Cost of products and services sold	(4,761,901)	(360,309)	(5,122,210)	(1,892,693)	(460,690)	(2,353,383)
Gross income	558,854	17,449	576,303	456,972	94,784	551,756
Selling, general and administrative expenses	(267,937)	(39,772)	(307,709)	(147,890)	(47,959)	(195,849)
Other operating revenues (expenses), net	10,757	(841)	9,916	(90)	2,436	2,346
Operating income before net financial revenues (expenses)	301,674	(23,164)	278,510	308,992	49,261	358,253
Financial income	86,704	1,152	87,856	59,614	2,132	61,746
Financial expenses	(223,083)	(25,397)	(248,480)	(57,890)	(19,031)	(76,921)
Income (loss) before income tax and social contribution	165,295	(47,409)	117,886	310,716	32,362	343,078
Income and social contribution taxes	(28,896)	16,716	(12,180)	(107,682)	(11,960)	(119,642)
Net income (loss) for the year	136,399	(30,693)	105,706	203,034	20,402	223,436
Attributed to controlling shareholders	97,557	(30,693)	66,864	203,034	20,402	223,436
Attributed to non-controlling shareholders	38,842	-	38,842	-	-	-

- Of total automotive sales recorded for the year ended December 31, 2012, 91.1% (91.7% on December 31, 2011) were made to domestic and international vehicle assemblers. The remainder represents sales to the replacement market and other sales. Regarding the railway segment, sales to logistics operators in the period ended December 31, 2012, represented 45% (34% on December 31, 2011), while for mining companies, they represent 18% (47% on December 31, 2011). The remainder is represented by other casting sales.

• The Company's sales resulted from the following regions:

	2012 Segments			2011 Segments		
	Automotive	**Railway**	**Total**	**Automotive**	**Railway**	**Total**
. Africa/Middle East	2.0%	-	1.9%	-	-	-
. Latin America	36.6%	100%	40.8%	82.2%	100%	85.6%
. Asia/Oceania	5.9%	-	5.5%	1.3%	-	1.1%
. USA	10.6%	-	9.9%	6.7%	-	5.4%
. Europe	29.9%	-	27.9%	0.3%	-	0.2%
. Mexico	15.0%		14.0%	9.5%		7.7%

Balance sheet by segment

	2012			2011		
	Segments			Segments		
	Automotive	Railway	Total	Automotive	Railway	Total
Assets						
Current Assets	2,029,195	125,678	2,154,873	994,113	206,168	1,200,281
Non-current assets	127,488	68,484	195,972	9,807	56,355	66,162
Financial investments	104	-	104	104	-	104
Property, Plant and Equipment	2,441,612	123,932	2,565,544	983,355	123,224	1,106,579
Intangible Assets	869,089	-	869,089	27,438	-	27,438
Total assets	5,467,488	318,094	5,785,582	2,014,817	385,747	2,400,564
Liabilities						
Current Liabilities	1,608,571	200,171	1,808,742	756,034	304,868	1,060,902
Non-current liabilities	2,786,361	99,569	2,885,930	389,212	31,830	421,042
Shareholders' equity	894,684	18,354	913,038	869,571	49,049	918,620
Non-controlling shareholders' equity	177,872	-	177,872	-	-	-
Total liabilities and shareholders` equity	5,467,488	318,094	5,785,582	2,014,817	385,747	2,400,564

7. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	2012	2011	2012	2011
Cash and banks				
In Brazil	9,419	11,089	12,306	19,675
Abroad	-	-	212,944	6,858
Total	9,419	11,089	225,250	26,533
Short-term financial investments				
In Brazil	209,010	235,552	210,337	254,851
Abroad	-	-	70,913	10,100
	209,010	235,552	281,250	264,951
Total	**218,429**	**246,641**	**506,500**	**291,484**

The financial investments maintained by the Company, its subsidiaries and joint ventures in Brazil as of December 31, 2012 are represented by Bank Deposit Certificates – CBDs that are distributed among several financial institutions with average yield of 102.2% of the Interbank Deposit Certificate (CDI) (104.5% as of December 31, 2011). They are classified as "Cash and Cash Equivalents" because they mature within 90 days, and also because they are considered short-term financial assets, being subject to insignificant risk of change in value.

The Company's consolidated short-term financial investments abroad as of December 31, 2012, are divided into: (a) R$37,283, denominated in Mexican pesos, with average yield of 3.1% p.a. (R$10,000 as of December 31, 2011, remunerated at the average rate of 3.7% p.a.); (b) R$33,275, denominated in US dollars, with average yield of 0.3% p.a.; and (c) R$355, denominated in Argentine pesos, with average yield of 2.0% p.a.

8. FINANCIAL INVESTMENTS

As of December 31, 2011, financial investments referred to short-term Bank Deposit Certificates (CDB) maturing in over 90 days, remunerated at rates that range from 100% to 104.5% of CDI. As of December 31, 2012, such investments were reclassified to "Cash and cash equivalents", due to adjustments made as per the criteria disclosed in note 7.

9. TRADE ACCOUNTS RECEIVABLE

	Parent company		Consolidated	
	2012	2011	2012	2011
In Brazil	199,465	205,010	353,794	342,874
Abroad	11,687	11,436	410,233	54,878
Related parties abroad (note 13)	24,088	32,923	-	-
Provision for doubtful debts	(1,879)	(1,736)	(4,303)	(1,772)
Total	233,361	247,633	759,724	395,980

	Parent company		Consolidated	
	2012	2011	2012	2011
To become due	208,063	207,686	681,302	341,884
Overdue				
From 1 to 30 days	17,253	23,298	52,235	27,858
From 31 to 60 days	1,722	12,648	8,265	18,557
From 61 to 90 years	2,855	1,196	8,600	3,210
From 91 to 180 days	1,534	1,129	5,961	2,523
Above 181 days	3,813	3,412	7,664	3,720
Total	235,240	249,369	764,027	397,752

The Company and its subsidiaries and joint ventures have a procedure to analyze overdue accounts on a monthly basis, adopting the criterion of allowance for all accounts more than 90 days overdue, without evidence of negotiation, and clients in composition with creditors or bankrupt.

Certain accounts were the subject matter of a provision for doubtful debts as of December 31, 2012. The effect thereof was a net supplement of R$143 in the parent company and R$2,531 in the consolidated data. The latter was particularly due to the acquisition of the subsidiary Maxion Wheels on February 1, 2012, as explained in note 2.

10. INVENTORIES

	Parent company		Consolidated	
	2012	2012	2012	2012
Finished Products	55,921	50,304	234,780	96,988
Work in progress	54,744	40,331	133,925	68,161
Raw materials	58,878	72,728	235,534	171,860
Ancillary materials	5,259	4,301	80,215	16,148
Packaging materials and storeroom	4,638	4,291	10,466	6,321
Advances to suppliers	11,338	21,428	20,352	28,785
Imports in progress	4,735	2,527	5,357	2,611
Provision for losses	(5,860)	(2,599)	(16,726)	(8,371)
Total	189,653	193,311	703,903	382,503

Certain items considered as slow-moving, were the subject matter of a provision for losses as of December 31, 2012. The effect of this measure was a net supplement of R$3,261 in the parent company. Regarding consolidated figures, the increase amounted to R$8,355, mainly due to the acquisition of the subsidiary Maxion Wheels, on February 1, 2012, as mentioned in Note No.2.

11. TAXES RECOVERABLE

	Parent company		Consolidated	
	2012	2012	2012	2012
• ICMS - Value-Added Tax	10,271	10,931	23,956	29,654
IPI - Tax on manufactured goods	13,387	16,754	14,943	19,811
COFINS - Contribution for financing social security	912	899	20,819	19,021
PIS - Social integration program	1,445	1,411	12,600	5,482
IRPJ - Corporate income tax	12,786	11,564	20,004	18,351
Other	3,750	2,335	6,209	6,492
IVA tax on added value – subsidiaries abroad				
Mexico	-	-	45,004	9,905
Turkey	-	-	10,738	-
Italy	-	-	4,817	-
Czech Republic	-	-	3,451	-
Other countries	-	-	9,480	-
Total	42,551	43,894	172,021	108,716
Current assets	32,854	33,239	110,514	56,205
Non-current assets	9,697	10,655	61,507	52,511

12. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Deferred taxes

The amounts of deferred income and social contribution taxes recognized in non-current assets and liabilities are shown as follows:

	Parent Company		Consolidated	
	2012	2012	2012	2012
Temporary differences:				
Provision for tax contingencies	7,190	5,258	11,162	8,109
Provision for labor/civil contingencies	1,718	1,224	10,411	2,359
Provision for doubtful debts	639	590	1,463	602
Provision for profit sharing	2,860	4,416	6,099	5,172
Provision for inventory loss	1,992	884	5,687	2,846
Other	11,135	12,127	19,173	16,738
Subtotal	25,534	24,499	53,995	35,826
Tax losses	-	4,650	58,911	24,342
Negative base of social contribution	-	2,669	27,539	10,260
Subtotal	-	7,319	86,450	34,602
Total Assets	25,534	31,818	140,445	70,428
Change in useful life criterion – depreciation of property, plant and equipment	28,995	18,390	122,462	40,048
Change in useful life criterion – amortization of intangible assets	-	-	12,791	-
Deemed cost – property, plant and equipment – CPC 27	64,572	70,345	79,634	86,238
Capitalized financing costs – CPC 08	5,532	1,247	5,532	1,247
Amortization of the appreciation of investments	-	-	8,003	8,947
Amortization of goodwill on investments (*)	20,795	14,051	20,795	14,051
Other	-	(35)	15,383	(5,102)
Total Liabilities	119,894	103,998	264,600	145,429
Set-off against assets	(25,534)	(31,818)	(75,728)	(70,428)
Deferred tax assets, net	-	-	64,717	-
Deferred tax liabilities, net	94,360	72,180	188,872	75,001

(*) Given the revoking of the accounting practice relating to amortization of goodwill on the acquisition of subsidiaries, as a result of the changes that occurred in Brazilian accounting practices and as provided for in Laws No. 11638/07 and 11941/09, as from January 1, 2009, the Company took advantage of the tax benefit generated by goodwill on the acquisition of former subsidiary Meritor Comércio e Indústria de Sistemas Automotivos Ltda., in the amount of R$119,018, based on the Transition Tax System (RTT), whose effects used to be offset at the ratio of 1/72 per month, with monthly amortization of R$1,653, which has generated a tax impact of R$562 per month. Thus, as required by the accounting practices adopted in Brazil, the difference between the basis for tax benefits and accounting amortization is being considered as a temporary difference for purposes of deferred Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL), whose effects were recorded in non-current liabilities.

The Company sets off balances of income and social contribution tax assets and liabilities against each other, only when they occur in the same legal entity/tax jurisdiction and when they are of the same type.

As of December 31, 2012, the Company also recorded tax credits on tax losses not recognized in the consolidated financial statements, and generated by some of its subsidiaries in Brazil and abroad.

These non-recorded tax losses are as follows:

		2012		
Country	**Amount – US$**	**Amount**	**Statute of Limitation**	**Limit by year**
Luxembourg (1)	323,908	661,906	none	none
Spain (ii)	43,891	89,691	2021 a 2028	50%
Italy (ii)	37,683	77,005	none	80%
South Africa (ii)	19,584	40,020	none	none
Mexico (ii)	4,456	9,106	2019 a 2021	none
Brazil – Automotive Components (iii)	-	3,741	none	30%
United States (ii)	258,613	528,476	2014 a 2031	(iv)
Total	688,135	1,409,945		

(i) This company was purchased by Hayes Lemmerz International Inc. on February 1, 2012, and is purely a holding company. Since there is no guarantee about the payment of tax credits arising from tax losses, the Company adopted a conservative approach and did not recognize income tax credits on these amounts.
(ii) Companies purchased from Hayes Lemmerz International Inc., on February 1, 2012. Since there is no guarantee about the payment of tax credits arising from tax losses, the Company adopted a conservative approach and did not recognize income tax credits on these amounts.
(iii) Not recorded. Company currently inactive.
(iv) Depends on the State in which the deferred tax credit was determined.

Based on taxable income estimates approved by Management, the Company expects to recover the tax credit arising from tax losses and negative base of social contribution in the following years:

2013	3,565
2014	8,817
2015	9,499
2016	10,962
2017 onwards	53,607
Total tax credits arising from tax losses and negative social contribution base	86,450

Management of the Company, its subsidiaries and joint ventures consider that the deferred assets arising from temporary differences in the amount of R$25,534 (R$24,499 as of December 31, 2011) in the parent company, and consolidated at R$53,995 (R$35,826 as of December 31, 2011) will be realized in proportion to the final resolution of contingencies and other events.

Estimates of recovery of tax credits were based on projections of taxable profits, taking into consideration various financial and business premises considered at year end. Consequently, these estimates may not be realized in the future in view of the uncertainties surrounding the projections.

b) Current

The reconciliation of expenses calculated by applying the combined tax rates and the expense of income and social contribution taxes charged to net income is as follows:

	Parent Company		Consolidated	
	2012	2011	2012	2011
Net income before income and social contribution taxes	99,130	325,988	117,886	343,078
Combined tax rates - %	34	34	34	34
Income and Social Contribution Tax expenses at combined tax rate	(33,704)	(110,836)	(40,081)	(116,647)
Equity pick-up	(8,550)	8,033	-	-
Non-deductible expenses	(1,021)	(872)	(27,969)	(1,546)
Benefit from interest on shareholders' equity	8,626	-	8,626	-
Benefit from technological innovation projects	5,386	6,064	5,386	6,064
Tax credit not recorded on temporary differences and tax losses	-	(5,666)	(3,129)	(7,803)
Tax credit recorded on temporary differences and tax losses (*)	-	-	47,341	-
Other	(3,003)	725	(2,354)	290
Income and social contribution tax expenses	(32,266)	(102,552)	(12,180)	(119,642)
Current	(10,069)	(66,934)	(71,974)	(85,906)
Deferred	(22,197)	(35,618)	59,794	(33,736)
Effective rates	33%	31%	10%	35%

(*) As mentioned in Note 2b.ii), on October 1, 2012, the indirect subsidiary Hayes Lemmerz Indústria de Rodas Ltda., located in the city of Santo André, São Paulo State, merged with another indirect subsidiary, Borlem S.A. Empreendimentos Industriais, located in the city of Guarulhos, São Paulo State, resulting in greater synergy and, as a consequence, lower operating and financial costs with the improvement of its industrial and administrative structure. Management therefore recognized in full the non-recorded tax credits from previous years, amounting to R$47,341, in view of the prospect that they would probably be realized.

13. RELATED PARTIES

The principal asset and liability balances as of December 31, 2012 and December 31, 2011, as well as transactions that influenced income of the period, relating to transactions with related parties, result from transactions with the Company, its subsidiaries and joint ventures.

The amounts relating to the remuneration of key management personnel are as follows:

	Parent company and consolidated	
	2012	2011
Board of Directors and statutory officers	6,660	5,775
Key Management personnel (salaries and benefits)	76,309	30,521
Agreed profit sharing (bonus)	-	11,868

At the Annual General Meeting held on April 12, 2012, the annual remuneration for the Board of Directors and statutory managers for the 12-month period ending in April 2013 was fixed at R$15,102.

In addition to the remuneration of managers, in the year ended December 31, 2012, the Company made contributions to the private pension plan in the amount of R$1,184 (R$1,043 as of December 31, 2011) on behalf of statutory officers and key Management personnel.

In the year ended December 13, 2012, an expense of R$563 was recognized regarding stock option plans, and a reversal of R$197 in options exercisable at the average price of R$9.85 (there were no options exercisable in 2011).The Extraordinary General Meeting held on December 1, 2009 approved the Stock Options Plan for managers and employees of the Company and its subsidiaries; see note 22.

In the normal course of business, the Company, its subsidiaries and joint ventures conducted intercompany transactions at prices, terms, financial charges and other conditions consistent with those of the market, considering the absence of risks in such transactions. These transactions include, among others, shared service agreements, consulting agreements, loan agreements and granting of guarantees on terms detailed below:

	2012					**2012**		
	Assets			**Liabilities**		**Income**		
	Accounts receivable	Dividends receivable	Loans	Suppliers	Loans	Sales	Purchases	Expenses
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	-	-	-	-	-	24,806	-	4,196
Maxion (Nantong) Wheels, Co., Ltd.	-	-	-	983	-	-	659	-
Maxion Fumagalli de México S de R.L. de C.V	143	-	-	-	-	5,190	-	-
Maxion Fumagalli Automotive USA, Inc.	23,945	-	6,750	1	-	160,178	97	556
Maxion Componentes Estruturais Ltda.	-	-	48	-	-	-	-	-
Iochpe Holdings, LLC	-	-	579	-	3,633	-	-	-
Maxion Montich S.A.	-	545	-	-	-	-	-	-
Total	24,088	545	7,377	984	3,633	190,174	756	4,752

	2011					**2011**		
	Assets			Liabilities		Income		
	Accounts receivable	Loans receivable	Loans	Suppliers	Loans	Sales	Purchases	Expenses
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	-	-	-	-	-	31,178	-	2,909
Maxion (Nantong) Wheels, Co., Ltd.	3,131	-	-	1,132	-	-	16,521	-
Maxion Fumagalli de México S de R.L. de C.V	-	-	-	-	-	8,045	-	-
Maxion Fumagalli Automotive USA, Inc.	29,792	-	6,130	2,099	-	123,628	1,382	385
Maxion Componentes Estruturais Ltda.	-	-	48	-	-	-	-	-
Iochpe Holdings, LLC	-	-	522	-	3,202	-	-	-
Total	**32,923**	-	**6,700**	**3,231**	**3,202**	**162,851**	**17,903**	**3,294**

Loan Agreements

The amount of R$6,750 (R$6,130 as of December 31, 2011) refers to a loan agreement between the Company and Fumagalli Automotive USA, Inc., denominated in US dollars, plus interest of 1.41% p.a., maturing on April 4, 2013.

The balance of R$579 (R$522 as of December 31, 2011) refers to a loan agreement between the Company and Iochpe Holdings, LLC, denominated in US dollars, plus interest of 2.34% p.a., maturing on June 30, 2013.

The balance of R$3,633 (R$3,202 as of December 31, 2011) refers to a loan agreement between the Company and Iochpe Holdings, LLC, denominated in US dollars, plus interest of 6% p.a., maturing on June 30, 2013.

Sales and purchase transactions

As shown in the above table, the Company recorded sales of wheels, chassis and scrap, respectively, in 2012, to the following companies:

• Maxion Fumagalli Automotive USA, Inc., totaling R$160,178 (R$123.628 as of December 31, 2011).
• Maxion Fumagalli de México S. de R.L. de C.V., totaling R$5.190 (R$8.045 as of December 31, 2011).
• Amsted-Maxion Fundição e Equipamentos Ferroviários S.A., totaling R$24.806 (R$31.178 as of December 31, 2011).

In 2012, the Company also recorded wheels and scrap purchases, respectively, from the following companies:

• Maxion Fumagalli Automotive USA, Inc., totaling R$97 (R$1,382 as of December 31, 2011).
• Maxion (Nantong) Wheels, Co., Ltd., totaling R$659 (R$16,521 as of December 31, 2011).

Below is a summary of the major contracts between the Company and related parties:

Shared Services Agreements

On February 29, 2000, Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. and the Company, with the aim of reducing costs and expenses, signed a contract which regulates the sharing of infrastructure and facilities located in the city of Cruzeiro, São Paulo State, as the properties are adjacent and are located in the same industrial plant. Each party is to bear the cost of maintenance and administration of the facilities located on its own property. The contract will be in effect for 25 years. The costs of infrastructure and facilities, recorded in general and administrative expenses, totaled R$4,196 in the year ended December 31, 2012 (R$2,909 in 2011).

Agreements with members of the Board of Directors

Maxion Fumagalli Automotive USA, Inc. has an agreement with BMA Automotive LLC (“BMA”), a company controlled by Salomão Ioschpe, a member of the Board of Directors and

shareholder in the Company. Through this contract, BMA Automotive LLC provides consulting services to the Wheels and Chassis Division, to attend certain customers in the USA and Canada. Expenses relating to this contract, recorded as selling expenses, totaled R$556 in the year ended December 31, 2012 (R$385 as of December 31, 2011).

Sureties and guarantees granted

As of December 31, 2012, the Company registered the following amounts as surety in transactions maintained by its subsidiaries and joint ventures, for the most part in respect of loans and financing disclosed in Note 17:

• Maxion Componentes Estruturais Ltda.: R$13,800 (R$13,800 as of December 31, 2011).
• Iochpe Holdings, LLC: R$1,352,813.
• Maxion Wheels: R$303,868.
• Ingenieria Y Maquinaria de Guadalupe S.A. de C.V.: R$408,700.
• Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.: R$242,262 (R$295,868 as of December 31, 2011).

As of December 31, 2012 the Company also showed an amount of R$58,611 (R$42,363 as of December 31, 2011) in relation to loan collateral on behalf of its subsidiary Maxion (Nantong) Wheels Co., Ltd.

As of December 31, 2012, the joint venture Amsted-Maxion had a R$200,000 line of credit pre-approved by Brazilian commercial banks and guaranteed by the Company; as of the same date R$137,258 had been utilized.

14. INVESTMENTS

a) Breakdown

	Parent Company		Consolidated	
	2012	**2011**	**2012**	**2011**
Stake in subsidiaries	197,572	186,990	-	-
Stake in joint ventures	35,491	71,677	-	-
Subtotal - Stake in subsidiaries	233,063	258,667	-	-
Goodwill on acquisition of subsidiary	20,292	20,292	-	-
Other investments	104	104	104	104
Total	253,459	279,063	104	104

b) Changes

	2012							
	Balance in 2011	Transfer/write-off	Capital increase	Exchange variation on overseas investment	Equity pick-up	Dividends and interest on shareholders' equity	Uncovered liabilities in subsidiaries	Balance in 2012
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. (i)	47,064	-	-	-	(30,694)	-	-	16,370
Iochpe Maxion Austria GmbH (ii)	-	227,892	292	(35,412)	(16,819)	-	-	175,953
Maxion (Nantong) Wheels, Co., Ltd. (iii)	10,178		26,295	1,947	(16,931)	-	-	21,489
Iochpe Sistemas Automotivos de México, De C.V. S.A.	- 153,208	(229,275)	-	36,350	39,717	-	-	-
Maxion Hong Kong Limited.	2	(2)	-	-	-	-	-	-
Cooperatie Maxion Europe U.A.	(47)	-	-	105	(153)	-	95	-
Maxion Montich S.A. (v)	24,437	-	-	(1,438)	(2,321)	(1,626)	-	19,052
Remon Resende Montadora Ltda.	176	-	-	-	(107)	-	-	69
Iochpe Holdings, LLC (iv)	23,519	1,383	8,653	(35,717)	2,162	-	-	-
Maxion Componentes Estruturais Ltda.	130	-	-	-	-	-	-	130
Total	**258,667**	**(2)**	**35,240**	**(34,165)**	**(25,146)**	**(1,626)**	**95**	**233,063**

(i) On December 31, 2012, the shareholders' equity of the joint venture was adjusted due to unrealized profit from the sale of a portion of land located in Cruzeiro, São Paulo State, to the Company, in the amount of R$1,985, equivalent to a 50% equity interest.

(ii) On December 1, 2012, the subsidiary Iochpe Maxion Austria GmbH was incorporated with a capitalization of R$292, the equivalent of €100 thousand. In December 2012, the Company's holdings in Iochpe Sistemas Automotivos de México de C.V. and Iochpe Holdings, LLC were transferred to this Austrian subsidiary.

(iii) On February 6, March 14, and December 20, 2012, capital increases were made in the amounts of R$6,903 and R$9,084 and R$10,308, equivalent to US$4,000 thousand, US$5,000 thousand and US$5,000 thousand, respectively.

(iv) On February 2, 2012, a capital increase was made in the amount of R$8,653, equivalent to US$5,000 thousand.

(v) Of the total amount declared in dividends, R$545 was outstanding for payment as of December 31, 2012.

c) Information on subsidiaries

	2012							
	No. of shares (in batches of thousands)	Equity interest (%)	Assets	Liabilities	Capital stock	Shareholders' Equity	Net Revenues	Net (loss) / income for the period
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	6,020,031	50,00	636,189	599,480	43,702	36,709	755,516	(61,386)
Iochpe Maxion Austria GmbH (i)	-	100,00	3,863,220	3,509,397	242,669	175,953	256,644	(16,819)
Maxion (Nantong) Wheels, Co., Ltd. (ii)	-	100,00	89,866	68,377	98,828	21,489	41,151	(16,931)
Iochpe Sistemas Automotivos de México, S.A. De C.V.	781,215	100,00	-	-	-	-	653,015	39,716
Maxion Hong Kong Limited.	10	100,00	-	-	-	-	-	-
Cooperatie Maxion Europe U.A.	50	99,99	6,811	6,906	135	(95)	20,084	(153)
Maxion Montich S.A.	2,813	50,00	101,623	63,518	2,340	38,104	101,138	(4,642)
Remon Resende Montadora Ltda. (iii)	30	33,33	824	617	90	207	2,286	(321)
Iochpe Holdings, LLC	5	100,00	-	-	-	-	2,884,069	2,162
Maxion Componentes Estruturais Ltda.	130	99,99	178	48	3,871	130	-	-

	2011							
	No. of shares (in batches of thousands)	Equity interest (%)	Assets	liabilities	Capital stock	Shareholders' Equity	Net Revenues	Net (loss) / income for the period
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	6,020,031	50,00	771,494	673,397	43,702	98,097	1,110,984	40,803
Maxion (Nantong) Wheels, Co., Ltd. (ii)		100,00	81,875	71,697	63,519	10,178	60,153	(10,782)
Iochpe Sistemas Automotivos de México, S.A. De C.V.	781,215	100,00	251,974	98,766	105,080	153,208	239,853	18,387
Maxion Hong Kong Limited.	10	100,00	2		2	2		
Cooperatie Maxion Europe U.A.	50	99,99	12,265	12,312	122	(47)	6,760	(168)
Maxion Montich S.A.	2,813	50,00	94,290	45,416	2,453	48,874	78,193	3,234
Remon Resende Montadora Ltda.	30	33,33	1,070	543	90	527	3,244	414
Iochpe Holdings, LLC	5	100,00	71,052	47,532	23,448	23,520	183,892	(3,468)
Maxion Componentes Estruturais Ltda.	130	99,99	178	48	3,871	130		

(i) The concept of the number of shares does not exist under Austrian law.
(ii) The concept of the number of shares does not exist under Chinese law.
(iii) Financial information as of the base date November 30, 2012, was used.

d) Goodwill on the acquisition of interest

Regarding the parent company, the balance of R$20,292 refers to goodwill from the acquisition of Meritor Comércio e Indústria de Sistemas Automotivos Ltda., which merged into the Company on November 2, 2009.

15. PROPERTY, PLANT AND EQUIPMENT

a) Composition – parent company

	Average depreciation rate - % p.a.	2012			2011
		Cost	Accumulated Depreciation	Net	Net
Buildings and improvements	5.56	206,049	(62,421)	143,628	132,985
Machinery and equipment	7.84	813,520	(361,676)	451,844	408,793
Moulds	18	51,449	(28,046)	23,403	21,211
Furniture and fixtures	7.5	15,133	(7,526)	7,607	6,969
Vehicles	18.89	2,772	(1,294)	1,478	1,500
Computer equipment	35	17,436	(12,289)	5,147	4,554
Other property, plant and equipment	26.25	7,253	(4,329)	2,924	2,176
Tooling	8.33	101,470	(45,959)	55,511	58,308
Land	-	24,251	-	24,251	24,176
Work in progress (i)	-	24,634	-	24,634	72,384
Spare parts for machinery	-	58,960	-	58,960	51,674
Advances to suppliers	-	8,562	-	8,562	9,571
Total		1,331,489	(523,540)	807,949	794,301

Changes in cost – Parent company

	2011	2012				
	Cost	Additions	Write-offs	PPA Adjustment (iv)	Transfers	Cost
Buildings and improvements	189,887	-	(18)	-	16,180	206,049
Machinery and equipment	744,636	4,021	(5,950)	-	70,813	813,520
Moulds	48,482	294	(3)	-	2,676	51,449
Furniture and fixtures	13,973	55	(43)	-	1,148	15,133
Vehicles	2,600	131	(316)	-	357	2,772
Computer equipment	15,447	95	(382)	-	2,276	17,436
Other property, plant and equipment	5,953	1,248	(5)	-	57	7,253
Tooling	102,470	1,120	(6,523)	-	4,403	101,470
Land	24,176	-	-	-	75	24,251
Work in progress (i)	72,384	34,843	-	-	(82,593)	24,634
Spare parts for machinery	51,674	7,286	-	-	-	58,960
Advances to suppliers	9,571	16,836	(2,453)	-	(15,392)	8,562
Total	1,281,253	65,929	(15,693)	-	-	1,331,489

Changes in depreciation – Parent company

	2011	2012			
	Accumulated Depreciation	Additions	Write-offs	Transfers	Accumulated Depreciation
Buildings and improvements	(56,902)	(5,522)	3	-	(62,421)
Machinery and equipment	(335,843)	(29,872)	4,039	-	(361,676)
Moulds	(27,271)	(778)	3	-	(28,046)
Furniture and fixtures	(7,004)	(556)	34	-	(7,526)
Vehicles	(1,100)	(417)	223	-	(1,294)
Computer equipment	(10,893)	(1,779)	383	-	(12,289)
Other property, plant and equipment	(3,777)	(552)	-	-	(4,329)
Tooling	(44,162)	(4,678)	2,881	-	(45,959)
Total	(486,952)	(44,154)	7,566	-	(523,540)

b) Composition - Consolidated

	Average depreciation rate - % p.a.	2012			2011
		Cost	Accumulated Depreciation	Net	Net
Buildings and improvements	2.7	666,130	(133,452)	532,678	242,096
Machinery and equipment	6.5	2,163,473	(660,437)	1,503,036	558,373
Moulds	2.5	74,782	(42,112)	32,670	29,923
Furniture and fixtures	4.1	19,989	(10,110)	9,879	9,529
Vehicles	12.6	4,394	(1,919)	2,475	2,065
Computer equipment	10.9	27,390	(16,609)	10,781	5,805
Other property, plant and equipment	2.2	25,726	(4,374)	21,352	2,213
Tooling	6.2	140,733	(55,039)	85,694	63,428
Land	-	160,635	-	160,635	33,741
Work in progress (i)	-	135,316	-	135,316	95,168
Spare parts for machinery	-	62,466	-	62,466	54,668
Advances to suppliers	-	8,562	-	8,562	9,570
Total		3,489,596	(924,052)	2,565,544	1,106,579

Changes in cost – Consolidated

	2011	2012						
	Cost	Acquisitions (iii)	Exchange variation	Additions	Write-offs	PPA Adjustments (iv)	Transfers	Cost
Buildings and improvements	321,384	257,848	64,724	-	(57)	(14,842)	37,073	666,130
Machinery and equipment	978,861	775,496	134,322	16,684	(11,743)	48,225	221,628	2,163,473
Moulds	70,035	-	351	294	(151)	-	4,253	74,782
Furniture and fixtures	18,163	2,144	(418)	56	(1,074)	-	1,118	19,989
Vehicles	3,483	449	108	292	(437)	-	499	4,394
Computer equipment	18,840	4,852	516	492	(772)	-	3,462	27,390
Other property, plant and equipment	6,029	2,909	391	1,296	(69)	-	15,170	25,726
Tooling	110,651	15,348	3,386	10,810	(5,592)	-	6,130	140,733
Land	33,741	131,031	12,146	-	-	(16,358)	75	160,635
Works in progress (ii)	95,168	92,872	19,710	205,039	(3,456)	-	(274,017)	135,316
Spare parts for machinery	54,668	-	-	7,798	-	-	-	62,466
Advances to suppliers	9,570	-	-	16,836	(2,453)	-	(15,391)	8,562
Total	1,720,593	1,282,949	235,236	259,597	(25,804)	17,025	-	3,489,596

Changes in depreciation - Consolidated

	2011	2012					
	Accumulated Depreciation	Acquisitions (iii)	Exchange variation	Additions	Write-offs	Transfers	Accumulated Depreciation
Buildings and improvements	(79,288)	(27,436)	(8,498)	(18,232)	2	-	(133,452)
Machinery and equipment	(420,488)	(86,478)	(24,164)	(139,570)	9,843	420	(660,437)
Moulds	(40,112)	-	(137)	(1,866)	3	-	(42,112)
Furniture and fixtures	(8,634)	(1,579)	427	(811)	487	-	(10,110)
Vehicles	(1,418)	(383)	178	(554)	258	-	(1,919)
Computer equipment	(13,035)	(1,870)	552	(2,995)	739	-	(16,609)
Other property, plant and equipment	(3,816)	-	-	(572)	14	-	(4,374)
Tooling	(47,223)	(1,305)	(736)	(8,656)	2,881	-	(55,039)
Total	(614,014)	(119,051)	(32,378)	(173,256)	14,227	420	(924,052)

(i) Comprising, as of December 31, 2012: (1) buildings in the amount of R$6,591 (R$47,036 as of December 31, 2011); (ii) machinery and equipment in the amount of R$13,474 (R$12,741 as of December 31, 2011); and (iii) other assets in the amount of R$4,569 (R$12,607 as of December 31, 2011) regarding the expansion in the Company's factories in Contagem, Cruzeiro and Limeira, respectively.

(ii) Comprising, as of December 31, 2012: (1) buildings in the amount of R$5,871 (R$63,916 as of December 31, 2011); (ii) machinery and equipment in the amount of R$123,604 (R$11,711 as of December 31, 2011); and (iii) other assets in the amount of R$5,841 (R$19,541 as of December 31, 2011) regarding the expansion in the Company's factories in

Mexico (through the indirect subsidiary Maxion Wheels) and Contagem, Cruzeiro and Limeira, respectively.

(iii) As mentioned in Note 2 hereof, in the first quarter of 2012, the purchases of Hayes Lemmerz and the Galaz Group added the amounts of R$1,039,036 and R$124,863, representing an increase of R$1,163,899 in the Company's consolidated property, plant and equipment. These amounts were supported by valuation reports prepared by a specialized firm.

(iv) As mentioned in note 2, these adjustments are the result of additional information obtained during the "measurement period" of up to a year, in respect of the purchase price allocation process for the subsidiary Maxion Wheels.

During the year ended December 31, 2012, the Company, its subsidiaries and joint ventures found no indication that any of their assets have a carrying value higher than their recoverable amount, and thus no provision for impairment has been recognized in the financial statements.

The value of property, plant and equipment pledged as collateral in loan and financing transactions is shown in note 17.

16. INTANGIBLE ASSETS - CONSOLIDATED

			Cost / Amortization						
	Amortization rate	Amortization method	Balance as of 2011	Acquisitions	Additions	Exchange variation	Amortization	PPA Adjustments (ix)	Balance as of 2012
Software	20%	Straight-line	1,521	-	1,246	-	(469)	-	2,298
Land use rights (i)	2%	Straight-line	4,513	-	-	312	(91)	-	4,734
Versastyle Technology (ii)	20%	Straight-line	-	4,983	-	1,115	(1,922)	-	4,176
Other	Various	Straight-line	-	791	141	169	(24)	-	1,077
Brand (iii)		indefinite useful life	-	42,571	-	7,495	-	-	50,066
Client relationships (iv)	7%	Straight-line	-	64,118	-	11,287	(5,299)	5,518	75,624
Goodwill on acquisition of subsidiaries:									
Meritor Comércio e Indústria de Sistemas Automotivos Ltda (v)			20,292	-	-	-	-	-	20,292
Iochpe Sistemas Automotivos de México S.A. de C.V. (vi)			1,112	-	-	99	-	-	1,211
Hayes Lemmerz International, Inc (vii)			-	462,919	-	81,596	-	(17,025)	527,490
Galaz Group and subsidiaries (viii)			-	166,947	-	15,174	-	-	182,121
Total			27,438	742,329	1,387	117,247	(7,805)	(11,507)	869,089

(i) Refers to rights of use to the land on which the subsidiary Maxion Wheels, Co. Ltd. (Nantong, China) is located. Amortization is calculated through the straight-line method for a 50-year term, as provided for in the concession agreement entered into with the local administration.
(ii) The “Versastyle Technology” trademark was an asset identified in the process of acquisition of the subsidiary Maxion Wheels, as mentioned in note 2. The brand’s remaining useful life is 4.8 years and will be fully amortized by January 31, 2017.
(iii) The Hayes Lemmerz trademark was an asset identified in the process of acquisition of the subsidiary Maxion Wheels, as mentioned in note 2. It has an indefinite useful life. As of December 31, 2012, due to the absence of indications that the subsidiary will not generate the future benefits expected, according to Management estimates, no provision for impairment was recorded

(iv) The client relationship was identified during the acquisition process for the subsidiary Maxion Wheels, as mentioned in note 2, and has a remaining useful life of 13.8 years, to be fully amortized by January 31, 2026. As of December 31, 2012, due to the absence of indications that the subsidiary will not generate the future benefits expected, according to Management estimates, no provision for impairment was recorded
(v) Goodwill from the acquisition of Meritor Comércio e Indústria de Sistemas Automotivos Ltda., which was merged into the Company on November 2, 2009.
(vi) Goodwill from the acquisition of Iochpe Sistemas Automotivos de México S.A. de C.V. (formerly Delancre S.A. de C.V.).
(vii) Goodwill from the acquisition of Hayes Lemmerz International, Inc. and subsidiaries (now Maxion Wheels), as mentioned in note 2.
(viii) Goodwill from the acquisition of the Galaz Group (now Maxion Inmagusa), as mentioned in note 2.
(ix) As mentioned in note 2, these adjustments are the result of additional information obtained during the "measurement period" of up to a year, in respect of the purchase price allocation process for the subsidiary Maxion Wheels.

All goodwill is based on future profitability and is not amortized.

a) Impairment testing

The Company assesses recovery of the value of goodwill on the basis of its value in use, using the discounted cash flow model for the automotive sector. The process of estimating value in use involves the use of assumptions, judgments and estimates of future cash flows, and represents the Company's best estimate, approved by the Board of Directors.

Annual balances of cash flows are discounted to present value at a rate that determines the Weighted Average Cost of Capital (WACC). This rate takes into account various sources of funds such as financing, debt and own capital, which the Company uses to finance its operations. The cost of the Company's own capital is calculated according to the Capital Asset Pricing Model (CAPM).

Goodwill is monitored for the purposes of Management, being limited to the operating segments of the Company.

Impairment testing was carried out as of December 31, 2012, taking into account the annual budget for 2013 and the long-term plan up to 2017 prepared for the automotive business segment. The following are the main assumptions made:

• Sales volumes were based on external sources, such as Information Handling Services (IHS) and J.D. Power and Associates (JDP).

• Nominal discount rate of 10%, applied on a discounted cash flow basis, taking EBITDA as the inward flow of funds, and investments in property, plant and equipment, working capital and dividend payments to minorities as outward flows of funds.

• Rate in perpetuity 2%, on the assumption that the sales volume will grow at the same rate as the world economy as from 2017.

• The amount of operating assets, including the net goodwill figure, was taken for the base date December 31, 2012.

The impairment test verified the economic return on operating assets, including goodwill.

Sensitivity analysis of assumptions

The estimated recoverable value of the automotive segment is R$453 million more than the value of operating assets, which was R$3,890 million as of December 31, 2012, including goodwill. Even if the assumptions are altered, within a reasonable range of possibilities, the book value will not exceed the recoverable value.

17. LOANS AND FINANCING

a) Parent Company

	Indexer	Effective annual interest rate %	Last Maturity Date	Transaction cost	Balance of transaction costs to be amortized	2012	2011
Domestic currency:							
BNDES - EXIM PSI I (i)	-	5.35	June 2013	6,802	750	193,693	413,556
BNDES - EXIM PSI IV	-	8.00	December 2015	-	-	176,851	-
BNDES - EXIM PSI II	-	9.00	March 2013	-	-	16,383	16,391
BNDES - AUTOMATIC	TJLP	6.44	March 2020	-	-	6,099	7,154
BNDES - EXIM	Currency Basket	4.40	December 2019	-	-	1,566	1,487
FINAME - PSI I, II, III and IV	-	6.07	November 2021	-	-	26,118	23,757
FINAME	TJLP	5.09	August 2021	-	-	1,103	977
FINDES PRO-INVEST	IPCA	3.94	March 2020	-	-	32,378	28,734
FINEP	-	5.0	March 2018	-	-	3,909	4,655
Subtotal domestic currency						458,100	496,711
Foreign currency:							
Imports US$2,103,000 (Dec. 31, 2011 - US$14,359,000)	-	2.84	December 2015	-	-	4,298	26,934
ACC - US$7,117,000	-	2.65	May 2013	-	-	14,544	-
External Loan US$25,009,000 (Dec. 31, 2011 US$14,201,000)	-	3.04	December 2014	-	-	51,105	26,638
Pre-Export US$1,303,000 (Dec. 31, 2011 - US$3,935,000)	% CDI	101.9	May 2013	-	-	2,663	7,381
Subtotal foreign currency						72,610	60,953
Total loans and financing						530,710	557,664
Current Liabilities:						239,462	281,124
Costs to be amortized (i)						(750)	-
Total						238,712	281,124
Non-Current Liabilities:						291,988	279,390
Costs to be amortized (i)						-	(2,850)
Total						291,988	276,540

b) Consolidated

	Indexer	Effective annual interest rate %	Last Maturity Date	Transaction cost	Balance of transaction costs to be amortized	2012	2011
Domestic currency:							
BNDES - EXIM PSI I (i)	-	5,35	June 2013	6.802	750	221,694	468,097
BNDES - EXIM PSI IV	-	8,0	December 2015	-	-	252,422	-
BNDES - EXIM PSI II	-	9,0	December 2013	-	-	34,082	16,391
BNDES - FINAME, EXIM and Automatic	TJLP	3,94	August 2021	-	-	55,728	43,079
BNDES - EXIM	Currency Basket	4,40	December 2019	-	-	1,566	1,487
FINAME - PSI I, II, III and IV	-	6,01	November 2021	-	-	26,743	24,280
FINAME – FABRICANTE IV	-	2,5	February 2013	-	-	31,300	146,829
FINDES PRO-INVEST	IPCA	3,94	March 2020	-	-	32,378	28,734
FINEP	-	4,92	March 2018	-	-	4,260	4,655
Working Capital	% CDI	119,2	November 2014	-	-	67,881	275
Subtotal domestic currency						728,054	733,827
Foreign currency:							
ACC - US$7,117,000	-	2,65	May 2013	-	-	14,544	-
Bridge Loans US$662,008,000 (ii)	-	6,12	December 2021	-	-	1,352,813	-
Long-Term Loans US$200,000,000 (iii)	-	5,51	December 2019	-	-	408,700	-
Imports US$2,464,000 (Dec. 31, 2011 - US$15,221,000)	-	3,26	December 2015	-	-	5,036	28,551
External Loan US$25,009,000 (Dec.31, 2011 – US$14,201,000)	-	3,04	December 2014	-	-	51,105	26,638
Pre-Export US$100,000	-	8,00	April 2013	-	-	205	-
Pre-Export US$1,303,000 (Dec. 31, 2011 – US$5,130,000)	% CDI	101,90	May 2013	-	-	2,663	9,622
Working Capital US$91,126,000	-	4,06	July 2013	-	-	186,217	-
Working Capital - Yuan$ 178,692,000 (Dec.31, -Yuan$ 172,654,000)	-	6,01	November 2013	-	-	58,611	51,451
Working Capital - Peso Arg$ 21,281,000 (Dec.31, 2011 - Peso Arg$3,241,000)	-	14,84	December 2016	-	-	8,853	1,413
Working Capital - EURO$ 62,394,000 (Dec.31, 2011 - EURO$ 2,133,000)	-	3,80	July 2026	-	-	168,177	5,192
Working Capital - Rupia$ 426,606,000	-	12,00	March 2013	-	-	15,927	-
Subtotal foreign currency						2,272,851	122,867
Total loans and financing						3,000,905	856,694
Current Liabilities:						813,879	539,506
Costs to be amortized (i)						(750)	-
Total						813,129	539,506
Non-Current Liabilities:						2,187,776	320,038
Costs to be amortized (i)						-	(2,850)
Total						2,187,776	317,188

Non-current liabilities have the following payment schedule:

	Parent Company	Consolidated
2014	62,323	108,103
2015	193,319	277,315
2016	10,950	12,061
2017	10,141	10,169
2018 onwards	15,265	1,780,128
Total	291,998	2,187,776

(i) Effective Rate of Transaction Cost is the weighted average of the BNDES-EXIM PSI I Contract. The calculation methodology is in accordance with CPC Accounting Pronouncement 08 - Transaction Costs and Premium on Issue of Securities. The effective rate of 5.35% p.a. is made up of 4.5% for the original contract rate plus 0.85% for the transaction costs incurred. The Company is amortizing the transaction costs according to the period of the corresponding contract.

(ii) Nominal value of US$645,000,000 through the subsidiary Iochpe Holdings, LLC with banks Itaú BBA, Votorantim and Banco do Brasil in the United States for the purchase of Hayes Lemmerz, originally to mature on January 28, 2013, renegotiated to March 28, 2013. As of December 31, 2012, the current balance was R$1,352,813 (US$662,008).

The Company, as guarantor of the financing raised with banks through the Firm Guarantee Credit Letter dated October 13, 2011, has the commitment of said banks to maintain the total term of the debt of up to 10 years and six months, with a grace period of 60 months for the principal, and is presently discussing with creditors the conditions of a long-term financing ("take-out") considering the current market conditions. The bridge loan is therefore being reclassified to non-current liabilities in the consolidated financial statements.

Said contract is also subject to restrictive clauses pursuant to common market practices, which establish the maintenance of financial ratios by the Company based on its consolidated financial statements. As of December 31, 2012, the Company is in compliance with these financial ratios.

(iii) The nominal amount of US$200,000,000 refers to the take-out of the bridge loan for the long-term financing raised by the indirect subsidiary Ingenieria Y Maquinaria de Guadalupe S.A. de CV from Banco Itaú BBA dos Estados Unidos da América for the purchase of the Galaz Group, with estimated final maturity on December 16, 2019. As of December 31, 2012, the balance shown in the consolidated accounts is R$408,700 (US$200,000.000).

Said contract is also subject to restrictive clauses pursuant to common market practices, which establish the maintenance of financial ratios by the Company based on its consolidated financial statements. As of December 31, 2012, the Company is in compliance with these financial ratios.

FINAME financing is backed by the very assets underlying the loan agreement, in the net amount of R$27,221 for the parent company and R$28,153 consolidated (R$24,734 for the parent company and R$25,720 consolidated as of December 31, 2011).

Additionally, a portion of the balance of the BNDES-EXIM PSI financing in the amount of R$143,419 is backed by domestic accounts receivable in the amount of R$199,465, plus

mortgages of the plants located in Limeira and Cruzeiro, in the amount of R$75,707 and R$31,212, respectively.

The BNDES – EXIM PSI contracts are also subject to restrictive clauses pursuant to common market practices, which establish the maintenance of financial ratios by the Company based on its consolidated financial statements. As of December 31, 2012, the Company is in compliance with these financial ratios.

18. SUPPLIERS

	Parent Company		Consolidated	
	2012	2011	2012	2011
In Brazil	84,110	83,069	184,841	145,022
Abroad	10,389	5,233	413,192	80,785
Related parties abroad (note 12)	984	3,231	-	-
Total	95,483	91,533	598,033	225,807

19. PROVISION FOR TAX, CIVIL AND LABOR CONTINGENCIES

The Company, its subsidiaries and joint ventures are parties to lawsuits and administrative proceedings before various courts and governmental agencies in the normal course of business, involving tax, labor, civil and other matters.

Management, based on information from its legal advisors, analysis of the pending legal proceedings, and, with reference to labor claims, based on previous experience relating to amounts claimed, provisioned an amount considered sufficient to cover probable losses from ongoing lawsuits, as follows:

	Parent Company		Consolidated	
	2012	2011	2012	2011
Tax Proceedings:				
Federal	21,103	15,423	32,767	23,777
State	15	15	34	46
Municipal	29	27	29	27
Labor	1,726	3,009	21,960	6,347
Civil	3,326	590	8,662	590
Tax contingencies	-	-	38,827	-
	26,199	19,064	102,279	30,787
Court deposits	(14,978)	(13,040)	(24,707)	(21,622)
Total	11,221	6,024	77,572	9,165

Changes during the year are shown below:

	Parent Company					
	Balance in 2011	Additions	Updates	Reversals	Payments	Balance in 2012
Tax Proceedings:						
Federal	15,423	4,976	1,065	(267)	(94)	21,103
State	15	-	-	-	-	15
Municipal	27	-	2	-	-	29
Labor	3,009	313	225	(939)	(882)	1,726
Civil	590	2,780	12	-	(56)	3,326
	19,064	8,069	1,304	(1,206)	(1,032)	26,199
Court deposits	(13,040)	(1,563)	(375)	-	-	(14,978)
Total	6,024	6,506	929	(1,206)	(1,032)	11,221

	Parent Company					
	Balance in 2010	Additions	Updates	Reversals	Payments	Balance in 2011
Tax Proceedings:						
Federal	14,730	3,830	1,019	(3,740)	(416)	15,423
State	15	-	-	-	-	15
Municipal	103	-	23	-	(99)	27
Labor	3,937	1,207	250	(573)	(1,812)	3,009
Civil	574	-	16	-	-	590
	19,359	5,037	1,308	(4,313)	(2,327)	19,064
Court deposits	(10,179)	(2,524)	(337)	-	-	(13,040)
Total	9,180	2,513	971	(4,313)	(2,327)	6,024

	Consolidated							
	Balance in 2011	Acquisitions (i)	Exchange variations	Additions	Updates	Reversals	Payments	Balance in 2012
Tax Proceedings:								
Federal	23,777	2,140	473	7,990	1,332	(447)	(2,498)	32,767
State	46	-	-	-	-	(12)	-	34
Municipal	27	-	-	-	2	-	-	29
Labor	6,347	13,063	1,685	3,920	225	(1,666)	(1,614)	21,960
Civil	590	3,483	635	3,672	377	-	(95)	8,662
Tax contingencies	-	35,560	6,498	-	-	-	(3,231)	38,827
	30,787	54,246	9,291	15,582	1,936	(2,125)	(7,438)	102,279
Court deposits	(21,622)	-	-	(2,303)	(782)	-	-	(24,707)
Total	9,165	54,246	9,291	13,279	1,154	(2,125)	(7,438)	77,572

	Consolidated					
	Balance in 2010	Additions	Updates	Reversals	Payments	Balance in 2011
Tax Proceedings:						
Federal	22,415	5,562	1,477	(3,740)	(1,937)	23,777
State	15	31	-	-	-	46
Municipal	103	-	23	-	(99)	27
Labor	5,811	3,339	250	(573)	(2,480)	6,347
Civil	574	-	16	-	-	590
	28,918	8,932	1,766	(4,313)	(4,516)	30,787
Court deposits	(17,860)	(3,073)	(689)	-	-	(21,622)
Total	11,058	5,859	1,077	(4,313)	(4,516)	9,165

(*) As per Note 2, in the first quarter of 2012, the subsidiaries Hayes Lemmerz and Galaz Group were purchased, and a provision for risks was recorded in the amounts of R$17,195 and R$1,491 respectively.

The Company also recognized a tax contingency for the use of tax losses in Galaz Group companies from previous years, amounting to R$35,560. This tax contingency was recognized at fair value at the acquisition date.
Following is a brief description of the proceedings to which the Company, its subsidiaries and joint ventures are parties, according to their type:

Fiscal suits

	2012					
	Parent Company			Consolidated		
	Amount of provision	Related court deposits	Net liabilities	Amount of provision	Related court deposits	Net liabilities
PIS/COFINS (a)	4,639	(4,639)		11,717	(11,717)	
INSS (b)	10,339	(10,339)	-	12,990	(12,990)	-
IR/CS (c)	6,123	-	6,123	6,123	-	6,123
Other	46	-	46	2,000	-	2,000
Total	21,147	(14,978)	6,169	32,830	(24,707)	8,123

	2011					
	Parent Company			Consolidated		
	Amount of provision	Related court deposits	Net liabilities	Amount of provision	Related court deposits	Net liabilities
PIS/COFINS (a)	3,332	(3,332)	-	10,862	(10,862)	-
INSS (b)	9,708	(9,708)	-	10,760	(10,760)	-
IR/CS (c)	4,491	-	4,491	4,491	-	4,491
Other	46	-	46	1,820	-	1,820
Total	17,577	(13,040)	4,537	27,933	(21,622)	6,311

The fiscal suits against the parent company were:

(a) Legal disputes concerning the payment of contributions on (i) agent commissions paid abroad, starting in 2005 and (ii) freights relating to transfers between subsidiaries since May 2008, in the total amount of R$4,639 (R$3,332 as of December 31, 2011).
(b) Legal disputes on the payment of INSS (Social Security) on 1/3 vacation bonus and leaves, and Occupational Accident Insurance (SAT), as well as charges on indemnified prior notice in the amount of R$10,339 (R$9,708 as of December 31, 2011).
(c) Undue corporate income tax credits challenged by the Federal Revenue Service, in the amount of R$6,123 (R$4,491 as of December 31, 2011).

As of December 31, 2012, the consolidated figures for subsidiaries and joint ventures also included the following proceedings:

(a) Legal disputes concerning the payment of contributions on (i) agent commissions paid abroad, starting in 2005, and royalties paid abroad since September 2005 and (ii) freights relating to transfers between subsidiaries since May 2008, in the total amount of R$7,078 (R$7,530 as of December 31, 2011).
(b) Legal disputes on the payment of INSS (Social Security) on 1/3 vacation bonus and leaves, and Occupational Accident Insurance (SAT), as well as charges on indemnified prior notice in the amount of R$2,651 (R$1,052 as of December 31, 2011).

Labor claims

As of December 31, 2012, the Company was party to 181 (164 as of December 31, 2011) labor claims. The principal topics discussed in these cases relate to overtime, additional pay for dangerous and unhealthy conditions, pay equality, severance pay, FGTS fines referring to the economic plans Verão and Collor, among others, with no individual case of a significant amount. The total amount in discussion is R$4,302 (R$5,436 as of December 31, 2011) for which a provision of R$1,726 (R$3,009 as of December 31, 2011) was established based on historical information, representing the best estimate of probable losses.

In the consolidated figures, the Company and its subsidiaries and joint ventures were parties to 576 (375 as of 31 December 2011) labor claims

The principal topics discussed are basically the same as for the claims against the parent company. The total amount in discussion is R$36,228 (R$18,354 as of December 31, 2011) for

which a provision of R$21,960 (R$6,347 as of December 31, 2011) was established based on historical information, representing the best estimate of probable losses.

Civil proceedings

As of December 31, 2012, the Company was party to legal proceedings relating to civil matters, of which the amount of R$3,326 (R$590 as of December 31, 2011), was considered as probable risk by our legal counsel.

In the consolidated figures, R$8,662 (R$590 as of 31 December 2011) was assessed by legal counsel as a probable risk.

The Company, its subsidiaries and joint ventures are parties to legal proceedings relating to civil and tax matters that have not been provisioned, since their chances of loss were considered possible by Management and legal counsels. As of December 31, 2012, these proceedings totaled R$79,503 (R$21,138 as of December 31, 2011).
2011).

Contingent assets

On July 31, 2007, the decision on Ordinary Action No. 94.0034458-9, which became final and unappellable on July 6, 2007, was rendered, authorizing the Parent Company to offset tax losses from the base year 1989, referring to balance sheet monetary correction expenses corresponding to understated inflation during the months of January and February 1989 ("Verão" Economic Plan), as well as financial credit for the amount overpaid in 1989 and 1990. Calculations of the amounts of such claims, as well as the authorization process with the Internal Revenue Service, have been filed. We are awaiting the Federal Revenue position. For this reason, the suit has not yet been recognized in the Company's financial statements.

Appeal bonds

These represent restricted assets of the Company, its subsidiaries and joint ventures, and comprise amounts of deposits held by the court until the resolution of the corresponding cases.

As of December 31, 2012 and 2011, the balances mainly represent court deposits relating to labor claims and tax proceedings. These deposits do not represent current liabilities, but were required in order for the proceedings to go ahead. In the opinion of Management and its legal counsel, losses are not considered probable, and so no provision was set up for tax, civil or labor contingencies.

	Parent Company		Consolidated	
	2012	**2011**	**2012**	**2011**
Tax deposits:				
Federal	4,052	957	12,291	2,833
State	3,583	3,574	3,583	3,574
Municipal	25	-	25	-
Labor	1,210	858	5,326	1,488
Civil	1,734	1,678	4,985	1,711
Total court deposits	10,604	7,067	26,210	9,606

Escrow accounts – acquisition of subsidiary

As mentioned in note 2, at the time of the acquisition of the Galaz Group, the Company deposited amounts, updated to R$38,827 as of December 31, 2012, to secure the contingent tax risks identified at the time of the acquisition and to cover possible losses. These deposits will be held until the risks in question are settled.

20. POST-EMPLOYMENT BENEFITS

a) Supplementary retirement plan - defined contribution (parent company)

Since August 1, 2004, the Company participates in *Brasil Prev Seguros e Previdência S.A.*, which provides supplementary retirement plans, annuities and sickness benefits. The retirement plan is by defined contribution, using the capitalization financial system in the actuarial calculation of reserves. As of December 31, 2012, 4,825 employees are participating in this plan (5,131 as of December 31, 2011). Total contributions made by the Company amounted to R$1,627 in the year ended December 31, 2012 (R$1,213 as of December 31, 2011).

b) Supplementary retirement plan – defined benefits (consolidated)

	2012	
	Pension	**Other**
Fair value of plan assets	(17,026)	-
Present value of obligations	310,308	18,297
Plan deficit	293,281	18,297

Through its indirect subsidiary Maxion Wheels, the Company sponsors various defined benefit pension plans, health plan benefits and life insurance for the employees of its 18 units worldwide. The Company sponsors Pension Benefits based on the funding requirements provided for in international laws and regulations, and prior to the payment of benefits. The Company also sponsors “Other Benefits” to the extent that these benefits are made available to the employees.

Changes in the present value of defined benefit obligations

Defined benefit obligations	2012		
	Pension	**Other**	**Total**
Obligations from business combination	229,054	11,234	240,288
Benefits paid by the plan	(17,490)	(33)	(17,523)
Cost of current service and interest rates	13,477	1,896	15,373
Effects of changes in financial assumptions	36,577	5,571	42,148
Effects of adjustments based on experience	(2,659)	(660)	(3,319)
Exchange variation on conversion of financial statements	51,349	289	51,638
Defined benefit obligations	310,308	18,297	328,605

	2012		
Fair value of plan assets	**Pension**	**Other**	**Total**
Assets from business combination	13,969	-	13,969
Contributions paid to the plans	16,726	33	16,759
Benefits paid by the plans	(17,490)	(33)	(17,523)
Expected return from plan assets	664	-	664
Exchange variation on conversion of financial statements	3,137	-	3,137
Fair value of plan assets	17,006	-	17,006

	2012		
Net cost of benefit	**Pension**	**Other**	**Total**
Cost of service	2,013	0-768	2,781
Financial cost	11,464	1,128	12,592
Expected return from plan assets	(664)	-	(664)
Net cost of benefit	12,813	1,896	14,709

The net cost of benefit was recognized in income for the period, as follows:

	2012		
	Pension	**Other**	**Total**
Cost of products sold	7,943	1,177	9,120
General and administrative expenses	4,870	719	5,589
Total	12,813	1,896	14,709

The actuarial assumptions used to determine the periodic net cost of the benefit shown above are as follows:

	2012	
	Other	**Pension benefits**
Weighted average of the assumptions used to calculate the cost		
Discount rate - USA	-	5.25%
Discount rate - International	4.66%	10.00%
Rate of salary increases - International	2.66%	5.00%
Rate of increase in inflation - International	2.11%	4.47%
Rate of increase in pension plan - International	2.04%	-

The actuarial assumptions used to determine benefit obligations and funding status, are as follows:

	2012	
	Other	Pension benefits
Weighted average of the assumptions used to calculate liabilities at year-end		
Discount rate - USA	-	4.66%
Discount rate - International	3.47%	8.60%
Rate of salary increases - International	2.68%	5.00%
Rate of increase in inflation - International	2.13%	4.46%
Rate of increase in pension plan - International	2.04%	-

The discount rate for US plans was developed using specific interest rates increased by 0.5% per year for the next 30 years, based on data regarding price of and earnings from debentures issued by top US companies rated AA by Moody's in US dollars, and maturing from six months to 30 years.

Expected return on pension plan assets

Plan assets comprise:

	2012
Insurance	16,340
Fixed Income	666
Total	17,006

In order to develop the assumptions on expected long-term return rate of the assets, historical returns and future return expectations for each class of asset were considered, as well as the purpose of allocation of pension plan portfolio assets.

The plans use an insurance system to fund their obligations to retirees. Obligations to active employees are not funded. According to this system, the insurer determines the annual amount to be paid by the employer. The insurer's funds are mostly invested in fixed income instruments so as to ensure minimum return levels and limit volatility. The return on assets is credited to the plan based on the performance of the insurer's assets and on the terms provided for in the agreement, and the plan benefits are paid based on these funds.

In addition to the general allocation of assets described above, the following policies apply to individual asset categories:

Fixed income investments are oriented by risk aversion and investment grade securities. Except for US Government Bonds, in which the plan can invest its total fixed income allocation, fixed income investments should be directed to various types of securities and sectors. There is no limit regarding maturity of the securities. Unsecured sales, margin purchases and similar speculative transactions are prohibited.

Insurance contracts ensure minimum return rates. The Company does not participate in the strategy of investments regarding the assets underlying the contracts. However, these investments are usually made in active debentures markets, and are fully regulated by local laws.

The investment policy for allocation of pension plan assets is in compliance with the local regulations in effect for our units outside the USA, and they basically consist of insurance and fixed income instruments.

The policy on the allocation of assets was planned according to the long-term nature of the obligations, as well as on the investment purpose of obtaining a return from assets consistent with the plan's funding requirements, thus maximizing the return on the portfolio and minimizing the impact of market fluctuations on the value of the plan assets.

Plan Contributions

Our subsidiary has contributed R$18,596 to the pension plans.

c) Supplementary retirement plan – defined contribution (consolidated)

Our subsidiary Maxion Wheels has a retirement savings account contribution plan that covers practically all employees located in the USA. The parent company's contribution totaled R$1,635 in the year ended December 31, 2012.

d) Post-employment medical assistance plan (consolidated)

The subsidiary Maxion Wheels also maintains a medical assistance plan for a group of former employees named "Voluntary Employee Benefit Association" (VEBA). The actuarial report prepared by a specialized firm showed consolidated actuarial liabilities of R$48,431, of which R$2,452 were recorded under current liabilities as "Other accounts payable", and R$45,979 under non-current liabilities as "Other accounts payable." Said liabilities correspond to some fixed and contingent payments due to VEBA for each retired participant eligible to Medicare who also participates in VEBA, whether or not connected to a union.

21. SHAREHOLDERS' EQUITY

a) Capital stock

As of December 31, 2012, paid-in capital totaled R$650,000 (R$500,000 as of December 31, 2011), after capitalization of the profit reserve in the amount of R$150,000, on April 26, 2012, totaling 94,863,372 common and registered shares with no par value.

In addition to the 94,863,372 common shares, the Company is authorized to increase its capital stock, regardless of statutory modification, up to the limit of 10,660,000 common shares, nominative and without par value, by issuing new common shares. Share issues within the authorized capital limit shall be determined by the Board of Directors, which shall decide the quantity of shares issued, the date of issuance and payment conditions.

The Company may, within the limit of authorized capital and in accordance with the plan approved by the General Assembly, grant share acquisition options to its officers, employees or individuals who provide services to the Company, pursuant to paragraph 3 of Article 168 of Law 6404/76.

b. Statutory reserve for investment and working capital

Intended to ensure productive investment in property, plant and equipment and increase in working capital, even through debt repayment by the Company, as well as capitalization and funding of subsidiaries and affiliates. It will be funded by a minimum annual payment of 10% and maximum of 58% of net income, and its maximum limit is the amount which, together with the legal reserve, does not exceed the value of capital stock.

c) Allocation of net income

Net income for the year, calculated in accordance with the terms of Article 191 of Law No. 6404/76, of December 15, 1976, will be allocated as follows: (i) 5% for the legal reserve, which shall not exceed 20% of capital, (ii) 37% for distribution, such as mandatory dividends, and (iii) the remainder that is not allocated to the statutory investment and working capital reserve, or retained as provided in the capital budget approved by the General Meeting, shall be assigned as additional dividend to shareholders.

	2012	2011
Net income for the year	66.864	223.436
Realized depreciation of deemed cost, net of taxes	11.141	11.278
Total to be distributed	78.005	234.714
(-) Legal reserve (5%)	(3.900)	(11.736)
Allocation of income:		
Mandatory dividends - (37%)	28.862	86.844
(-) Interim interest on shareholders' equity – April 25, 2012	(12.659)	-
(-) Supplementary interest on shareholders' equity – December 19, 2012	(12.713)	-
(-) Dividends proposed	(3.490)	(86.844)
(-) Statutory reserve for investment and working capital (58%)	(45.243)	(136.134)

On April 25, 2012, the Board of Directors approved, ad referendum of the General Meeting to be held in April 2013, the payment of interest on shareholders' equity in the overall gross amount of R$12,659, equivalent to R$0.13384567 per common share, corresponding to R$11,072 or R$0.11707042 net per common share, after a 15% withholding income tax (IRRF), except for shareholders legally exempt from the payment or withholding of the income tax.

On December 19, 2012, the Board also approved payment of interest on shareholders' equity in the gross amount of R$12,713, equivalent to R$0.13441488 per common share, corresponding to R$11,176 or R$0.11816747 net per common share, after a 15% withholding income tax (IRRF).

Interest on shareholders' equity will be paid together with the dividends for fiscal year 2012 in the amount of R$25,738, that is, in the first quarter of 2013. The Company's shares have been traded "ex-interest on shareholders' equity" since April 27, 2012 and December 21, 2012.

d) Stock options granted recognized and treasury shares

- Share-based payments refer to expenses with the stock option plan in the amount of R$563, less the exercise of a portion of the 2010 plan in the amount of R$197, totaling R$366 net.
- Treasury shares: as of December 31, 2011, the Company had 253,000 treasury shares that were purchased in 2012, plus 67,000, totaling 320,000 common shares intended to meet the stock option plan, and 35,139 shares corresponding to the exercise of the 2010 plan were delivered for the total amount of R$790, including a premium of

R$149. The balance remaining was 284,861 common shares in the amount of R$6,556, as a commitment to the stock options plan.

- As of December 31, 2012, the market value of the common treasury shares was R$7,791 (quotation of R$27.35 per share on December 28, 2012).

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22. STOCK OPTIONS PLAN

The Extraordinary General Meeting held on December 1, 2009, approved **t**he stock options plan for officers of the Company and the individual conditions for each beneficiary are outlined in this plan.

The beneficiary must have allocated part of the annual bonus, paid by the Company as profit sharing, net of income taxes and other "Profit Sharing" charges, for 2009 to the 2010 plan, for 2010 to the 2011 plan and for 2011 to the 2012 plan, to acquire, on the stock exchange, stock issued by the Company ("Own Shares"). For this purpose, the beneficiary must choose to allocate his profit share between the defined percentages of 75%, 50% and 25%. The percentage chosen by the beneficiary for share acquisition will determine the number of options he may exercise. If the beneficiary fails to allocate any percentage of his profit share to the purchase of own shares, he will not be granted any options.

The percentage commitment of profit share for share purchase should be defined and consequently demonstrated by the beneficiary to the Company, by presenting a brokerage invoice up to five days after the deadline for purchasing own shares. The deadline for purchasing Own Shares will commence on the day following that on which the Company informs beneficiaries of the exercise price and will run for 15 consecutive days.

After the deadline, the Board will define the number of options granted to each beneficiary, by applying the following formula:

O = (B*M)/P

Where:

"O": number of Options granted to the Beneficiary;

"B": value in *Reais* of the Profit Share allocated by the Beneficiary for the purchase of Own Shares.

"M": multiple of the value of the Profit Share allocated for the purchase of Own Shares, as defined below; and

"P": average price per share in the Company in the 20 trading sessions of the BM&FBOVESPA immediately following the deadline.

The multiple "M" mentioned above shall have a fixed numerical value for each beneficiary, as follows:

a) If the beneficiary allocated 75% of his share in profits for purchase of own shares, "M" is equal to 2.0;

b) If the beneficiary allocated 50% of his share in profits for purchase of own shares, “M” is equal to 1.5;

c) If the beneficiary allocated 25% of his share in profits for purchase of own shares, “M” is equal to 1.0;

The Company will conclude with the beneficiary, on the option definition date, the respective stock options agreement, setting the option terms and conditions.

The option exercise price will be equal to the average price of Company stock in the 20 trading sessions of the BM&FBOVESPA prior to March 3, 2010 for the 2010 plan; March 12, 2011 for the 2011 plan; and March 13, 2012 for the 2012 plan immediately preceding the commencement of the own share acquisition period.

Exercise Price Correction Index: Extended Consumer Price Index disclosed by the Brazilian Institute of Geography and Statistics - IPCA/IBGE, to be applied to the option exercise price from the date of this program through the exercise date of the respective options.

Exercise of Options: Options shall be divided into three equal annual lots by the quantity of options, exercisable, respectively, in two, three and four years from the date of this program. After the corresponding grace period, each annual lot may be exercised, wholly or partly, on one or several occasions, and at any time, before the final deadline of three years, by notifying the Company of each exercise with ten days advance notice. After expiry of this period, the beneficiary shall lose the right to exercise the options of the corresponding annual lot, without compensation.

If the number of options granted to the beneficiary is not divisible by three, the remainder shall be allocated to the first annual lot.

Payment: within five working days after the effective share transfer date from exercise of the option, in local currency, via (a) check payable to the Company, (b) wire transfer to an account specified by the Company; or (c) any other payment method expressly authorized by the Company and previously communicated to the beneficiary in writing.

The expense relating to the fair value of the options granted, as recognized in income for the year ended December 31, 2012, was R$563 for the parent company and R$664 in the consolidated figures.

Stock options for the 2010 plan outstanding on December 31, 2012 have the following expiration dates and exercise prices:

		Options outstanding			Options exercisable	
	Exercise Price - R$	Options outstanding	Remaining Contractual life (years)	Exercise price - R$	Options exercisable	Exercise price - R$
Grant date						
March 3 to 18, 2010	9,01	6.445	3	17,37	6.445	17,37
March 3 to 18, 2010	9,87	41.584	4	17,37	-	-
March 3 to 18, 2010	10,67	41.584	5	17,37	-	-
		89.613			6.445	

On December 31, 2012 the unit market price was R$27.35 per share.

Significant data included in the pricing model for fair value of options granted during 2010:

- Option price of R$10.62 for three years, R$10.92 for four years, R$11.24 for 5 years as of December 31, 2012.
- Volatility of 2.94% estimated from the standard deviation of daily share closing prices over the past five years.
- The expected life of options is from three to five years.
- Annual risk-free interest rate of 7.34% for three years, 7.83% for four years and 8.13% for five years.

The table below shows the simulated effects arising from: (a) exercise of options granted until December 31, 2012; and (b) exercise of all options which may be granted under the Stock Options Program. Both scenarios considered the hypothesis that all options were exercisable as of December 31, 2012.

	3 years 1/3	4 years 1/3	5 years 1/3
Exercise price R$	19,51	20,87	22,32
Number of shares to be acquired or issued on exercise of options	6.445	41.584	41.584
Fair value of options R$	10,62	10,92	11,24

Stock options for the 2011 plan outstanding on December 31, 2012, have the following expiration dates and exercise prices:

		Options outstanding			Options exercisable	
Grant date	Fair value of option - R$	Options outstanding	Remaining Contractual life (years)	Exercise price - R$	Options exercisable	Exercise price - R$
March 14 to 28, 2011	6,05	77.766	4	23,01	-	-
March 14 to 28, 2011	7,12	77.765	5	23,01	-	-
March 14 to 28, 2011	8,14	77.765	6	23,01	-	-
		233.296			-	

On December 31, 2012 the unit market price was R$27.35 per share.

Significant data included in the pricing model for fair value of options granted during 2011:

- Option price of R$5.37 for four years, R$5.80 for five years, R$6.48 for six years as of December 31, 2012.
- Volatility of 2.94% estimated from the standard deviation of daily share closing prices over the past five years.
- The option's expected life is from four to six years.
- Annual risk-free interest rate of 7.83% for four years, 8.13% for five years and 8.37% for six years.

The table below shows the simulated effects arising from: (a) exercise of options granted until

December 31, 2012; and (b) exercise of all options which may be granted under the Stock Options Program. Both scenarios considered the hypothesis that all options were exercisable at December 31, 2012.

	4 years 1/3	5 years 1/3	6 years 1/3
Exercise price R$	27,91	29,85	31,62
Number of shares to be acquired or issued on exercise of options	77.766	77.765	77.765
Fair value of options R$	5,37	5,80	6,48

Stock options for the 2012 plan outstanding on December 31, 2012, have the following expiration dates and exercise prices:

Grant date	Fair value of option - R$	Options outstanding	Options outstanding		Options exercisable	
		Options outstanding	Remaining Contractual life (years)	Exercise price - R$	Options exercisable	Exercise price - R$
March 14 to 28, 2012	7,45	24.478	5	33,53	-	-
March 14 to 28, 2012	9,09	24.478	6	33,53	-	-
March 14 to 28, 2012	10,59	24.478	7	33,53	-	-
		73.434			-	

On December 31, 2012 the unit market price was R$27.35 per share.

Significant data included in the pricing model for fair value of options granted during 2012:

- Option price of R$0.01 for five years, R$0.07 for six years, R$0.25 for seven years as of December 31, 2012.
- Volatility of 2.94% estimated from the standard deviation of daily share closing prices over the past five years.
- The option's expected life is from four to six years.
- Annual risk-free interest rate of 8.13% for five years, 8.37% for six years and 8.46% for seven years.

The table below shows the simulated effects arising from: (a) exercise of options granted until December 31, 2012; and (b) exercise of all options which may be granted under the Stock Options Program. Both scenarios considered the hypothesis that all options were exercisable at December 31, 2012.

	5 years 1/3	6 years 1/3	7 years 1/3
Exercise price R$	42,98	45,53	47,80
Number of shares to be acquired or issued on exercise of options	24.478	24.478	24.478
Fair value of options R$	0,01	0,07	0,25

23. Financial income

	Parent company		Consolidated	
	2012	2011	2012	2011
Financial revenue:				
Financial revenues on financial investments	8.548	28.134	11.836	30.018
Interest and discounts obtained	7.694	3.303	7.949	4.060
Financial update – tax claims (*)	23.277	15.973	23.277	16.310
Others	3.581	635	3.952	1.230
Total	43.100	48.045	47.014	51.618
Financial expenses:				
Interest paid	(27.098)	(28.461)	(176.604)	(42.723)
Financial update – provision for risks	(1.304)	(1.308)	(1.936)	(1.766)
Loss from transactions with derivatives - (Note 28.c)	(670)	(2.818)	(670)	(2.818)
Others	(12.682)	(1.858)	(20.545)	(12.599)
Total	(41.754)	(34.445)	(199.755)	(59.906)

(*) On April 23, 2012, the Company recognized a gain from with favorable and unappeallable decision, in the amount of R$23,277 referring to refunding of monetary adjustment of Tax on Industrialized Products - IPI paid on the acquisition of raw material. Upon the qualification of the credit, the amount was recorded as “Taxes recoverable” under current assets.

24 EXCHANGE VARIATION, NET

	Parent company		Consolidated	
	2012	2011	2012	2011
Exchange variation gain	10.315	4.531	40.842	10.128
Exchange variation loss	(5.166)	(8.228)	(48.616)	(14.292)
Exchange variation on derivatives, net	(109)	(2.723)	(109)	(2.723)
Total	5.040	(6.420)	(7.883)	(6.887)

25. Other operating revenues and expenses, net

	Parent company		Consolidated	
	2012	2011	2012	2011
Other revenues				
Reintegration of export benefits	6.315	-	8.425	-
Rentals	-	-	3.919	2.436
Provision of services and condominium fees	815	840	815	840
Other revenues	257	5.132	14.065	7.383
Total other revenues	7.387	5.972	27.224	10.659
Other expenses				
Other expenses involving affiliate companies	(2.075)	(1.455)	(3.390)	(1.995)
Court costs	(965)	(540)	(2.264)	(2.183)
Non-refundable taxes/fees	(350)	(212)	(1.346)	(680)
Other expenses	(149)	(717)	(10.308)	(3.455)
Total other expenses	(3.539)	(2.924)	(17.308)	(8.313)
Total other revenues (expenses), net	3.848	3.048	9.916	2.346

26. Net revenue from sales

	Parent company		Consolidated	
	2012	2011	2012	2011
Gross revenues	2.031.188	2.445.718	6.214.195	3.551.261
(-) Rebates and returns	(17.382)	(11.002)	(60.855)	(154.317)
	2.013.806	2.434.716	6.153.340	3.396.944
(-) Sales tax	(389.362)	(435.597)	(454.827)	(491.805)
Net revenues from sales	1.624.444	1.999.119	5.698.513	2.905.139

27. EXPENSES BY NATURE

	Parent company		Consolidated	
	2012	2011	2012	2011
Raw material	(816.561)	(968.278)	(3.124.740)	(1.469.481)
Salaries and benefits	(427.897)	(458.055)	(1.130.524)	(624.871)
Materials/Maintenance	(86.344)	(96.104)	(390.090)	(162.070)
Energy	(26.128)	(23.780)	(195.205)	(39.243)
Depreciation and amortization	(44.623)	(37.835)	(181.061)	(52.800)
Third party services	(34.211)	(41.324)	(131.637)	(51.963)
Freight	(36.597)	(44.983)	(121.137)	(71.142)
Other costs	(6.992)	(11.379)	(53.896)	(21.180)
Other general and administrative expenses	(2.780)	(3.518)	(24.511)	(8.039)
Supplement of provision for risks	(6.863)	(724)	(13.457)	(4.619)
Transport/communication	(11.571)	(12.758)	(32.977)	(15.857)
Other selling expenses	(2.727)	(1.741)	(14.373)	(10.970)
Management remuneration (note No. 13)	(6.660)	(5.775)	(6.660)	(5.775)
Commissions/Royalties	(201)	(510)	(6.587)	(8.607)
Warranty of products	(247)	(222)	(3.064)	(2.615)
Total	(1.510.402)	(1.706.986)	(5.429.919)	(2.549.232)
Classified as:				
Cost of goods and services sold	(1.405.998)	(1.587.885)	(5.122.210)	(2.353.383)
Selling expenses	(39.047)	(43.328)	(92.699)	(88.959)
General and administrative expenses	(58.697)	(69.998)	(208.350)	(101.115)
Management remuneration (note No. 13)	(6.660)	(5.775)	(6.660)	(5.775)
Total	(1.510.402)	(1.706.986)	(5.429.919)	(2.549.232)

28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) General and political considerations

The Company, its subsidiaries and joint ventures carry out joint operations with financial instruments, including derivatives, when applicable, all recorded under equity accounts, which are intended for meeting operational and financial needs. For this purpose, financial investments, loans, financing and derivative financial instruments are contracted.

Management of these instruments is accomplished through policies, definition of strategies and establishment of control systems, and monitored by the Board of Directors.

Policy on contracting financial instruments with the objective of protection is approved by the Board of Directors, and subsequently analyzed on a regular basis in relation to the risk exposure that management seeks to avoid. The Company, its subsidiaries and joint ventures do not make speculative investments in derivatives or any other risky assets. The results of these operations are consistent with the policies and strategies defined by Company management.

The Company's Audit and Financial Committees observe how Management monitors adherence to policies and risk management procedures, and review the adequacy of the risk management model for risks accepted by the Company, its subsidiaries and joint ventures.

Classification of financial instruments – by category

Financial instruments by category

	Note	Parent company				
		2012			2011	
		Loans and receivables	Liabilities – amortized cost	Fair value through income	Loans and receivables	Liabilities – amortized cost
Assets						
Cash and cash equivalents	7	218.429	-	-	246.641	-
Financial investments	8	-	-	-	45.837	-
Trade accounts receivable	9	233.361	-	-	247.633	-
Related parties	13	7.377	-	-	6.700	-
Total		459.167	-	-	546.811	-
Liabilities						
Loans and receivables	17	-	530.710	-	-	557.664
Suppliers	18	-	95.483	-	-	91.533
Related parties	13	3.633	-	-	3.202	-
Derivative financial instruments	29	-	-	104	-	-
Total		3.633	626.193	104	3.202	649.197

Financial instruments by category

	Note	Consolidated				
		2012			2011	
		Loans and receivables	Liabilities – amortized cost	Fair value through income	Loans and receivables	Liabilities – amortized cost
Assets						
Cash and cash equivalents	7	506.500	-	-	291.484	-
Financial investments	8	-	-	-	45.837	-
Trade accounts receivable	9	759.724	-	-	395.980	-
Total		1.266.224	-	-	733.301	-
Liabilities						
Loans and financing	17	-	3.000.905	-	-	856.694
Suppliers	18	-	598.033	-	-	225.807
Derivative financial instruments	29	-	-	104	-	-
Total		-	3.598.938	104	-	1.082.501

b. Fair value

The Company, its subsidiaries and joint ventures apply hierarchical rules to evaluate the fair value of their financial instruments, pursuant to the accounting practices of technical pronouncement CPC 40/IFRS 07 – Financial Instruments: Disclosure, for financial instruments measured in the balance sheet, which requires the disclosure of fair value measurements according to the following hierarchical level:

• **Level 1** - quoted prices (unadjusted) in active markets for assets or liabilities.

• **Level 2** - other information, except that included in Level 1, in which quoted prices (unadjusted) are for similar assets and liabilities, (directly, such as prices, or indirectly, derived from such prices) in non-active markets, or other information that is available or can be corroborated by observed market data or substantially regarding the full term of the

assets and liabilities.

• **Level 3** - unavailable information, due to little or no market activity, that is significant for the definition of fair value of assets and liabilities (unobservable).

A market is viewed as active if quoted prices are readily and regularly available from an exchange, regulatory agency, among others, and those prices represent actual market transactions that occur regularly on purely commercial grounds, thus the fair value of financial instruments traded in active markets is based on market prices, quoted at the balance sheet dates and included in Level 1.

The fair value of financial instruments that are not traded in active markets (such as OTC derivatives) is determined by using valuation techniques.

These valuation techniques maximize the use of data adopted by the market where it is available, and rely as little as possible on specific estimates made by the Company.

If all relevant information required for the fair value of an instrument is provided by the market, the instrument is included in Level 2. Where information is derived from the company's internal data, the instrument is included in Level 3.

On December 31, 2012, the Company, its subsidiaries and joint ventures had no financial instruments measured at fair value.

c) Derivative financial instruments

Maturity Date	Reference (notional) amount - US$ thousands	Loss - Fair Value R$
Jan/2012	300	(52)
Feb/2012	300	(52)
TOTAL	600	(104)

No margin was given as collateral for transactions, which were carried out with Banco Bradesco.

The Company realized losses from derivative financial instruments in the amount of R$670 and R$2,818 in income for the years ended December 31, 2012 and 2011, respectively.

d) Financial risk management

Transactions of the Company, its subsidiaries and joint ventures are subject to the risk factors described below:

Credit risk

This arises from the possibility of the Company, its subsidiaries and joint ventures having losses arising from default of its counterparts or depository financial institutions of funds or financial investments. To mitigate these risks, the Company, its subsidiaries and joint ventures regularly conduct analysis of the financial and asset situation of their counterparts, as well as setting credit limits and continuously monitoring open positions. With respect to financial institutions, the Company, its subsidiaries and joint ventures only engage in transactions with financial institutions evaluated as low risk by rating agencies.

As mentioned in Note No. 6, revenues are distributed in their entirety between vehicle manufacturers, logistics operators and mining companies. Company management believes that provisions are sufficient to cover default and that there are no differences between fair and book value of these provisions. (See the details of the evaluation and of the amounts of provision for doubtful debts in Note No. 9)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and securities, availability of funding through committed credit lines and the capability of settling market positions. By virtue of the dynamic business nature of the Company, its subsidiaries and joint ventures, Treasury ensures flexibility of funding by maintaining committed credit lines.

Management monitors the Company's consolidated liquidity level by considering the expected cash flow against unused credit lines and amounts available for cash and cash equivalents. This projection takes into account debt financing plans, compliance with internal goals of balance sheet quotient and, where appropriate, external legal or regulatory requirements - for example, currency restrictions. Through its Risk Management Policy, the Company sets minimum consolidated cash limits and financial indicators for debt management.

Excess cash held by operating departments, beyond the required balance for working capital management, is maintained in the departments themselves, but managed by financial professionals. The Company invests its liquidity in accordance with its Policy on Financial Risk Management, approved by the Board of Directors, in financial investments with liquidity less than 90 days, through deposits in financial institutions.

The table below represents the Company's non-derivative financial liabilities, by maturity, corresponding to the period to maturity remaining on the balance sheet date:

	2012					
	Parent company			Consolidated		
	Less than 1 year	**Between 1 and 2 years**	**Over 2 years**	**Less than 1 year**	**Between 1 and 2 years**	**Over 2 years**
Loans and financing	238.712	255.642	36.356	813.129	385.418	1.802.358
	238.712	**255.642**	**36.356**	**813.129**	**385.418**	**1.802.358**

	2011					
	Parent company			Consolidated		
	Less than 1 year	**Between 1 and 2 years**	**Over 2 years**	**Less than 1 year**	**Between 1 and 2 years**	**Over 2 years**
Loans and financing	**281.124**	**157.596**	**118.944**	539.506	197.561	119.627
	281.124	**157.596**	**118.944**	539.506	197.561	119.627

The bridge loan raised for the purchase of the subsidiary Hayes Lemmerz mature in the short-term. However, as mentioned in Note No. 17, the Company has a commitment ("commitment") with Brazilian banks that guarantees the extension of the maturity date for the payment of the total debt to 10 years and 6 months, with a grace period of up to sixty months for the principal amount. Therefore this loan is recorded under non-current liabilities.

Interest rate risk

This arises from the possibility of the Company, its subsidiaries and joint ventures being subject to gains or losses arising from fluctuations in interest rates levied on its financial assets and liabilities. To mitigate such risk, the Company, its subsidiaries and joint ventures seek to diversify fund-raising in terms of pre-fixed and post-fixed rates.

Exchange rate risk

This arises from the possibility of fluctuations in the exchange rate of foreign currencies used by the Company and its joint ventures to purchase supplies, sell products and contract financial instruments. In addition to amounts payable and receivable in foreign currencies, the Company, its subsidiaries and joint ventures have investments in foreign subsidiaries and operational flows of purchases and sales in other currencies. The Company, its subsidiaries and joint ventures have a specific policy for contracting hedging operations to mitigate these risks.

	Parent company		Consolidated	
	2012	2011	2012	2011
Assets:				
Trade accounts receivable (i)	11.687	11.436	410.233	54.878
Related parties abroad	24.088	32.923	-	-
Total assets	35.775	44.359	410.233	54.878
Liabilities:				
Loans and financing (ii)	72.610	60.953	2.272.851	122.867
Suppliers (iii)	10.389	5.233	413.192	80.785
Related parties abroad	984	3.231	-	-
Total liabilities	83.983	69.417	2.686.043	203.652
Net exposure	(48.208)	(25.058)	(2.275.810)	(148.774)
(-) Subsidiaries abroad with local functional currency	-	-	2.222.261	109.474
Total exposure for sensitivity analysis purposes	(48.208)	(25.058)	(53.549)	(39.300)

(i) In the consolidated column as of December 31, 2012, 54% (13.9% as of December 31, 2011) refers to trade accounts receivable, which are maintained by subsidiaries abroad and which are denominated in U.S. dollar, Argentine peso, euro and yuan.

(ii) In the consolidated column as of December 31, 2012, 75.7% (14.3% as of December 31, 2011) refers to borrowings contracted in local currency by subsidiaries abroad, as mentioned in Note No. 16.

(iii) In the consolidated column as of December 31, 2012, 69.1% (35.8% as of December 31, 2011) refers to suppliers' accounts maintained by subsidiaries abroad and denominated in U.S. dollar, Argentine peso, euro and yuan.

Foreign exchange risks arise from variation in the exchange rates on the balances of loans and financing, trade accounts receivables and accounts payable to suppliers denominated in foreign currency.

Concentration risk

A major portion of the revenue recorded by the Company, its subsidiaries and joint ventures arises from the sales of products to various automakers, railway operators and mining companies.

Fluctuation risk in steel and aluminum prices

A significant portion of the operations of the Company, its subsidiaries and joint ventures depends on the capability of acquiring steel and aluminum at competitive prices. If the price of steel and aluminum increases significantly, and the Company, its subsidiaries and joint ventures cannot transfer this increase to the price of products or reduce operating costs to offset this increase, the operating margin will be reduced.

Hedge Accounting Policy

When applicable, the Company, its subsidiary and joint ventures use cash flow hedge to fix the value in local currency of up to 100% of projected export shipments for the following 12 months and of its Firm Purchase Import Orders of Tools, Machines and Equipment ("Firm Commitment"). The derivative financial instrument of this policy is the Non Deliverable Forward (NDF).

Derivative financial instruments

The Company, its subsidiaries and joint ventures have a policy of using derivative financial instrument transactions in order to mitigate or eliminate risks inherent in its operations, as described in previous sections, and the derivative financial instruments employed are monitored constantly through internal controls.

The Company, its subsidiaries and joint ventures have not contracted derivative financial instruments that require margin deposits as collateral. The derivative contracts do not have penalty clauses if the Company decides to cancel them.

As of December 31, 2012, the Company, its subsidiaries and joint ventures did not have any outstanding operation with derivative financial instruments.

Sensitivity analysis – consolidated

Financial instruments, including, when applicable, derivatives, are exposed to changes due to fluctuations of exchange rates, interest rates (Long-Term Interest Rate - TJLP) and the CDI rate. The sensitivity analysis of financial instruments to these variables as considered by Company management are presented below:

i. Selection of risks

The Company, its subsidiaries and joint ventures selected four market risks that could most affect the value of financial instruments held by them, as follows: (1) US dollar-real exchange rate; (2) interest rates on loans and financing (CDI); (3) interest rates on loans and financing (TJLP); (4) rate of earnings on financial investment (CDI).

ii. Selection of scenarios

The tables below show three scenarios for sensitivity analysis of risks regarding the currency indexes of such financial assets and liabilities, and the likely scenario is adopted by the Company. In addition to this scenario, CVM Instruction No. 475/08 determined that two more scenarios should be presented, with deterioration of 25% and 50% of the risk variables considered, for which the base date of December 31, 2012, was used.

The likely scenario considers the February 1, 2013 Focus release of the U.S. dollar-real quotation, TJLP and CDI rates and IPCA variation against the closing prices on December 31, 2012.

Sensitivity analysis of changes in foreign currency

For the sensitivity analysis of consolidated foreign exchange exposure as of December 31, 2012, as shown in the exchange exposure table under "Exchange rate risk", the effects of which only reflect impacts on monetary assets and liabilities, the balances of trade accounts receivable, accounts payable to suppliers and loans and financing maintained by subsidiaries abroad, and denominated in the local functional currency of each region in which these

subsidiaries are located, were not taken into account, and, for this reason, the Company's Management understands that these subsidiaries are not exposed to currency risk.

Considering such foreign currency exposures, as of December 31, 2012, the sensitivity analysis of open positions is as follows:

	Loss	
Company's risk	Possible scenario	Unlikely scenario
Increase in U.S. dollar	13,387	26,774

The possible scenario considers the depreciation of the Brazilian real by 25% against the U.S. dollar at the exchange rate of R$2.0435/US$1.00 (R$2.5544/US$1.00) as of December 31, 2012, and the unlikely scenario considers a depreciation by 50% (R$3.0653/US$1.00).

In view of the parity considered, the results would imply losses of R$13,387 in the possible scenario and of R$26,774 in the unlikely scenario.

Management did not consider the sensitivity analysis for the likely scenario, since it considers that this scenario substantially reflects changes in foreign currency that were already recorded in the financial statements for the year ended December 31, 2012.

Sensitivity analysis of changes in interest rates

Loans and financing - TJLP and basket of currencies	**Scenarios**		
	Likely	**Possible + 25%**	**Remote + 50%**
TJLP rate as of December 31, 2012	5,50%	6,25%	7,50%
Indexed funding - TJLP - R$57,294:			
Estimated financial expense	3.151	3.581	4.297
Effect	(286)	(716)	(1.432)

Loans and financing - IPCA	**Scenarios**		
	Likely	**Possible + 25%**	**Remote + 50%**
IPCA rate as of December 31, 2012	4,99%	7,10%	8,52%
Indexed funding - IPCA - R$32,378:			
Estimated financial expense	1.616	2.299	2.759
Effect	223	(460)	(920)

	Scenarios		
Loans and financing – CDI	**Likely**	**Possible + 25%**	**Remote + 50%**
CDI rate as of December 31, 2012			
Indexed funding - CDI - R$67,881:	7,37%	9,06%	10,88%
Estimated financial expense	5.003	6.150	7.385
Effect	(81)	(1.229)	(2.464)

Sensitivity analysis of variations in financial investments

Financial investments – CDI	Scenarios		
	Likely	Possible - 25%	Remote - 50%
CDI rate - R$ as of December 31, 2012	7,37%	5,57%	3,71%
Financial investments - CDI - R$210.337:			
Estimated financial expense	15.502	11.716	7.804
Effect	(253)	(3.533)	(7.445)

29. Capital management

Management's policy is to have a strong capital base so as to obtain investor, creditor and market confidence and ensure future business development. The Board monitors return on capital, which the Company defines as operating activity income divided by total Shareholders' Equity. The Board also monitors the level of dividends to common shareholders.

Company management seeks to maintain a balance between the highest possible returns with the most appropriate level of borrowings and the advantages and security afforded by a healthy capital position. The goal is to achieve a return commensurate with capital cost reviewed annually through the concept of WACC - Weighted Average Capital Cost.

The debt-equity ratio at year-end is presented below:

	Parent company		Consolidated	
	2012	2011	2012	2011
Total loans and financing	530.710	557.664	3.000.905	856.694
(-) Cash and cash equivalents and financial investments	(218.429)	(292.478)	(506.500)	(337.321)
Net debt	312.281	265.186	2.494.405	519.373
Non-controlling shareholders' equity	-	-	177.872	-
Total shareholders' equity	913.038	918.620	913.038	918.620
Debt-to-equity ratio	34%	29%	229%	57%

30. Commitments

Operating leases

The Company, its subsidiaries and joint ventures have leases of properties for varying periods of time between one and five years with automatic renewal clauses. The expectation is that these contracts continue to be renewed.

As of December 31, 2012, based on signed lease contracts, the estimated future obligations for the next five years are indicated in the table below and do not include any renewals of those contracts after normal expiration.

	Parent company	Consolidated
2013	659	6.980
2014	659	6.136
2015	659	5.452
2016	578	5.320
2017	578	3.879
Total	**3.133**	**27.767**

During the year ended December 31, 2012, the consolidated figures for rental expenses were R$7,517 (R$2,929 as of December 31, 2011.)

These leases have ordinary restrictive clauses, such as guarantees against the early termination of contract, among others, with which, as of December 31, 2012, the Company, its subsidiaries and joint ventures were in compliance. Therefore, no lease contracts in force at that time were deemed as burdensome by Management. Additionally, no "contingent" payment was made in the years ended December 31, 2012 and 2011.

Additionally, the Company has no other long-term commitments with third parties.

31. EARNINGS PER SHARE

	Parent company	
	2012	**2011**
Denominator (in thousands):		
Weighted average of total number of shares	94.863	94.863
Weighted average of treasury shares	(285)	(253)
Weighted average of total outstanding shares	94.578	94.610
Numerator – basic:		
Net income for the period	66.864	223.436
Basic earnings per share – R$	0,70697	2,36165
Numerator - diluted:		
Weighted average of total outstanding shares	94.578	94.610
Weighted number of shares of stock option programs (in thousands)	396	358
Weighted average of total outstanding shares	94.974	94.968
Diluted earnings per share - R$	0,70402	2,35275

32. ADDITIONAL INFORMATION ON CASH FLOW

During the year, the company, through its indirect subsidiary Maxion Fumagalli DE Mexico S de RL de C.V., acquired an equity interest in Grupo Galaz, and its subsidiary Iochpe Group Holdings, LLC acquired an equity interest in Hayes Lemmerz and its subsidiaries. The amounts of the assets acquired and of the liabilities assumed, net of their respective cash, are stated in note No. 2.

33. INSURANCE COVERAGE

The Company, its subsidiaries and joint ventures adopt an insurance policy based primarily on risk concentration and its relevance, and which are taken out for amounts deemed sufficient by management, taking into account the nature of their activities and the guidance of their insurance advisors Insurance coverage, in amounts as of December 31, 2012, is as follows:

	Parent company	Consolidated
Property damages and loss of profit	634.208	1.083.055
Civil liability	1.014	204.350

34. RECLASSIFICATIONS

In order to ensure better comparability with the classification adopted in the year ended December 31, 2012, the following reclassifications were made in December 31, 2011 balances regarding those originally disclosed:

a) Income and social contribution taxes - deferred

The balances of deferred income and social contribution taxes, which as of December 31, 2011 were presented individually under non-current assets and current liabilities, were reclassified considering the offsetting of net assets and liabilities on the basis of their nature, legal entity and tax jurisdiction. The amount of R$31,818 and of R$70,428 was reclassified from non-current assets to non-current liabilities in the parent company and in the consolidated financial statements, respectively.

b) Court deposits, whether appeal bonds or court deposits maintained for taxes the payment of which has been suspended.

The balance of court deposits segregated between (i) appeal bonds judicial deposits and (ii) court deposits for taxes the payment of which has been suspended, were reclassified from non-current assets to non-current liabilities as of December 31, 2011 as follows: R$7,499 in the parent company and R$15,664 in the consolidated figures.

c) Statement of Cash Flow

In the parent company and consolidated statements of cash flow, redemptions of financial investments in the amount of R$200,930 and R$219,644, respectively, originally classified as operating activities were reclassified to investment activities.

35 AUTHORIZATION TO ISSUE THE FINANCIAL STATEMENT

These financial statements were approved for issuance and disclosure by the Board of Directors at a meeting held on February 25, 2013.

Dan Ioschpe	Oscar A. F. Becker
Chairman	Chief Investor Relations Officer
Adriano R. Santos	Rogério Galvão Fagá
Corporate Controller	Accountant – CRC 1 SP 262917-O-7