Iochpe-Maxion S.A.

Financial statements
December 31, 2011 and 2010

(A free translation of the original financial statements in Portuguese, prepared in accordance with the International Financial Reporting Standards (IFRS), and with the accounting practices adopted in Brazil, and rules of the Brazilian Securities Commission – CVM)

KPMG

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Management report

1) HIGHLIGHTS OF THE 4th QUARTER 2011

- Consolidated net operating revenue of R$ 717.2 million in the fourth quarter 2011 and R$ 2,905.1 in 2011, an increase of 3O.4% over the fourth quarter 2010 and 30.4% over 2010;
- EBITDA of R$ 79.9 million in the fourth quarter 2011 and R$ 411.2 in 2011, an increase of 61.8% over the fourth quarter 2010 and 31.7% over 2010;
- Net income of R$ 44.2 million (earnings per share of R$ 0.4663) in the fourth quarter 2011 and R$ 223.4 million (earnings per share of R$ 2.3553) in 2011, an increase of 72.3% over the fourth quarter 2010 (earnings per share of R$ 0.2706) and 36.1% over 2010 (earnings per share of R$ 1.9776);
- Net bank debt of R$ 519.4 at the end of the fourth quarter and 2011 (R$ 408.2 million at the fourth quarter and 2010) or 1.3x LTM EBITDA (1.3x at the end of fourth quarter and 2010).

2) MARKET

2.1) Automotive

The table below shows Brazil's vehicle and agricultural machinery production (in units) for the periods indicated, based on data from the Brazilian Association of Vehicle Manufacturers (ANFAVEA):

Segment	4Q10	4Q11	Var.	2010	2011	Var.
Passenger Cars	649,707	587,770	*-9.5%*	2,584,690	2,534,534	*-1.9%*
Light Commercials	152,908	144,052	*-5.8%*	566,567	607,781	*7.3%*
Trucks	49,017	57,242	*16.8%*	189,941	216,270	*13.9%*
Buses	8,538	12,978	*52.0%*	40,530	47,565	*17.4%*
Total Vehicles	**860,170**	**802,042**	***-6.8%***	**3,381,728**	**3,406,150**	***0.7%***
Agricultural Machinery	19,708	19,753	*0.2%*	88,874	81,809	*-7.9%*

Within these production volumes and according to ANFAVEA*, Brazilian vehicle and agricultural machinery exports (in units) for the periods indicated, are shown below:

Segment	4Q10	4Q11	Var.	2010	2011	Var.
Passenger Cars	96,137	121,687	*26.6%*	374,841	401,194	*7.0%*
Light Commercials	28,563	25,252	*-11.6%*	97,529	106,222	*8.9%*
Trucks	5,742	6,832	*19.0%*	21,182	26,321	*24.3%*
Buses	2,645	1,831	*-30.8%*	9,202	7,831	*-14.9%*
Total Vehicles	**133,087**	**155,602**	***16.9%***	**502,754**	**541,568**	***7.7%***
Agricultural Machinery	6,081	4,775	*-21.5%*	19,176	18,373	*-4.2%*

*** The ANFAVEA's data doesn't include any longer export data on completely knocked-down vehicles (CKD).**

According to data from CSM Worldwide, an entity that provides global information regarding the automotive sector, the vehicle production in the NAFTA region, in units, for the periods indicated, are shown below:

Segment	4Q10	4Q11	Var.	2010	2011	Var.
Passenger Cars	1,253,549	1,512,316	*20.6%*	5,721,284	6,208,341	*8.5%*
Light Commercials	1,712,109	1,789,775	*4.5%*	6,219,824	6,917,411	*11.2%*
Total Light Vehicles	**2,965,658**	**3,302,091**	***11.3%***	**11,941,108**	**13,125,752**	***9.9%***

2.2) Railway

The following table shows the Brazilian railway equipment market in the indicated periods, according to AmstedMaxion's estimates:

Segment	4Q10	4Q11	Var.	2010	2011	Var.
Railway Freight Cars (units)	1,198	1,304	*8.8%*	3,265	5,616	*72.0%*
Railway Wheels (units)*	12,002	8,569	*-28.6%*	54,129	64,698	*19.5%*
Castings (tonnes)*	761	956	*25.7%*	2,764	7,161	*159.1%*

*** Replacement market only, excluding wheels and castings used in assembling new railway freight cars.**

3) FINANCIAL AND OPERATING PERFORMANCE

Consolidated

I.S - R$ thousand	4Q10	4Q11	*Var.*	2010	2011	*Var.*
Net Operating Revenue	549,866	717,209	*30.4%*	2,227,398	2,905,139	*30.4%*
Cost of Goods Sold	(469,389)	(605,175)	*28.9%*	(1,810,781)	(2,353,383)	*30.0%*
Gross Profit	**80,477**	**112,034**	***39.2%***	**416,616**	**551,756**	***32.4%***
	14.6%	***15.6%***		***18.7%***	***19.0%***	
Operating Expenses	(42,712)	(46,721)	*9.4%*	(155,060)	(193,503)	*24.8%*
Operating Income (EBIT)	**37,765**	**65,313**	***72.9%***	**261,557**	**358,253**	***37.0%***
	6.9%	***9.1%***		***11.7%***	***12.3%***	
Financial Results	(4,522)	5,856	*-229.5%*	(29,506)	(15,175)	*-48.6%*
Net Income	**25,671**	**44,238**	***72.3%***	**164,153**	**223,436**	***36.1%***
	4.7%	***6.2%***		***7.4%***	***7.7%***	
EBITDA	**49,416**	**79,941**	***61.8%***	**312,271**	**411,163**	***31.7%***
	9.0%	***11.1%***		***14.0%***	***14.2%***	

3.1) Net Operating Revenue

Consolidated net operating revenue totaled R$ 717.2 million in the fourth quarter 2011, an increase of 30.4% over the same quarter of last year.

Main factors contributing to this result were: (i) the strong demand on the Brazilian railway freight cars market, (ii) the growth in Brazilian truck and bus production, (iii) the growth in NAFTA region light vehicles production and (iv) the sales of tooling to customers of the Automotive Segment which reached R$ 17.6 million (as a reference, R$ 1.6 million in the same period of last year).

Consolidated net operating revenue totaled R$ 2,905.1 million in 2011, an increase of 30.4% over the year before.

Consolidated exports and international sales totaled R$ 162.6 million or US$ 86.7 million in the fourth quarter 2011 (R$ 581.4 million or US$ 309.9 million in 2011), an increase of 65.7% in reais and 47.2% in US dollars over the fourth quarter of last year (increase of 41.7% in reais and 25.8% in US dollars over 2010).

The consolidated main export and international sales destinations in the fourth quarter 2011, by value, were: USA with 51.3% (53.2% in 2011), Mexico with 22.6% (23.5% in 2011), Latin America with 17.6% (14.4% in 2011), Europe with 4.2% (5.2% in 2011), Asia/Oceania with 2.5% (2.6% in 2011), Africa/Middle East with 1.6% (0.9% in 2011) and Canada with 0.3% (0.2% in 2011).

Consolidated Net Operating Revenue - R$ thousand	Domestic Market			International Market			Total		
	4Q10	4Q11	Var.	4Q10	4Q11	Var.	4Q10	4Q11	Var.
Wheels (Brazil)	85,223	106,955	25.5%	7,721	9,447	22.4%	92,943	116,402	25.2%
% Part.	*15.5%*	*14.9%*	*0.0%*	*1.4%*	*1.3%*	*0.0%*	*16.9%*	*16.2%*	*0.0%*
Wheels (China)	-	-	0.0%	5,644	7,120	26.1%	5,644	7,120	26.1%
% Part.	*0.0%*	*0.0%*	*0.0%*	*1.0%*	*1.0%*	*0.0%*	*1.0%*	*1.0%*	*0.0%*
Maxion Montich (50%)	-	-	0.0%	-	15,051	0.0%	-	15,051	0.0%
% Part.	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*2.1%*	*0.0%*	*0.0%*	*2.1%*	*0.0%*
Chassis	173,561	215,494	24.2%	7,764	6,403	-17.5%	181,325	221,897	22.4%
% Part.	*31.6%*	*30.0%*	*0.0%*	*1.4%*	*0.9%*	*0.0%*	*33.0%*	*30.9%*	*0.0%*
Wheels and Chassis Division	258,784	322,449	24.6%	21,129	38,021	79.9%	279,913	360,470	28.8%
% Part.	*47.1%*	*45.0%*	*0.0%*	*3.8%*	*5.3%*	*0.0%*	*50.9%*	*50.3%*	*0.0%*
Fumagalli Division	73,266	62,216	-15.1%	68,781	106,567	54.9%	142,047	168,782	18.8%
% Part.	*13.3%*	*8.7%*	*0.0%*	*12.5%*	*14.9%*	*0.0%*	*25.8%*	*23.5%*	*0.0%*
Automotive Comp. Division	44,611	50,475	13.1%	-	-	0.0%	44,611	50,475	13.1%
% Part.	*8.1%*	*7.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*8.1%*	*7.0%*	*0.0%*
AmstedMaxion (50%)	75,132	119,520	59.1%	8,164	17,962	120.0%	83,296	137,482	65.1%
% Part.	*13.7%*	*16.7%*	*0.0%*	*1.5%*	*2.5%*	*0.0%*	*15.1%*	*19.2%*	*0.0%*
Iochpe-Macion Consolidated	**451,793**	**554,659**	**22.8%**	**98,073**	**162,550**	**65.7%**	**549,866**	**717,209**	**30.4%**
% Part.	***82.2%***	***77.3%***	***0.0%***	***17.8%***	***22.7%***	***0.0%***	***100.0%***	***100.0%***	***0.0%***

Consolidated Net Operating Revenue - R$ thousand	Domestic Market			International Market			Total		
	2010	2011	Var.	2010	2011	Var.	2010	2011	Var.
Wheels (Brazil)	374,656	436,035	16.4%	38,875	43,082	10.8%	413,531	479,118	15.9%
% Part.	*16.8%*	*15.0%*	*0.0%*	*1.7%*	*1.5%*	*0.0%*	*18.6%*	*16.5%*	*0.0%*
Wheels (China)	-	-	0.0%	23,335	37,669	61.4%	23,335	37,669	61.4%
% Part.	*0.0%*	*0.0%*	*0.0%*	*1.0%*	*1.3%*	*0.0%*	*1.0%*	*1.3%*	*0.0%*
Maxion Montich (50%)	-	-	0.0%	-	39,097	0.0%	-	39,097	0.0%
% Part.	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.3%*	*0.0%*	*0.0%*	*1.3%*	*0.0%*
Chassis	734,625	917,193	24.9%	31,896	17,025	-46.6%	766,522	934,218	21.9%
% Part.	*33.0%*	*31.6%*	*0.0%*	*1.4%*	*0.6%*	*0.0%*	*34.4%*	*32.2%*	*0.0%*
Wheels and Chassis Division	1,109,281	1,353,228	22.0%	94,107	136,873	45.4%	1,203,388	1,490,102	23.8%
% Part.	*49.8%*	*46.6%*	*0.0%*	*4.2%*	*4.7%*	*0.0%*	*54.0%*	*51.3%*	*0.0%*
Fumagalli Division	280,680	273,601	-2.5%	281,075	389,910	38.7%	561,755	663,511	18.1%
% Part.	*12.6%*	*9.4%*	*0.0%*	*12.6%*	*13.4%*	*0.0%*	*25.2%*	*22.8%*	*0.0%*
Automotive Comp. Division	169,367	196,052	15.8%	-	-	0.0%	169,367	196,052	15.8%
% Part.	*7.6%*	*6.7%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*7.6%*	*6.7%*	*0.0%*
AmstedMaxion (50%)	257,706	500,903	94.4%	35,182	54,571	55.1%	292,888	555,474	89.7%
% Part.	*11.6%*	*17.2%*	*0.0%*	*1.6%*	*1.9%*	*0.0%*	*13.1%*	*19.1%*	*0.0%*
Iochpe-Macion Consolidated	**1,817,035**	**2,323,784**	**27.9%**	**410,364**	**581,355**	**41.7%**	**2,227,398**	**2,905,139**	**30.4%**
% Part.	***81.6%***	***80.0%***	***0.0%***	***18.4%***	***20.0%***	***0.0%***	***100.0%***	***100.0%***	***0.0%***

3.2) Cost of Goods Sold

The cost of goods sold reached R$ 605.2 million in the fourth quarter 2011, equivalent to 84.4% of the consolidated net operating revenue and an increase of 28.9% over the fourth quarter 2010, when cost of goods sold accounted for 85.4% of the consolidated net operating revenue.

The cost of goods sold reached R$ 2,353.4 million in 2011, equivalent to 81.0% of the consolidated net operating revenue and an increase of 30.0% over 2010, when cost of goods sold accounted for 81.3% of the consolidated net operating revenue.

3.3) Gross Profit

In the fourth quarter 2011, gross profit stood at R$ 112.0 million, representing a gross margin of 15.6% and an increase of 39.2% over the same period of last year, when gross profit totaled R$ 80.5 million and gross margin stood at 14.6%.

In 2011, gross profit stood at R$ 551.8 million, representing a gross margin of 19.0% and an increase of 32.4% over the previous year, when gross margin stood at 18.7%.

3.4) Net Operating Expenses

Net operating expenses reached R$ 46.7 million in the fourth quarter 2011, an increase of 9.4% over the same quarter of last year. Net operating expenses were equivalent to 6.5% of consolidated net operating revenue in the quarter, against 7.8% in the fourth quarter 2010.

The variation on net operating expenses is mostly related to (i) payroll increase related to the annual salary collective bargain process occurred on the quarter and (ii) the R$ 4,5 million revenue related to lawsuits on PIS/COFINS taxes concluded definitively and in our favor in the quarter.

Net operating expenses reached R$ 193.5 million in 2011, an increase of 24.8% over 2010. Net operating expenses were equivalent to 6.7% of consolidated net operating revenue in the year, against 7.0% in 2010.

3.5) Earnings Before Interest and Tax (EBIT)

EBIT reached R$ 65.3 million in the fourth quarter 2011 or 9.1% of consolidated net operating revenue, up by 72.9% against the fourth quarter 2010, when it represented 6.9% of consolidated net operating revenue.

EBIT reached R$ 358.3 million in 2011 or 12.3% of consolidated net operating revenue, up by 37.0% against 2010, when it represented 11.7% of consolidated net operating revenue.

3.6) Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

EBITDA totaled R$ 79.9 million in the fourth quarter 2011, an increase of 61.8% over the same quarter of last year. As a margin of consolidated net operating revenue, EBITDA increased from 9.0% in the fourth quarter 2010 to 11.1% in the fourth quarter 2011.

EBITDA totaled R$ 411.2 million in 2011, an increase of 31.7% over 2010. As a margin of consolidated net operating revenue, EBITDA increase from 14.0% in 2010 to 14.2% in 2011.

The table below shows the EBITDA evolution for the indicated periods:

EBITDA Reconciliation (R$ thousand)	4Q10	4Q11	Var.	2010	2011	Var.
Net Income	25,671	44,238	*72.3%*	164,153	223,436	*36.1%*
Income Taxes	(7,572)	(26,931)	*255.7%*	(67,898)	(119,642)	*76.2%*
Financial Results	(4,522)	5,856	*-229.5%*	(29,506)	(15,175)	*-48.6%*
Depreciation / Amortization	(11,651)	(14,628)	*25.5%*	(50,714)	(52,910)	*4.3%*
EBITDA	**49,416**	**79,941**	***61.8%***	**312,271**	**411,163**	***31.7%***

3.7) Financial Result

Net financial result in the fourth quarter 2011 was a gain of R$ 5.9 million, an improvement of 229.5% when compared to the loss of R$ 4.5 million in the same quarter of last year.

This variation over the same period of last year is mainly due to: (i) the positive effect of R$ 16.3 million due to the financial update of lawsuits on PIS/COFINS taxes concluded definitively and in our favor in the quarter, (ii) the negative net result of R$ 2.5 million related to FX Rate variation and (iii) the increase of R$ 3.6 million in expenses from interest on financing due to the higher amount and cost of indebtedness.

Net financial result in 2011 was a loss of R$ 15.2 million, a reduction of 48.6% when compared to the loss of R$ 29.5 million in 2010.

3.8) Net Result

In the fourth quarter 2011, net income totaled R$ 44.2 million (earnings per share of R$ 0.4663), an increase of 72.3% over the fourth quarter 2010 (net income of R$ 58.6 million and earnings per share of R$ 0.2706).

In 2011, net income totaled R$ 223.4 million (earnings per share of R$ 2.3553) an increase of 36.1% over 2010 (net income of R$ 164.2 million and earnings per share of R$ 1.9776).

4) CAPEX

In the fourth quarter 2011, capital expenditures in new-product development and plant upgrades totaled R$ 58.1 million (R$ 50.3 million in the fourth quarter 2010).

In 2011, capital expenditures reached R$ 196.8 million (R$ 94.9 million in 2010).

5) LIQUIDITY AND INDEBTEDNESS

Consolidated cash and marketable securities at the end of 2011 was R$ 337.3 million, with 94.8% of such amount denominated in Reais, 3.5% in Mexican Pesos, 0.9% in Dollars, 0.5% in Yuan and 0.2% in Argentine Pesos.

Marketable securities accounted for 92.1% of such amount, consisting entirely of short-term instruments.

Consolidated gross bank debt reached on the same date R$ 856.7 million, R$ 539.5 million (63.0%) of which registered in the short-term and R$ 317.2 million (37.0%) in the long-term. The main indexes for this gross bank debt were: fixed interest of 4.5% per year (BNDES – PSI-l Program) with 54.8%, followed by fixed interest of 8.7% per year (BNDES – PSI-lll program) with 17.3%, US Dollars with 7.6%, Yuan with 6.0%, TJLP (BNDES long-term rate) with 5.7% and fixed interest of 5.5% per year (BNDES – PSI-ll Program) with 2.5%.

Consolidated net bank debt stood at R$ 519.4 million at the end of 2011, up by 27.3% against the amount of R$ 408.2 million reached at the end of 2010. The net debt/last 12 months EBITDA ratio reached 1.3x at the end of 2011, the same ratio recorded at the end of 2010.

To properly understand the evolution of the consolidated net indebtedness it is relevant to mention the dividend payment and profit distribution of R$ 65.3 million during the first quarter of 2011, relative to 2010's results.

6) NON-DELIVERABLE FORWARD OPERATIONS (NDFs)

Iochpe-Maxion uses NDF operations to fix the Reais value of a portion of the forecasted value of its export shipments over the subsequent 12 months as well as a portion of its obligations in foreign currency ("Hedge Accounting"). During the fourth quarter 2011 there was, (i) the execution of new contracts of NDF transactions related to selling future dollars in the amount of US$ 0.6 million, all to expire in January and February 12 and (ii) the expiration of the NDF contracts, related to selling future dollars, in the amount of US$ 4.7 million, generating a loss of R$ 0.7 million.

At the end of 2011, the contracted NDFs were all related to selling future dollars and provisioned as equity adjustment, totaled US$ 0.6 million, all to expire in January and February 12 and if such contracts would expire in that moment, it would represent a loss of R$ 0.1 million net of taxes.

7) EQUITY

The equity at the end of 2011 reached R$ 918.6 million (book value per share of R$ 9.68), up by 17.9% against the equity for the end of 2010 (R$ 779.4 million and book value per share of R$ 8.22).

The equity adjustment at the end of 2011 had a negative variation of R$ 3.9 million when compared to the end of 2010, due to: (i) the FX Rate variation of foreign investments (positive adjustment of R$ 8.1 million), (ii) the depreciation of deemed cost for fixed assets (negative adjustment of R$ 13.1 million) and (iii) the market value at the end year of non-deliverable forward operations (NDFs - negative adjustment of R$ 1.1 million, net of taxes).

8) BUSINESS SEGMENTS

8.1) Automotive Segment

In the fourth quarter 2011, the Automotive Segment recorded net operating revenue of R$ 579.7 million or 80.8% of the consolidated net operating revenue, up by 24.3% against the fourth quarter 2010.

EBIT reached R$ 52.7 million, an increase of 19.6%, EBITDA reached R$ 65.3 million, an increase of 20.1% and net income totaled R$ 39.8 million, an increase of 24.3%, always comparing the fourth quarter 2011 with the fourth quarter 2010.

The main factors contributing to this result were: (i) the growth in Brazilian truck and bus production and (ii) the growth in NAFTA light vehicles production.

I.S - R$ thousand	4Q10	4Q11	*Var.*	2010	2011	*Var.*
Net Operating Revenue	466,570	579,727	*24.3%*	1,934,509	2,349,665	*21.5%*
Cost of Goods Sold	(389,390)	(485,106)	*24.6%*	(1,534,901)	(1,892,693)	*23.3%*
Gross Profit	**77,180**	**94,621**	***22.6%***	**399,608**	**456,972**	***14.4%***
	16.5%	***16.3%***		***20.7%***	***19.4%***	
Operating Expenses	(33,094)	(41,894)	*26.6%*	(129,980)	(147,980)	*13.8%*
Operating Income (EBIT)	**44,085**	**52,727**	***19.6%***	**269,628**	**308,992**	***14.6%***
	9.4%	***9.1%***		***13.9%***	***13.2%***	
Financial Results	(1,194)	10,318	*-964.1%*	(17,755)	1,724	*-109.7%*
Net Income	**32,035**	**39,816**	***24.3%***	**177,235**	**203,034**	***14.6%***
	6.9%	***6.9%***		***9.2%***	***8.6%***	
EBITDA	**54,385**	**65,319**	***20.1%***	**314,240**	**356,056**	***13.3%***
	11.7%	***11.3%***		***16.2%***	***15.2%***	

8.2) Railway Segment *

In the fourth quarter 2011, the Railway Segment recorded net operating revenue of R$ 137.5 million or 19.2% of the consolidated net operating revenue, up by 65.1% against the fourth quarter 2010.

EBIT reached R$ 12.6 million, an increase of 299.1%, EBITDA reached R$ 14.6 million, an increase of 394.3% and net income totaled R$ 4.4 million, an increase of 169.5%, always comparing the fourth quarter 2011 with the same quarter of last year.

The strong demand on the Brazilian railway freight cars market contributed to this result.

I.S - R$ thousand	4Q10	4Q11	Var.	2010	2011	Var.
Net Operating Revenue	83,296	137,482	*65.1%*	292,889	555,474	*89.7%*
Cost of Goods Sold	(79,999)	(120,069)	*50.1%*	(275,880)	(460,690)	*67.0%*
Gross Profit	**3,297**	**17,413**	***428.1%***	**17,009**	**94,784**	***457.3%***
	4.0%	***12.7%***		***5.8%***	***17.1%***	
Operating Expenses	(9,618)	(4,827)	*-49.8%*	(25,080)	(45,523)	*81.5%*
Operating Income (EBIT)	**(6,320)**	**12,586**	***-299.1%***	**(8,071)**	**49,261**	***-710.4%***
	-7.6%	***9.2%***		***-2.8%***	***8.9%***	
Financial Results	(3,328)	(4,461)	*34.1%*	(11,751)	(16,899)	*43.8%*
(Net Income) / Loss	**(6,364)**	**4,423**	***-169.5%***	**(13,082)**	**20,402**	***-256.0%***
	-7.6%	***3.2%***		***-4.5%***	***3.7%***	
EBITDA	**(4,969)**	**14,623**	***-394.3%***	**(1,969)**	**55,106**	***-2898.7%***
	-6.0%	***10.6%***		***-0.7%***	***9.9%***	

*** Values corresponding to Iochpe-Maxion's participation (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$ 223.4 million in 2011, the dividends to be distributed in 2012, referring to 2011, should amount to R$ 82.7 million (R$ 60.7 million in the previous year) or R$ 0.87380770 per share (R$ 0.64025559 per share in the previous year).

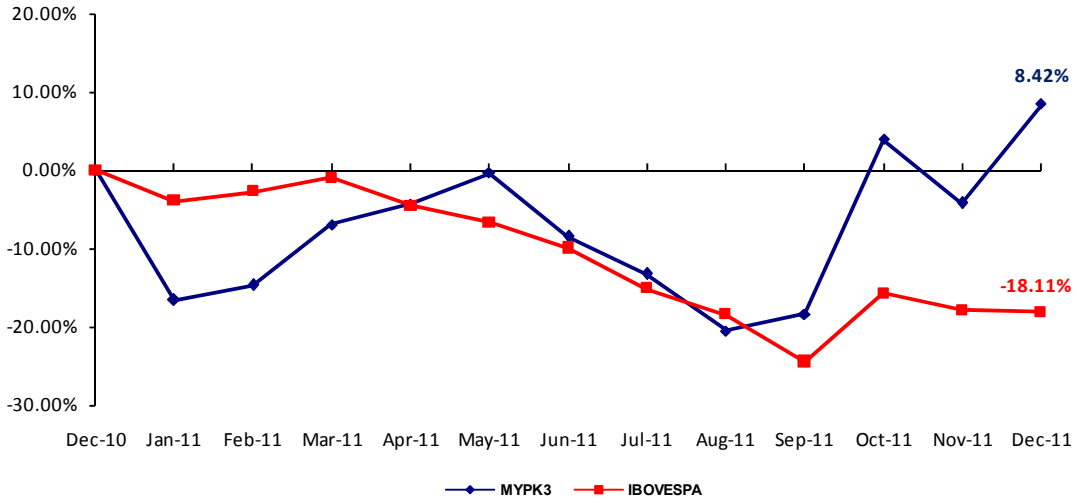
Due to the adoption of the deemed cost concept to property, plant and equipment and its respective depreciation throughout the year, at the end of 2011, a balance of R$ 11.3 million remained ("Retained Earnings") in the equity

Considering the allocation of said balance as provided in the Company's Bylaws, that is, distribution of 37% of such balance, the amount to be distributed should be R$ 4.2 million or R$ 0.04410479 as additional dividends.

10) CAPITAL MARKETS

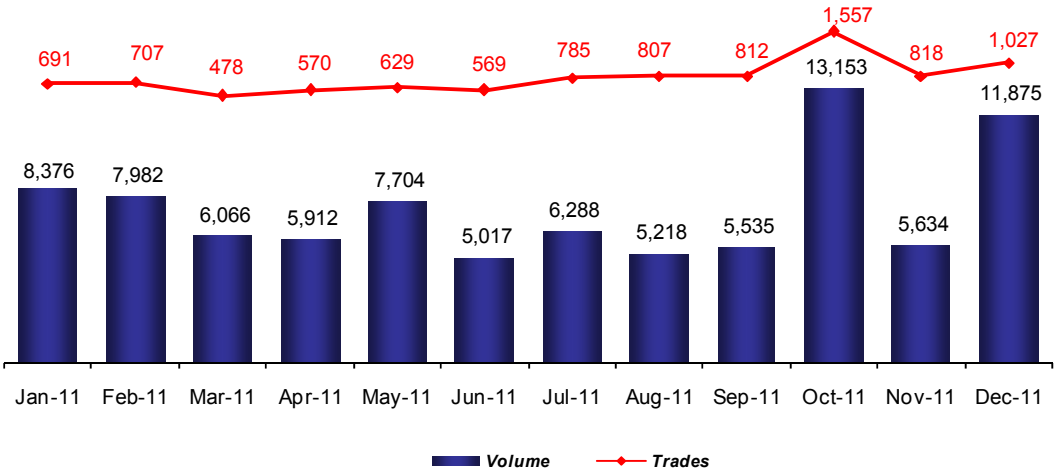
Iochpe-Maxion's common shares (Bovespa: MYPK3) closed 2011 priced at R$ 25.25, appreciating 32.7% in the fourth quarter and 8.4% in 2011. At the end of 2011, Iochpe-Maxion's market capitalization totaled R$ 2,395.3 million (R$ 2,209.4 at the end of 2010).

Shares Performance - LTM



Iochpe-Maxion's daily traded volume on the São Paulo Stock Exchange (Bovespa) averaged R$ 10.2 million in the fourth quarter 2011 (R$ 6.7 million in the fourth quarter 2010) from an average of 1,132 trades per day (592 in the fourth quarter 2010). In 2011 daily traded volume averaged R$ 7.4 million (R$ 5.8 million in 2010) from an average of 786 trades per day (394 in 2010).

1.1.1 Average Daily Traded



11) AQCUISTION OF NEW BUSINESSES

Hayes Lemmerz

On October 05, 2011, the North American subsidiary Iochpe Holdings LLC has entered into an Agreement and Plan of Merger to acquire 100% of Hayes Lemmerz International, Inc. ("Hayes Lemmerz") for total consideration in the amount of approximately US$ 725 million (including the assumption of US$23 million of net indebtedness).

Hayes Lemmerz is a traditional international producer of automotive wheels, aluminum and steel for light vehicles and steel for commercial vehicles.

With 17 industrials units located in USA, Mexico, Brazil, Germany, Czech Republic, Turkey, Spain, Italy, South Africa, India and Thailand has an annual production capacity of approximately 63.4 million wheels.

Reported net sales of US$890.5 million, net income of US$39.3 million and Ebitda of US$112.3 million in the first six months of its 2011 fiscal year ending on July 31, 2011.

As a subsequent event, on February 1st, 2012, the North American subsidiary Iochpe Holdings LLC, concluded the acquisition of 100% of Hayes Lemmerz International, Inc., by the approximately final value of US$ 645 million, due to the variation of certain liabilities and assets, as defined in the Agreement and Plan of Merger.

Grupo Galaz

On October 18, 2011, the Mexican subsidiaries Iochpe Sistemas Automotivos de Mexico, S.A. de C.V. and Maxion Fumagalli de México, S.A. de C.V. have entered into a *Stock Purchase Agreement* to acquire 100% of Grupo Galaz S.A. de C.V. ("Grupo Galaz") for total consideration in the amount of approximately US$ 195 million.

Grupo Galaz is a traditional Mexican producer of steel based side rails for commercial vehicles.

Concentrates its industrial operations in Monclova, in Northern México, from where it supplies some of the leading commercial vehicle producers (OEMs) based in North America.

Reported from January to August 2011, net sales of US$133.7 million, net income of US$14.5 million and Ebitda of US$24.9 million.

As a subsequent event, on January 23rd, 2012, the Mexican subsidiaries Iochpe Sistemas Automotivos de Mexico, S.A. de C.V. and Maxion Fumagalli de México, S.A. de C.V., concluded the acquisition of 100% of Grupo Galaz S.A. de C.V., by the approximately final value of US$ 226 million, due to the variation of certain liabilities and assets, as defined in the Agreement and Plan of Merger.

12) ARBITRATION CLAUSE

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

13) CVM INSTRUCTION No. 381

In compliance with Instruction No. 381 of CVM (Brazil's securities commission), we disclose that during the fiscal year 2011, Iochpe-Maxion and its subsidiaries contracted services unrelated to external auditing (due diligence works on the acquisitions processes) in the aggregate amount of R$ 159.6 thousand, due and payable within one year, and that this amount represented 24.3% of fees related to the auditing of financial statements. Iochpe-Maxion and its subsidiaries, together with their independent auditors, concluded that these services did not affect the independence and objectivity of said auditors, given the defined scope and the nature of the procedures performed. It is the policy of Iochpe-Maxion to comply with regulations that define the restriction on services that independent auditors may provide.

In the course of our relationship with our independent auditors, we seek to evaluate any conflict of interests regarding non-audit activities based on the following principles: auditors are not expected to (a) audit their own work; (b) perform management functions; and (c) promote our interests.

14) MANAGEMENT'S STATEMENT

In compliance with article 25 of CVM's (Brazil's securities commission) Instruction nº 480/09 of December 07, 2009, Management declares that it has reviewed, discussed and agreed with the opinions reflected at the independent auditor's report and the financial statements for December 31st, 2011.

The financial information of the Company presented herein is in accordance with the criteria established in the Brazilian securities legislation and is based on audited financial statements. The non-financial information as well as other operational information has not been part of the scope of the audit performed by the independent auditors.

EBITDA means net profit (loss) before financial results, taxes and depreciation and amortization. EBITDA should not be considered as an alternative for net profit (loss), as an indication of the operational performance of the Company, or as an alternative for cash flow as an indication of liquidity. The Company's Management believes that EBITDA is a practical metric to evaluate its operational performance and to permit a comparison with other companies. However, it is worth mentioning that EBITDA is not a metric established in accordance with the accounting procedures adopted in Brazil and could be defined and calculated in a different manner by other companies.

Cruzeiro, February 10, 2012.

KPMG Auditores Independentes
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Independent auditors' report on the Financial Statements

To
Board of Directors and Senior Management of
Iochpe-Maxion S.A.
Cruzeiro - SP

We have audited the accompanying individual and consolidated financial statements of Iochpe-Maxion S.A. ("Company"), identified as Parent company and Consolidated, respectively, which comprise the balance sheet as of December 31, 2011 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility regarding the financial statements

Management is responsible for the preparation and fair presentation of these 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 in accordance with the accounting practices adopted in Brazil as well as for the internal controls that it deemed necessary to enable the preparation of these financial statements free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, which was conducted in accordance with the Brazilian and international auditing standards. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves the performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of these entities internal controls. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Iochpe-Maxion S.A. as of December 31, 2011, the performance of its operations and its cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Iochpe-Maxion S.A. as of December 31, 2011, the performance of its operations and its cash flows, for the year then ended, in conformity with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Emphasis

As described in the note 4.1, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Company, these practices differ from IFRS, as far as the individual financial statements are concerned, only as regards the valuation of investments in subsidiaries under the equity method, as, for IFRS purposes, they would be valued at cost or fair value. Our opinion is not qualified related to this issue.

Other issues

Statements of added value

We have also audited the individual and consolidated statements of value added (DVA) for the year ended December 31, 2011, whose presentation is required by Brazilian Corporate Law for publicly-held companies and as supplementary information under IFRS, as these standards do not require the presentation of a statement of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, February 10, 2012

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report signed by
Wagner Bottino
Accountant CRC 1SP196907/O-7

Iochpe-Maxion S.A. and its subsidiaries

(Publicly-held company)

Balance sheets

December 31, 2011 and 2010

(In thousands of Reais)

		Parent Company - CPC		Consolidated - IFRS	
Assets	**Note**	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Current assets					
Cash and cash equivalents	7	246.641	6.717	291.484	57.639
Interest earnings bank deposits	8	45.837	246.767	45.837	265.481
Trade accounts receivable	9	247.633	175.397	395.980	252.661
Inventories	10	193.311	186.674	382.503	321.035
Recoverable taxes	11	33.239	10.808	56.205	26.479
Prepaid expenses		2.079	475	6.412	779
Other accounts receivable		11.930	11.236	21.860	17.350
		780.670	638.074	1.200.281	941.424
Non-current assets					
Long-term assets					
Related parties - loan	12	6.700	5.890	-	-
Trade accounts receivable	9	-	331	-	331
Recoverable taxes	11	10.655	17.532	52.511	47.137
Deferred taxes	11	31.818	55.239	70.428	91.933
Judicial deposits		20.107	15.438	31.228	23.956
Other accounts receivable		1.613	3.353	4.045	4.623
		70.893	97.783	158.212	167.980
Investments	13	258.771	206.332	104	233
Property, plant and equipment	14	794.301	696.290	1.106.579	948.178
Intangible assets	15	21.813	21.482	27.438	26.583
		1.074.885	924.104	1.134.121	974.994
		1.926.448	1.659.961	2.492.614	2.084.398

		Parent Company - CPC		Consolidated - IFRS	
Liabilities and shareholders' equity	**Note**	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Current liabilities					
Loans and financing	16	281.124	24.309	539.506	138.403
Suppliers	17	91.533	59.427	225.807	150.106
Taxes and contributions payable		14.657	11.414	19.235	11.943
Related parties - loan	12	3.202	2.727	-	-
Installment payment of taxes		-	-	-	563
Salaries and vacations payable		38.208	32.252	50.564	38.923
Vacations provision		35.715	27.327	45.055	33.736
Advances from clients		16.086	34.490	47.031	80.594
Dividends payable	20	82.671	60.737	82.671	60.737
Other accounts payable		27.775	8.703	50.929	27.320
Financial instruments payable		104	1.782	104	1.782
		591.075	263.168	1.060.902	544.107
Non-current liabilities					
Loans and financing	16	276.540	494.125	317.188	592.867
Provision for contingencies	18	19.064	19.359	30.787	28.918
Deferred taxes	11	103.998	94.565	145.429	128.029
Other accounts payable		17.151	9.356	19.688	11.089
		416.753	617.405	513.092	760.903
Shareholders' equity					
Capital	20	500.000	360.000	500.000	360.000
Capital reserve	20	2.554	1.624	2.554	1.624
Profit reserve		239.274	231.404	239.274	231.404
Treasury shares	20	(5.282)	-	(5.282)	-
Equity evaluation adjustment	20	167.334	179.339	167.334	179.339
Accumulated translation adjustments	20	10.567	2.421	10.567	2.421
Additional dividends proposed	20	4.173	4.600	4.173	4.600
		918.620	779.388	918.620	779.388
		1.926.448	1.659.961	2.492.614	2.084.398

See the accompanying notes to the financial statements.

Iochpe-Maxion S.A. and its subsidiaries

(Publicly-held company)

Statements of income

Years ended December 31, 2011 and 2010

(In thousands of reais, except earnings per share)

		Parent Company - CPC		Consolidated - IFRS	
	Note	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Revenues	25	1.999.119	1.728.689	2.905.139	2.227.398
Cost of goods sold and services rendered		(1.587.885)	(1.379.824)	(2.353.383)	(1.810.781)
Gross profit		411.234	348.865	551.756	416.617
Other income		5.972	2.591	10.659	7.105
Sales expenses	23	(43.328)	(40.768)	(88.959)	(69.300)
Administrative expenses	24	(70.942)	(59.382)	(102.059)	(80.554)
Management compensation	12	(4.831)	(4.532)	(4.831)	(4.532)
Other expenses		(2.924)	(4.015)	(8.313)	(7.779)
Income before net financial income, equity income and taxes		295.181	242.759	358.253	261.557
Financial income	22	52.576	21.186	61.746	24.974
Financial expenses	22	(45.396)	(38.628)	(76.921)	(54.480)
Net financial income (expenses)		7.180	(17.442)	(15.175)	(29.506)
Equity in income of subsidiaries and associated companies	13	23.627	1.365	-	-
Income before taxes		325.988	226.682	343.078	232.051
Income and social contribution taxes					
Current	11	(66.934)	(37.017)	(85.906)	(45.073)
(Reversal) deferred		(35.618)	(25.512)	(33.736)	(22.825)
Income for the year		223.436	164.153	223.436	164.153
Income for the year per share - Basic (R$)	20	2,3553	1,9776		
Income for the year per share - Diluted (R$)	20	2,3403	1,9746		

See the accompanying notes to the financial statements.

Iochpe-Maxion S.A. and its subsidiaries

(Publicly-held company)

Statements of comprehensive income (Parent Company/Consolidated)

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	12/31/2011	12/31/2010
Income for the year	223.436	164.153
Other comprehensive income		
Measurement of financial instruments, net	1.107	(1.176)
Exchange variation over investments abroad	8.146	147
Total comprehensive income	232.689	163.124

See the accompanying notes to the financial statements.

Iochpe-Maxion S.A. and its subsidiaries

(Publicly-held company)

Statements of changes in shareholders' equity

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Note	Capital reserve	Profit reserves							
		Capital	Granted stock option	Legal reserve	Statutory reserve of investment and working capital	Treasury shares	Equity evaluation adjustment	Accumulated translation adjustments	Additional dividends proposed	Retained earnings	Total
Balances at January 1, 2010		261.463	-	25.622	193.070	-	192.948	2.274	-	-	675.377
Capital Increase with statutory reserve		98.537	-	-	(98.537)	-	-	-	-	-	-
Income for the year		-	-	-	-	-	-	-	-	164.153	164.153
Transactions with stock-based payments		-	1.624	-	-	-	-	-	-	-	1.624
Depreciation of the deemed cost		-	-	-	-	-	(12.433)	-	-	12.433	-
Other comprehensive income											
Measurement of financial instruments, net		-	-	-	-	-	(1.176)	-	-	-	(1.176)
Exchange variation over investments abroad		-	-	-	-	-	-	147	-	-	147
Distribution of income for the year:											
Legal reserve		-	-	8.207	-	-	-	-	-	(8.207)	-
Statutory reserve of investments and working capital		-	-	-	95.209	-	-	-	-	(95.209)	-
Compulsory minimum dividends		-	-	-	-	-	-	-	-	(60.737)	(60.737)
Allocation of retained earnings:											
Legal reserve		-	-	622	-	-	-	-	-	(622)	-
Statutory reserve of investments and working capital		-	-	-	7.211	-	-	-	-	(7.211)	-
Additional dividends proposed		-	-	-	-	-	-	-	4.600	(4.600)	-
Balances at December 31, 2010		360.000	1.624	34.451	196.953	-	179.339	2.421	4.600	-	779.388
Capital Increase with statutory reserve		140.000	-	-	(140.000)	-	-	-	-	-	-
Income for the year		-	-	-	-	-	-	-	-	223.436	223.436
Transactions with stock-based payments	21	-	930	-	-	-	-	-	-	-	930
Acquisiton Treasury shares	20	-	-	-	-	(5.282)	-	-	-	-	(5.282)
Depreciation of the deemed cost		-	-	-	-	-	(11.278)	-	-	11.278	-
Write off of deemed cost		-	-	-	-	-	(1.834)	-	-	-	(1.834)
2010 addition proposed dividends paid		-	-	-	-	-	-	-	(4.600)	-	(4.600)
Other comprehensive income											
Measurement of financial instruments, net	26	-	-	-	-	-	1.107	-	-	-	1.107
Exchange variation over investments abroad	13	-	-	-	-	-	-	8.146	-	-	8.146
Allocation of retained earnings:											
Legal reserve	20	-	-	11.172	-	-	-	-	-	(11.172)	-
Statutory reserve of investments and working capital	20	-	-	-	129.593	-	-	-	-	(129.593)	-
Additional dividends proposed	20	-	-	-	-	-	-	-	-	(82.671)	(82.671)
Allocation of retained earnings:											
Legal reserve	20	-	-	564	-	-	-	-	-	(564)	-
Statutory reserve of investments and working capital	20	-	-	-	6.541	-	-	-	-	(6.541)	-
Additional dividends proposed	20	-	-	-	-	-	-	-	4.173	(4.173)	-
Balances at December 31, 2011		500.000	2.554	46.187	193.087	(5.282)	167.334	10.567	4.173	-	918.620

See the accompanying notes to the financial statements.

Iochpe-Maxion S.A. and its subsidiaries

(Publicly-held company)

Statements of cash fows - Indirect method

Years ended December 31, 2011 and 2010

(In thousands of Reais)

		Parent Company - CPC		Consolidated - IFRS	
	Note	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Cash flow from operating activities					
Net income before income and social contribution taxes		325.988	226.682	343.078	232.051
Adjusted by:					
Depreciation and amortization		37.924	34.963	52.910	50.713
Deferred taxes		35.618	25.512	33.736	22.825
Residual value of written-off property, plant and equipment		22.212	3.883	35.382	11.482
Equity in income of subsidiaries and associated companies	13	(23.627)	(1.365)	-	-
Provision for contingencies (additions + restatements)	18	6.345	4.983	10.698	7.444
Reversal of provision of contingencies	18	(6.640)	(2.190)	(8.829)	(5.030)
Foreign exchange variation of foreign investment	13	(8.116)	(147)	-	-
Measuring of financial instruments		(1.107)	1.176	(1.107)	1.176
Income expense and exchange variation		34.012	20.592	58.947	31.053
Stock option plan		930	(1.624)	930	(1.624)
Exchange variation - Property, plant and equipment overseas	14	-	-	(29.466)	(725)
Changes in assets and liabilities					
Increase in interest earning bank deposits		200.930	(126.803)	219.644	(142.555)
(Increase) decrease in accounts receivable		(72.236)	(23.261)	(143.319)	(52.831)
(Increase) decrease in inventories		(6.637)	(60.936)	(61.468)	(121.152)
Increase in suppliers		32.106	7.429	75.701	41.698
Decrease (increase) in other accounts receivable, recoverable taxes and other accounts		(57.360)	1.130	(82.489)	(37.155)
Increase (decrease) in other accounts payable, provisions and other accounts		11.525	26.985	10.951	76.451
Increase in other accounts payable (Acquisition Montich)		8.098	-	-	-
Income and social contribution taxes	11	(66.934)	(37.017)	(85.906)	(45.073)
Net cash and cash equivalents from operational activities		473.031	99.992	429.393	68.748
Cash flows from investing activities					
Capital increase in cash	13	(118)	(11.314)	-	-
Acquisition / investment increase in cash		(14.196)	-	-	-
Acquisition of intangible assets	15	(627)	(803)	(627)	(803)
Acquisition of property, plant and equipment	14	(158.147)	(77.427)	(196.773)	(94.921)
Net cash and cash equivalents used in investment activities		(173.088)	(89.544)	(197.400)	(95.724)
Cash flows from financing activities					
Dividends received		100	90	-	-
Loans		58.241	448.727	359.097	652.679
Payments of loans		(29.402)	(439.237)	(251.403)	(570.619)
Payment of interest on loans		(23.621)	(19.042)	(41.217)	(31.097)
Payment of dividends		(65.337)	(20.399)	(65.337)	(20.399)
Net cash and cash equivalents used in financing activities		(60.019)	(29.861)	1.140	30.564
Increase in cash and cash equivalents		239.924	(19.413)	233.133	3.588
Exchange variation in cash and cash equivalents of foreign subsidiaries		-	-	712	(1.251)
At the beginning of the year	7	6.717	26.130	57.639	55.302
At the end of the year	7	246.641	6.717	291.484	57.639
Increase in cash and cash equivalents		239.924	(19.413)	233.845	2.337

See the accompanying notes to the financial statements.

Iochpe-Maxion S.A. and its subsidiaries

(Publicly-held company)

Statements of added value

Years ended December 31, 2011 and 2010

(In thousands of Reais)

		Parent Company - CPC		Consolidated - IFRS (*)	
	Nota	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Income (expenses)					
Revenues		2.434.716	2.109.266	3.396.944	2.635.284
Reversal for allowance for doubtful accounts and contingencies		(283)	(197)	(293)	(197)
Other operating income		5.972	1.882	10.659	5.559
		2.440.405	2.110.951	3.407.310	2.640.646
Inputs acquired by third parties (include ICMS and IPI)					
Raw materials used		1.392.118	1.209.638	2.012.820	1.511.642
Materials, energy, outsourced services and other		165.377	135.000	288.479	193.967
		1.557.495	1.344.638	2.301.299	1.705.609
Gross added value		882.910	766.313	1.106.011	935.037
Retentions					
Depreciation and amortization		(37.924)	(34.963)	(52.910)	(50.713)
Net added value produced by the Company and its subsidiaries		844.986	731.350	1.053.101	884.324
Added value received as transfer					
Equity in income of subsidiaries and associated companies	13	23.627	1.365	-	-
Financial income	22	52.576	21.186	61.746	24.974
		76.203	22.551	61.746	24.974
Total added value payable		921.189	753.901	1.114.847	909.298
Distribution of added value					
Employees					
Personnel and social charges		307.433	290.179	433.221	373.664
Profit sharing		36.456	26.959	47.077	33.084
Taxes					
Federal		215.180	154.575	218.498	174.478
State		80.616	66.491	99.938	94.075
Municipal		271	318	1.549	811
Lenders					
Interest / exchang variations / rates	22	45.396	38.628	76.921	54.480
Rents		1.123	165	2.929	2.120
Shareholders					
Dividends	20	86.844	65.337	86.844	65.337
Retained earnings	20	147.870	111.249	147.870	111.249
		921.189	753.901	1.114.847	909.298

(*) The consolidated statement of added value is not an integral part of the consolidated financial statetements under IFRS.

See the accompanying notes to the financial statements.

Iochpe-Maxion S.A.

Notes to the financial statements

December 31, 2011 and 2010

(In thousands of Reais)

1 Operations

The Company's activities comprise the manufacturing and trading of complete chassis, crossbars and heavy wheels by the Wheel and Chassis Division (located in the municipality of Cruzeiro, state of São Paulo); manufacturing and trading of complete chassis and other automotive components by Maxion Montich S.A.; the manufacturing and sales of hand brake levers, pedal assemblies, and other automotive components by the Automotive Component Division (located in the municipality of Contagem, state of Minas Gerais); the manufacturing and sales of steel wheel for automobiles, pick-up trucks, sports utility vehicles, and light/medium commercial vehicles by the Fumagalli Division (located in the municipality of Limeira, state of São Paulo, and in San Luiz Potosi, Mexico, Tlalnepantla – Estate of Mexico and in Troy, Michigan - USA); the manufacturing and sales of highway wheels by Maxion (Nantong) Wheels, Co., Ltd., and having ownership interest in companies that operate in manufacturing and sales of components for highway vehicles and railroad vehicles, foundry and replacement parts.

The industrial park comprises six plants in Brazil, two of them dedicated to the railroad equipment sector and four to the automotive sector, plus five plants abroad, one in China and two in Mexico and two in Argentina, which are briefly described below:

- **The Wheel and Chassis Division:** (Cruzeiro, SP) is dedicated to the manufacturing and sales of complete chassis, crossbars and heavy wheels.

- **The Automotive Component Division:** (Contagem, MG) is dedicated to the manufacturing and sales of hand brake levers, pedal assemblies, and other automotive components.

- **The Fumagalli Division:** (Limeira, SP and San Luiz Potosi – Mexico and Tlalnepantla in the Estate of Mexico - Mexico) is dedicated to the manufacturing and sales of steel wheels for automobiles, pick-up trucks, sports utility vehicles, and light/medium commercial vehicles.

Jointly-owned subsidiaries

- **Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.:** The railroad equipment plant operates by means of two divisions: The Cruzeiro, SP Division, which is dedicated to the production of industrial and railroad castings, and railroad wheels; and the Hortolândia, SP Division, for the production of railroad cargo wagons.

- **Maxion Montich S.A.** (former Montich S.A.)**:** (Cordoba-Argentina and Sete Lagoas-MG). It is engaged in the manufacturing and trading of complete chassis, stringers and stamped items for commercial vehicles.

- **Remon Resende Montadora Ltda.**: Company's activities consist on rendered services for fitting and balancing tires, wheels and rims with its head office in Resende - RJ.

Subsidiaries

- **Iochpe Sistemas Automotivos de México, S.A. de C.V.**: A Company with main offices in Mexico city, which holds ownership interest in the companies Maxion Fumagalli de México S de RL de C.V. located in San Luiz Potosi, Mexico, Servicios Maxion Fumagalli de México S.A. de C.V. in Nuevo Leon state– Mexico, Servicios Maxion Fumagalli S.A de C.V. - San Luiz Potosi – México and Iochpe Sistemas Automotivos S. de R.L. de C.V: - Tlalnepantla in the Mexico state – México.

- **Maxion Fumagalli de México S de RL de C.V.**: A Company with main offices in San Luiz Potosi, Mexico, focused on the manufacturing and sales of steel wheels for automobiles, pick-up trucks, sports utility vehicles and light/medium commercial vehicles.

- **Servicios Maxion Fumagalli de México S.A de C.V.**: A Company with main offices in the state of Nuevo Leon, Mexico, focused on providing commercial and financial management services and outsourcing of manpower.

- **Iochpe Sistemas Automotivos S. de R.L. de C.V**: A Company with main offices in Tlalnepantla, Mexico, focused on the manufacturing and sales of steel wheels for automobiles, pick-up trucks, sports utility vehicles and light/medium commercial vehicles.

- **Servicios Maxion Fumagalli S.A de C.V.**: A Company with main offices in San Luiz Potosi - Mexico, focused on providing commercial and financial management services and outsourcing of manpower.

- **Maxion Hong Kong Limited**: Trading headquartered in Hong Kong, China, focused on the intermediation of acquisition of machinery and equipment. Constituted in October 2009, with no movement up to the present date.

- **Maxion Fumagalli Japan KK**: A Company with main offices in Yokohama, Japan, focused on automobile wheel importing and exporting. It was established in May, 2010 and has not yet started operations.

- **Cooperatie Maxion Europe U.A.**: A Company with main offices in Amsterdam, Holland, focused on importing and exporting heavy wheels for automotive vehicles. It was established in October 2010.

  Maxion (Nantong) Wheels, Co., Ltd.: Company headquartered in Nantong, China, dedicated to the production and commercialization of road wheels. Operations began in July 2008.

- **Maxion Fumagalli Automotive USA, Inc.**: A Company with main offices in Troy, Michigan, USA, whose purpose is the management of inventory and sales of products from the Wheel and Chassis Division and the Fumagalli Division for the US, Canada and Mexico market.

- **Iochpe Holdings, LLC**: A Company with main offices in Delaware, USA, which holds ownership interest in Maxion Fumagalli Automotive USA, Inc. and Maxion Fumagalli Japan KK.

In addition to the units described above, Iochpe-Maxion S.A. has non-operating subsidiaries and subsidiaries abroad, as follow:

- **Maxion Componentes Estruturais Ltda.**: Non-operating Company since August 2007.

- **Newbridge Strategic Partners**: Non-operating Company headquartered in Cayman, BVI, which is idle since 2003.

The ultimate Parent Company Iochpe Maxion S.A. has its shares listed in the São Paulo Stock Exchange, in New Market Level 1, under the code MYPK3.

Concentration of our sales

A great portion of the revenue of the Company and its subsidiaries and jointly-owned subsidiaries arises from the sales of products to automotive manufacturing companies, railroad operating companies and mining companies.

Fluctuations in the price of steel, our key input

An expressive part of the operations of the Company and its subsidiaries and jointly-owned subsidiaries depend on the capacity to acquire steel at competitive prices. Should steel price have a significant increase and the Company and its subsidiaries and jointly-owned subsidiaries be unable to pass on the increase to product prices or reduce operating costs to offset said increase, their operating margin will decrease.

2 Acquisition of joint subsidiary

In accordance with the purchase and sale agreement signed on April 13, 2011, the Company acquired 50% of **Montich S.A**. shares for US$ 11.6 million, see note 13.

The "carrying amount" in the statement of net assets of R$ 10,035 (equivalent to 100%), corresponding to Montich S.A net assets on May 31, 2011:

Assets		**Liabilities**	
Current		Current	
. Cash and cash equivalent	1,733	. Loans and financing	10,523
. Trade accounts receivable	13,522	. Suppliers	9,117
. Inventories	9,685	. Salaries and payroll charges	3,229
. Others	3,856	. Others	3,293
	28,796		26,162
Non-current			
Long-term assets	462		
Property, plant and equipment, net	9,390	Non-current assets	2,451
	9,852	Net assets	10,035
TOTAL	38,648	**TOTAL**	38,648

On May 31, 2011, Montich S.A. name was changed to Maxion Montich S.A., as stated in Montich S.A. Annual Shareholders' Meeting minutes.

There was no intangible goodwill in this acquisition, as the addition was recorded in property, plant and equipment in the amount of R$ 15,759, based on appraisal report prepared by a specialized firm and dated June 30, 2011. This allocation is shown as the note of fixed assets 14.

Costs of purchase

The Company incurred costs related to the acquisition of R$ 559 referring to external legal fees and due diligence costs. Legal fees and due diligence costs were included in the Company's administrative expenses in the statement of income.

3 Group entities

The consolidated financial statements as of December 31, 2011 and 2010 were prepared in accordance with the International Financial Reporting System (IFRS) issued by the *International Accounting Standards Board - IASB*, and the CPC standards, and cover the financial statements of Iochpe-Maxion S.A. and its subsidiaries and jointly-owned subsidiaries listed below:

	Country	Direct Ownership - %		Indirect Ownership - %	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	Brazil	50.00	50.00	-	-
Maxion (Nantong) Wheels, Co., Ltd.	China	100.00	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. (3)	Mexico	-	-	100.00	100.00
Servicios Maxion Fumagalli de México S.A. de C.V. (3)	Mexico	-	-	100.00	100.00
Iochpe Sistemas Automotivos S. de RL de C.V. (7)	Mexico	-	-	100.00	-
Servicios Maxion Fumagalli S.A. de C.V. (7)	Mexico	-	-	100.00	-
Maxion Hong Kong Limited. (4)	China	100.00	100.00	-	-
Remon Resende Montadora Ltda. (5)	Brazil	33.33	33.33	-	-
Maxion Fumagalli Japan KK (6)	Japan	-	-	100.00	100.00
Cooperatie Maxion Europe U.A. (9)	Holand	99.99	99.99	0.01	0.01
Maxion Montich S.A. (8)	Argentina	50.00	-	-	-
Iochpe Holdings, LLC	USA	100.00	100.00	-	-
Maxion Fumagalli Automotive USA, Inc.(1)	USA	-	-	100.00	100.00
Maxion Componentes Estruturais Ltda.(2)	Brazil	99.99	99.99	-	-
Newbridge Strategic Partners (2)	Cayman	100.00	100.00	-	-

(1) Financial statements consolidated by the subsidiary Iochpe Holdings, LLC.

(2) Inactive Company.

(3) Financial statements consolidated by subsidiary Iochpe Sistemas Automotivos de México, S.A. de C.V.

(4) Company organized in 2009.

(5) Financial statements consolidated due to the joint ownership maintained by the Company.

(6) Companies organized in 2010.

(7) Financial statements consolidated by subsidiary Iochpe Sistemas Automotivos de México, S.A. de C.V., formed in the first quarter of 2011.

(8) Company acquired on April 13, 2011 see note 2.

(9) Company organized in 2010, with an indirect interest of Maxion Componentes Estruturais Ltda.

Subsidiaries and jointly-owned subsidiaries

In the individual (Parent Company) financial statements, the financial data of subsidiaries and jointly-owned subsidiaries are recognized in the equity method of accounting.

Jointly-owned companies Amsted-Maxion Fundição e Equipamentos Ferroviários S.A., Maxion Montich S.A. and Remon Resende Montadora Ltda. are stated under the equity method of accounting in the parent Company 's individual financial statements and proportionally consolidated in the consolidated financial statements, due to the Company 's ownership interest in them, of 50%, 50% and 33.33%, respectively, in accordance with Brazilian Securities Commission (CVM) resolution No. 608/09 of November 26, 2009. The proportional consolidation procedure has been reviewed by CPC. See comments in note 5t. – New standards and interpretations not yet adopted.

The main captions of assets and liabilities and of the statement of income of such company are as follows:

Notes to the financial statements

(In thousands of Reais)

	Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.		Maxion Montich S.A		Remon Resende Montadora Ltda.	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Balance sheets						
Current asssets	412,335	295,506	31,736	-	936	845
Noncurent assets	416,814	381,212	62,554	-	134	95
Total do assets	829,149	676,718	94,290	-	1,070	940
Current liabilities	609,737	382,711	25,465	-	543	527
Noncurrent liabilities	121,315	236,712	19,951	-	-	-
Shareholders' equity	98,097	57,295	48,874	-	527	413
Total liabilities and shareholders'equity	829,149	676,718	94,290	-	1,070	940

As of December 31, 2011, jointly-owned subsidiary Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. has a credit facility of R$ 200 thousand that is pre-approved by Brazilian commercial banks and guaranteed by Iochpe Maxion S.A. but that was not used until the end of the year as of December 31, 2011.

	Amsted-Maxion Equipamentos Ferroviários S.A.		Maxion Montich S.A		Remon Resende Montadora Ltda.	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Statements of operation						
Net revenues	1,110,948	585,778	78,193	-	3,244	2,372
Cost of goods sold	(921,380)	(551,761)	(67,392)	-	(1,899)	(1,243)
Gross profit	189,568	34,017	10,801	-	1,345	1,129
Operations expenses, net	(124,845)	(73,663)	(6,128)	-	(851)	(707)
Income and social contribution taxes	(23,920)	13,480	(1,439)	-	(80)	(66)
Net income (loss) for the year	40,803	(26,166)	3,234	-	414	356

Maxion Montich S.A. results refer to seven months in 2011.

4 Basis of preparation

4.1 Statement of compliance (regarding the IFRS and CPC rules)

These financial statements include:

- The consolidated financial statements were prepared in accordance with the International Financial Reporting System (IFRS) issued by the *International Accounting Standards Board (IASB)* and also in accordance with the accounting practices adopted in Brazil that follow the pronouncements issued by the Accounting Pronouncements Committee (CPCs);

- The individual financial statements of the subsidiary were prepared in accordance with the accounting practices adopted in Brazil (CPCs).

The parent Company's individual financial statements were prepared in accordance with the CPCs, which call for presenting investments in subsidiaries in accordance with the equity method, unlike the IFRS, which require investments in subsidiaries to be valued at cost or fair value.

However, there is no difference between the consolidated shareholders' equity and consolidated result presented by Company and the shareholders' equity and result of the parent company in the individual financial statements. Accordingly, the Company's consolidated financial statements and the Parent Company's individual financial statements are being presented side by side in a single set of financial statements.

The Board of Directors authorized the issue of individual and consolidated financial statements on February 10, 2012.

4.2 Basis of measurement

The individual and consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the balance sheets:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value;
- Property, plant and equipment in which the deemed cost were adopted.

- Liabilities for share-based payment transactions which will be settled in cash measured by the fair value.

4.3 Functional currency and presentation currency

These individual and consolidated financial statements are presented in Brazilian Real, which is the Company's functional currency. All financial information presented in Brazilian Reais has been rounded to the nearest value, except otherwise indicated.

4.4 Use of estimates and judgments

The preparation of individual and consolidated financial statements according to IFRS and CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews in relation to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Information regarding critical judgments referring to the accounting policies adopted which impact the amounts recognized in the consolidated financial statements is included in the following note:

- Note nº 9 – Allowance for doubtful accounts;
- Note nº 10 – Provision for losses on inventories;
- Note nº 11 – Deferred and recoverable taxes
- Note nº 14 – Review of the useful life of fixed assets;
- Note nº 15 – Amortization of intangible assets;
- Note nº 18 – Provision for contingencies;
- Note nº 21 – Stock option plan;
- Note nº 26 – Financial instruments.

The financial statements consider the minimum disclosure requirements established by the standard of the Accounting Pronouncements Committee ("CPC"), CPC 21 - Presentation of Financial Statements, as well as other information considered relevant.

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all the periods presented in these individual and consolidated financial statements.

a. Basis of consolidation

- *Subsidiaries and joint ventures*

  The financial statements of the subsidiaries and subsidiaries under joint ownership are included in the consolidated financial statements as from the date they start to be controlled by the Company until the date such control ceases. The accounting policies of subsidiaries and joint ventures are aligned with the policies adopted by the Company.

  In the individual financial statements, the financial data of wholly-owned and jointly-owned subsidiaries are recognized in the equity method of accounting.

- *Transactions eliminated on consolidation*

  Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

  Description of the main consolidation procedures:

  - Elimination of intercompany asset and liability account balances;

  - Elimination of investments in the capital, reserves and retained earnings of the subsidiaries;

  - Elimination of intercompany income and expense balances and unearned income arising from intercompany transactions. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment;

b. Foreign currency

b1 Foreign currency transactions

Transactions in foreign currency are translated into the respective functional currency of the Company and its subsidiaries and jointly-owned subsidiaries at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated and calculated in foreign currencies on the date of presentation are reconverted into the functional currency at the exchange rate determined on that date. Exchange gain or loss in monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted by interest and effective payments during the period, and the amortized cost in foreign currency at the exchange rate on the closing date. Non-monetary assets and liabilities denominated in foreign currencies are the measured at fair value are retranslated into the functional currency at the foreign exchange rate on the date the fair value was determined.

b2 Transactions abroad

Gains and losses resulting from variations of foreign investments are recognized directly in shareholders' equity in the account of accumulated equity adjustments, and recognized in the statement of income when these investments are fully or partially divested. The financial statements of the foreign subsidiaries are adjusted to the accounting practices adopted in Brazil, and, subsequently, translated into the local functional currency at the exchange rate in effect at the balance sheet date.

Some subsidiaries have a different functional currency from the parent company, such as Iochpe Holdings LLC, Maxion Fumagalli Automotive USA, Inc., Iochpe Sistemas Automotivos de México S.A de C.V., Maxion Fumagalli de México S. de RL de C.V., Servicios Maxion Fumagalli de México S.A de C.V., Servicios Maxion Fumagalli S.A de C.V., Iochpe Sistemas Automotivos S. de R.L. de C.V., Maxion Hong Kong Limited, Maxion Fumagalli Japan KK, Cooperatie Maxion Europe U.A., Maxion Montich S.A. and Maxion (Nantong) Wheels, Co. Ltd.

c. Financial instruments

- Non-derivative financial assets

The Company and its subsidiaries and jointly-owned subsidiaries recognize loans, receivables and deposits as of the initial date when they were originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the date of the negotiation under which becomes a party to the contractual provisions of the instrument.

The Company and its subsidiaries and jointly-owned subsidiaries derecognizes a financial asset when contractual rights to the cash flows from the asset expire or it transfers the rights to receive contractual cash flows arising from a financial asset in a transaction where virtually all risks and benefits associated with ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

The Company and its subsidiaries and jointly-owned subsidiaries have the following non-derivative assets: financial assets recorded at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

An instrument is classified as fair value through profit or loss if it is held for trading, i.e. designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Company manages these investments and makes purchase and sales decisions based on their fair value in accordance with the investment strategy and risk management documented by the Company. After initial recognition, attributable transaction costs are recognized in income/expenses when incurred. Financial instruments at fair value through profit or loss are stated at fair value, and their fluctuations are recognized in income/expenses.

The financial assets at fair value through profit or loss include the financing investments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on any active market. Such assets are initially recognized at fair value plus any transaction costs directly assignable. After their initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, reduced by any impairment losses.

Loans and receivables comprise trade accounts receivable and other credits.

Cash and cash equivalents

Cash and cash equivalents comprises cash, bank accounts and short-term investments with immediate liquidity and maturity equal to or less than 90 (ninety) days and with a low risk of change in market value, and they are presented at cost plus interest earned, as presented in note 7.

- Non-derivative financial liabilities

The Company and its subsidiaries and jointly-owned subsidiaries recognize issued subordinated debt securities and subordinated liabilities initially as of the date when they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the negotiation date on which becomes a party to the contractual provisions of the instrument. The Company and its subsidiaries and jointly-owned subsidiaries write off a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company and its subsidiaries and jointly-owned subsidiaries have the following non-derivative financial liabilities: loans, financing, suppliers and other accounts payable.

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

- Derivative financial instruments

Derivative financial instruments are initially recognized at their fair value; attributable transaction costs are recognized in income/expense when incurred. After their initial recognition, derivatives are stated at their fair value and changes are recorded in income except in the circumstances described below for the recording of hedging activities.

Cash flow hedges

When a derivative is designated as a hedge instrument for cash flow variability attributed to a specific risk associated with a recognized asset or liability or a highly probable foreseen transaction that could affect the net income, the effective portion of variation in the derivative's fair value is recognized in other comprehensive income and "equity valuation reserve" in shareholders' equity. The value recognized in other comprehensive income is reclassified to income in the same period in which the hedged cash flows affect income on the same line in the statement of income as a hedged item. Any non-effective portion of the variations in the fair value of the derivative is recognized immediately in net income.

If the hedge instrument no longer meets the hedge accounting criteria, or if it expires, or is sold, closed, exercised, or has its designation revoked, then the hedge accounting is prospectively discontinued. The accumulated results previously recognized in other comprehensive income and presented in the asset valuation reserve in shareholders' equity, remain there until the planned transaction affects the result. When the item to be hedged is a non-financial asset, the amount recognized in "other comprehensive income" is transferred to the asset's book value when the asset is realized. If there are no more expectations regarding the occurrence of the planned transaction, then the balance in other comprehensive income is recognized immediately in the result. In other cases, the amount recognized in "other comprehensive income" is transferred to income in the same period in which the hedged item affects income.

Capital

- ***Common shares***

  Common and preferred shares are classified as shareholders' equity. Additional costs directly attributable to the issue of shares and share options are recognized as a deduction from shareholders' equity, net of any tax effects.

  Compulsory minimum dividends as defined in the bylaws and when consigned at the end of the year, are recognized as liabilities.

- ***Repurchase of shares (treasury shares)***

  When capital recognized as equity is repurchased, the amount of compensation paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. The repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the value received is recognized as an increase in equity, and the resulting surplus or deficit is transferred to/from retained earnings.

d. Trade accounts receivable

Trade accounts receivable are recorded in the amounts billed, and include the respective direct taxes for which the Company and its subsidiaries and jointly-owned subsidiaries are responsible.

The allowance for doubtful accounts was calculated at an amount considered adequate by the management to cover any losses arising on collection of accounts receivable.

e. Inventories

Inventories are measured at the lower value between the cost and net realizable value. The cost of inventories is based on the average cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, as well as other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

The net realizable value is the estimated price at which inventories can be realized in the normal course of business, less the estimated completion costs and selling expenses.

f. Investments

Investments in subsidiaries and jointly-owned subsidiaries are assessed under the equity accounting method.

Other investments that do not fit into the category above are stated at cost of acquisition, less the provision for devaluation, when applicable.

Exchange variations of investment abroad are recognized in the equity evaluation adjustment account in shareholders' equity.

g. Property, plant and equipment

- Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, net of accumulated depreciation and *impairment* losses, when required.

The Company and its subsidiaries and jointly-owned subsidiaries chose to revalue the fixed asset items for their *deemed cost* on the year opening date of January 1st, 2009. The effects of the deemed cost increased the account of property, plant and equipment with a contra entry in shareholders' equity, net of tax effects, as explained in Note 14.

The cost includes expenditures that are directly attributable to the acquisition of assets. The cost of assets built by the Company includes materials and direct labor, as well as any other costs attributable to bringing the assets to the location and condition requires for them to operate in the manner intended by management, costs for dismantling and restoration of the site where they are located, and loan costs on qualified assets for which the start-up capitalization date be January 1, 2009 or later.

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Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the carrying amount of Property, plant and equipment and are recognized net within "Other income" in the income statement.

- Subsequent costs

  The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its subsidiaries, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

- Depreciation

  Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other substituted for cost, less its residual value.

  Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company and its subsidiaries and jointly-owned subsidiaries will obtain ownership by the end of the lease term. Lands are not depreciated.

  The estimated useful for the current and comparative periods are shown in the Note 14.

  The depreciation methods, useful lives and residual values will be reviewed at each reporting date and potential adjustments will be recognized as a change in accounting estimates.

h. Intangible assets

Intangible assets include assets acquired from third parties, including by means of business combination by the Company. The following criteria are applied:

a. Acquired from third parties by means of business combination: Goodwill determined in acquisitions involving business combinations that neither are nor amortized.

b. Intangible assets acquired from third parties: are measured at the total acquisition cost, minus amortization.

- *Subsequent expenses*

  Subsequent expenses are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

- *Amortization*

  Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

  Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, except goodwill, without a defined useful life from the date they are available for use, since this is the method that best reflects the consumption pattern of the future economic benefits embodied in the asset.

  The useful estimated lives for the current and comparative periods are shown in the Note 15.

i. Leased assets

Leases in terms of which the Company and its subsidiaries and jointly-owned subsidiaries assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. After initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The other leases are operating leases and are not recognized in the balance sheet.

Lease payments

Payments for operating leasing are charged to income on the straight-line basis over the lease period. Lease incentives received are recognized as an integral part of total lease expenses, over the lease agreement period.

Minimum lease payments made under financial leasing are apportioned between financial expenses and reduction of the outstanding liability. Financial expenses are allocated in each period over the lease period in order to produce a continuous and periodic compounding interest rate over the remaining liability balance. Contingent lease payments are recorded by reviewing minimum lease payments over the remaining lease period upon confirmation of the lease adjustment.

j. Employee benefits

Defined contribution plan

Defined Contribution Plan is a post-employment benefit plan under which the Company and its subsidiaries and jointly-owned subsidiaries pay fixed contributions to insurance firm Brasil Prev Seguros e Previdência S.A. and will have no legal or constructive obligation to pay additional amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expenses in profit or loss for the year in which the services are rendered by the employees.

Short-term employee benefits

Obligations for short-term employee benefits are measured on a non-discounted basis and incurred as expenses as the related service is rendered.

The liability is recognized at the amount expected to be paid under the cash bonus plans or short-term profit sharing if the Company has a legal or constructive obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated.

Transactions with share-based payments

The fair value of share-based payment awards is recognized at the grant date, as personnel expenses, with a corresponding increase in shareholders' equity, for the participants of companies in Brazil. According to the policy for participants of companies abroad, it is added to non-current liabilities, for the period in which employees acquire unconditional rights to benefits. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are expected to be met, so that the amount ultimately recognized as an expense is based on the actual number of awards meeting these conditions at vesting date.

k. Impairment

(i) Financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date for objective evidence of impairment loss. An asset is impaired when there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that such loss event had a negative effect on the projected future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of the amount due to the Company and its subsidiary on terms that the Company and its subsidiary would not consider otherwise, indication that the debtor or issuer will file for bankruptcy, or disappearance of an active market for a security. In addition, for an equity instrument, a significant or prolonged decrease in the fair value of the asset, below its cost, is objective evidence of impairment.

Financial assets measured by the amortized cost

The Company considers as evidence of impairment of assets measured by amortized cost (for receivables and investments held-to-maturity) both individually and on an aggregate basis. Individually significant receivables are assessed for impairment. All the receivables and investment securities held to maturity which are material on an individual basis, identified as non-impaired on an individual basis are collectively assessed for any impairment loss not yet identified. Individually significant assets are assessed on an aggregate basis in relation to impairment by grouping the notes with similar risk characteristics.

When assessing impairment on an aggregate basis the Company makes use of historical trends of probability of default, the recovery term and the amounts of losses incurred, adjusted to reflect the management's judgment in relation to the assumptions, if the current economic and credit conditions are such that the actual losses will be higher or lower than those suggested by historical trends.

A decrease in the recoverable value of a financial asset measured at amortized cost is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The losses are recognized in an allowance in the income statement against receivables or assets held to maturity. Interest on the impaired asset continues to be recognized. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the non-financial assets of the Company, except for investment properties, inventories and deferred income and social contribution taxes are reviewed at each reporting date for indication of impairment. If such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets with an undefined useful life, the recoverable value is estimated on an annual basis.

An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its recoverable value.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or UGC. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or UGC"). For the purposes of testing the recoverable amount of goodwill, the amount of goodwill in a business combination is allocated will UGC or group of UGCs to which the benefit of the synergies of the combination is expected. This allocation reflects the lowest level at which goodwill is monitored for internal purposes and is not larger than an operating segment determined in accordance with IFRS 8 and CPC 22.

Losses reduction in recoverable amount is recognized in income. UGCs regarding the recognized losses are initially allocated in reducing any premium UGC allocated to this (or UGC group), and subsequently the reduction of the other active UGC (or group of UGC) pro rata.

A loss on impairment related to goodwill is not reversed. For other assets, impairment losses are reversed only in the condition in which the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if the loss of value had not been recognized.

The Company's Management did not identify any evidence that might justify the need for impairment in its last annual evaluation performed as of December 31, 2011.

l. Provisions

A provision is recognized in the balance sheet when the Company and its subsidiaries and jointly-owned subsidiaries have a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded considering the best estimates of the risk involved.

Current and non-current liabilities are stated at known or calculable amounts, plus, when applicable, the corresponding charges, monetary and/or exchange variations incurred through the balance sheet date.

m. Income

Income and expenses are recognized on the accrual basis.

The operating revenue from sales of assets in the normal course of business is measured by the fair value of the installment received or receivable. Operating revenue is recognized when there is convincing evidence that the risks and rewards inherent to the ownership of the assets have been transferred to the purchaser.

The income from services rendered is recognized in profit and loss with basis on the stage of completion of the service on the date of the presentation of financial statements.

n. Financial income and expenses

Financial revenues basically comprise income from interest on cash investments. Interest income is recognized in income under the effective interest method.

Financial expenses include basically loan interest expenses. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit and loss using the effective interest rate method.

o. Income and social contribution taxes

Income and social contribution taxes, both current and deferred, are calculated based on the rates of 15%, plus a surcharge of 10% on taxable income in excess of R$ 240 for income-tax, and 9% on taxable income for social contribution on net income, and include the offsetting of tax loss carry forward and negative basis of social contribution, limited to 30% of the taxable income.

In Mexico, the Company is subject to a 30% income tax rate, and in the United States it is subject to a tax rate of 35% in average, in Argentina, the tax rate of 35% in average; in China, the tax rate of 25% in average, including those rates are calculated on taxable income, in accordance with the legislations of each of these jurisdictions.

The income tax and social contribution expense comprises current and deferred taxes on income. Current taxes and deferred taxes are recognized in income unless they are related to the business combination, or items directly recognized in Shareholders' equity or in other comprehensive income.

Current taxes are the taxes payable or receivable on the taxable income or loss for the year, at tax rates enacted or substantively enacted on the date of presentation of the financial statements, and any adjustments to taxes payable in relation to prior years.

Deferred taxes are recognized in relation to the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the related amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not business combination, and not affecting the accounts nor taxable profit or loss, and differences related to investments in subsidiaries and subsidiary entities when likely not to be reversed within a foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred taxes are measured at tax rates expected to be applied to temporary differences when they are reversed, basin on laws enacted or substantively decreed by the balance sheet date.

To determine current and deferred income tax, the Company takes into consideration the impact of uncertainties on positions taken on taxes and if the additional income tax and interest payment has to be made. The Company believes that the provision for income tax recorded in liabilities is adequate for all outstanding tax periods, based on its evaluation of several factors, including interpretations of tax laws and past experience. This evaluation is based on estimates and assumptions that may involve several judgments on future events. New information may be provided, making the Company change its judgment on the existing provision adequacy; such changes will impact income tax expenses for the year in which they are made.

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets against tax liabilities, and the latter relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred income tax and social contribution asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized. Deferred income and social contribution tax assets are reviewed at each reporting date and reduced when their realization is no longer probable.

p. Income per share

The basic earnings per share are calculated based on the result for the financial year attributable to the Company's controlling and non-controlling shareholders and the weighted average of outstanding common shares in the respective period. The diluted earnings per share are calculated based on the mentioned average of outstanding shares, adjusted by instruments that can potentially be converted into shares, with a dilution effect, in the periods presented, pursuant to CPC 41- Income per share and IAS 33 - Income per share.

q. Segment reporting

An operating segment is a component of the Company and its subsidiaries and jointly-owned subsidiaries that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

r. Determination of fair value

The calculation of present value is made for each transaction based on an interest rate that reflects the term, the currency, and the risk of one transaction. Company and its subsidiaries and jointly-owned subsidiaries did not record the present-value adjustment since it had no material effect on the financial statements.

s. Value-Added Statements

The Company prepared individual and consolidated statements of added value in accordance with the rules of technical pronouncement CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements under BRGAAP applicable to publicly-held companies, whereas under IFRS they represent additional financial information.

t. New rules and interpretations not yet adopted

Several rules, amendments, standards and interpretations of IFRS issued by IASB have not been effective yet for the year ended December 31, 2011, as follows:

News Standards, amendments to Standards and interpretations are effective for annual periods started as of January 1, 2011, and have not been applied to the preparation of these financial statements. None of these new Standards are expected to have a material effect on the Company's financial statements except for IFRS 9 Financial Instruments that may change classification and measurement of financial assets maintained by the Company and for IFRS 10 and IFRS 11, which may impact subsidiaries currently consolidated by the Company. The Company does not expect to adopt this Standard in advance and the impact of its adoptions has not been measured yet.

The CPC (Accounting Pronouncements Committee) has not yet issued pronouncements equivalent to the aforementioned IFRSs, although that is expected to be done before the date when they are required to come into effect. The advanced adoption of IFRS pronouncements is conditioned to the prior approval by a regulatory act by the Brazilian Securities Commission ("CVM").

u. Determination of the fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods, mentioned in the note 26. When applicable, additional information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

6 Segment reporting

The segment reporting is being presented according to CPC 22 - Segment reporting (IFRS 8) and is presented in relation to the businesses of the Company and its subsidiaries and jointly-owned subsidiaries that were identified with a basis on its management structure and on the internal management information used by the main decision makers of the Company.

A segment is a distinguishable component of the Company that is engaged either in providing products or services, or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of assets and liabilities that are not directly related to a segment (marketable securities, loans and corporate assets) and the related income and expenses generated by those items.

The Company has two segment reporting: Automotive and Railroad.

In the automotive segment, Iochpe-Maxion's customers are vehicle manufacturers and its main products are: steel wheels, chassis, structural died assemblies, hand brake levers and sets of pedals.

In the railroad segment its customers are logistics operators and mining companies and its main products are freight cars, cast iron products and railroad wheels

Notes to the financial statements

(In thousands of Reais)

	12/31/2011			12/31/2010		
	Segments			Segments		
	Automotive	Railroad	Total Consolidated	Automotive	Railroad	Total Consolidated
Revenues	2,349,665	555,474	2,905,139	1,934,509	292,889	2,227,398
Depreciation and amortization (allocated in cost)	(45,003)	(5,586)	(50,589)	(39,849)	(5,956)	(45,805)
Employees benefits (allocated in cost)	(34,110)	(10,125)	(44,235)	(31,531)	(6,839)	(38,370)
Costs of goods sold and services rendered	(1,813,580)	(444,979)	(2,258,559)	(1,463,521)	(263,085)	(1,726,606)
Costs of goods sold and sevices rendered	(1,892,693)	(460,690)	(2,353,383)	(1,534,901)	(275,880)	(1,810,781)
Gross profit	456,972	94,784	551,756	399,608	17,009	416,617
Administrative and commecial	(145,830)	(47,698)	(193,528)	(124,227)	(25,251)	(149,478)
Depreciation and amortization	(2,060)	(261)	(2,321)	(4,760)	(148)	(4,908)
Others (expenses) operating income	(90)	2,436	2,346	(993)	319	(674)
Income (loss) before net financial income (loss), equity income and taxes	308,992	49,261	358,253	269,628	(8,071)	261,557
Financial income	59,614	2,132	61,746	23,296	1,678	24,974
Financial expenses	(57,890)	(19,031)	(76,921)	(41,051)	(13,429)	(54,480)
Net financial income (expenses)	1,724	(16,899)	(15,175)	(17,755)	(11,751)	(29,506)
Income (loss) before income and social contribution taxes	310,716	32,362	343,078	251,873	(19,822)	232,051
Income and social contribution taxes, net	(107,682)	(11,960)	(119,642)	(74,638)	6,740	(67,898)
Income (loss) for the year	203,034	20,402	223,436	177,235	(13,082)	164,153

- Of the automotive segment sales, 71% (74% on December 31, 2010) are sales to manufacturers from the domestic market. And sales to logistic operators represent 34% (48% on December 31, 2010) while those to mining company's represent 47% (30% on December 31, 2010) of the sales of the railroad segment.

Foreign market sales are subdivided by percentage in the following regions:

	12/31/2011			12/31/2010		
	Segments			Segments		
	Automotive	Railroad	Total	Automotive	Railroad	Total
. Africa/Middle East	0.5%	5.0%	0.9%	0.2%	3.8%	0.5%
. Latim America	14.4%	13.8%	14.4%	6.8%	11.5%	7.2%
. Asia / Oceania	2.6%	1.8%	2.6%	7.3%	0.9%	6.8%
. Canada	0.1%	1.4%	0.2%	0.1%	0.9%	0.1%
United States of America	50.7%	77.7%	53.2%	57.9%	80.7%	59.8%
. Europe	5.7%	0.2%	5.2%	1.7%	2.2%	1.8%
. Mexico	26.0%	0.1%	23.5%	26.0%	-	23.8%

Balance sheet by segment

	12/31/2011			12/31/2010		
	Segments			Segments		
	Automotive	Railroad	Total	Automotive	Railroad	Total
Assets						
Current	994,113	206,168	1,200,281	793,672	147,752	941,424
Noncurrent	73,029	85,183	158,212	94,423	73,557	167,980
Investments	104	-	104	233	-	233
Property, plant and equipment	983,355	123,224	1,106,579	831,128	117,050	948,178
Intangible	27,438	-	27,438	26,583	-	26,583
	2,078,039	414,575	2,492,614	1,746,039	338,359	2,084,398
Liabilities						
Current	756,034	304,868	1,060,902	352,752	191,355	544,107
Noncurrent	452,434	60,658	513,092	642,547	118,356	760,903
Shareholders' equity	869,571	49,049	918,620	750,740	28,648	779,388
	2,078,039	414,575	2,492,614	1,746,039	338,359	2,084,398

7 Cash and cash equivalents

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Cash and Banks				
Domestic bank	11,089	6,717	19,675	9,302
Foreign bank	-	-	6,858	7,221
	11,089	6,717	26,533	16,523
Short-term Financial investments				
Domestic bank	235,552	-	254,851	-
Foreign bank	-	-	10,100	41,116
	235,552	-	264,951	41,116
	246,641	**6,717**	**291,484**	**57,639**

Interest earning bank deposits are readily convertible into a known cash amount and are subject to an immaterial risk of change in their market value.

The Company considers as cash equivalents the balances of cash, banks, short-term investments and financial investments with maturity in up to 90 days (or lower) as from the contracting date.

8 Interest earnings bank deposits

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Short-term Financial investments				
Domestic bank	**45,837**	**246,767**	**45,837**	**265,481**

Short-term financial investments refer to bank deposit certificates (CDB) monetarily restated with basis on the variation of interbank deposit certificates (CDI), and remunerated at rates ranging from 100% to 104.5% (100% to 104.5% CDI in December 31, 2010).

9 Trade accounts receivables

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Current:				
Domestic customers	205,010	153,753	342,874	232,747
Foreign customers	11,436	6,511	54,878	21,892
Foreign related parties	32,923	17,075	-	-
Provision for doubtful accounts	(1,736)	(1,942)	(1,772)	(1,978)
	247,633	175,397	395,980	252,661
Noncurrent				
Domestic customers	-	331	-	331
	-	331	-	331

Amounts from related parties abroad presented in the chart above are eliminated for consolidation purposes. Those transactions are between the parent company Maxion (Nantong) Wheels, Co., Ltd. in the amount of R$ 3,131 (R$ 3,335 as of December 31, 2010) and Maxion-Fumagalli Automotive USA, Inc. in the amount of R$ 29,792 (R$ 13,740 as of December 31, 2010).

	Parent Company		Consolidated	
Accounts receivables - overdue	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
From 1 to 30 days	23,298	13,134	27,858	17,107
From 31 to 60 days	12,648	1,705	18,557	2,562
From 61 to 90 days	1,196	237	3,210	258
From 91 to 180 days	1,129	1,255	2,523	1,741
More than 181 days	3,412	1,766	3,720	2,362
Total	41,683	18,097	55,868	24,030

The Company and its subsidiaries and jointly-owned subsidiaries follow the procedure of analyzing their past due securities on a monthly basis, and make allowances for doubtful accounts for the entire amount of securities past due for over 90 days and having no evidence of negotiation, or owed by customers facing bankruptcy or composition with creditors.

10 Inventories

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Finished goods	50,304	54,680	96,988	94,376
Work in progress	40,331	18,942	68,161	23,986
Raw material	72,728	78,157	171,860	154,643
Auxiliary and maintenance materials	4,301	3,905	16,148	13,669
Packaging and storeroom materials	4,291	3,794	6,321	3,955
Advance to suppliers	21,428	28,119	28,785	33,332
Import in transit	2,527	2,860	2,611	5,343
Provision for devaluation of inventories	(2,599)	(3,783)	(8,371)	(8,269)
	193,311	186,674	382,503	321,035

Certain items considered to be obsolete or slow moving were the subject of a provision for loss on obsolete items, The effect of the provision for loss on obsolete items was a reduction in the cost of goods sold, in the amount of R$ 1,184 in the parent Company's income (increase of R$ 102 in the consolidated) in the year ended December 31, 2011.

11 Deferred and recoverable taxes

a. Recoverable taxes

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Value added tax on Sales and services (ICMS)	10,931	11,681	29,817	27,715
Tax for social security financing of social contribution (COFINS)	899	6,553	19,021	17,802
Income tax (IRPJ)	11,564	7,663	18,351	11,747
Employees profit participation program (PIS)	1,411	1,316	15,224	3,650
Excise tax (IPI)	16,754	882	19,811	4,515
Others	2,335	245	6,492	8,187
	43,894	28,340	108,716	73,616
Current assets	(33,239)	(10,808)	(56,205)	(26,479)
Noncurrent assets	10,655	17,532	52,511	47,137

b. Deferred taxes

The deferred income and social contribution taxes are recognized to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their book values.

In accordance with CPC 32 and in compliance with international standards (IAS 12), the Company and its jointly-owned subsidiaries, based on the expectation of generating future taxable income, as determined by a management-approved technical study, also recognized tax credits on prior-years' social contribution tax loss carryforwards that do not expire and that can be offset up to 30% of annual taxable income. The amount of deferred tax assets is reviewed on a quarterly basis by the Company and its jointly-owned subsidiaries and the related adjustments have not been significantly different from management's estimates.

The amounts of deferred income and social contribution taxes recognized in assets and in long-term liabilities have the following origins:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Temporary differences				
Tax contingencies	5,258	5,048	8,109	7,661
Labor and civil contingencies	1,224	1,342	2,359	1,979
Provision for doubtful accounts	590	660	602	673
Provision for profit sharing	4,416	1,481	5,172	1,481
Provision for devaluation of inventories	884	1,286	2,846	2,811
Others	12,127	4,796	16,738	4,761
Subtotal	24,499	14,613	35,826	19,366
Tax loss carry-forwards	4,650	29,139	24,342	51,767
Negative basis of social contribution	2,669	11,487	10,260	20,800
Subtotal	7,319	40,626	34,602	72,567
Total	31,818	55,239	70,428	91,933
Noncurrent liabilities				
Differences between the accounting practices				
Adopted in Mexico and Brazil	-	-	(4,169)	(2,620)
Changes in useful life - Mexico	-	-	18,011	17,690
Deemed cost - cost – CPC 27	70,345	76,537	86,238	93,268
Depreciation of deemed cost - CPC 27	18,390	9,180	22,037	10,823
Capitalized financial cost – CPC 08	1,247	2,151	1,247	2,151
Amortization of add value about investments	-	-	8,947	-
Amortization of goodwill - investments	14,051	7,307	14,051	7,307
Others	(35)	(610)	(933)	(590)
Total	103,998	94,565	145,429	128,029

Subsidiary Maxion Componentes Estruturais Ltda. shows tax loss carryforwards in the amount of R$ 3,741 (R$ 3,741 as of December 31, 2010) and social contribution tax loss carryforwards of R$ 3,741 (R$ 3,741 as of December 31, 2010) whereas taxes were not recorded since the Company is currently inactive. As of December 31, 2010, it referred to the tax credit balance not recognized on tax losses amounting to R$ 2,024 and related to subsidiary Maxion (Nantong) Wheels, Co., Ltd., as no future taxable income is expected.

Based on the technical study of projected taxable income calculated in accordance with CVM Resolution No. 599/09, of September 15, 2009, IAS 12 and CPC 32, the Company estimates that it will recover the tax credit arising from the tax loss carryforwards over the following years:

	Parent Company	Consolidated
2012	7,319	10,335
2013	-	3,706
2014	-	4,264
2015	-	4,891
2016 onwards	-	11,406
Total tax credits resulting from tax loss and negative basis of social contribution	7,319	34,602

The management of the Company and its jointly-owned subsidiaries considers that deferred assets arising from temporary differences, in the amount of R$ 24,499 (R$ 14,613 as of December 31, 2010 in the parent company, and in the consolidated in the amount of R$ 35,826 (R$ 19,366 as of December 31, 2010) will be realized in the proportion of the final resolution of the contingencies and other events.

The expected recoverability of the tax credits is based on the projections of future taxable income taking into consideration various business and financial assumptions at year-end. Accordingly, these estimates may differ from the effective taxable income in the future due to the inherent uncertainties involving these estimates.

The reconciliation between the tax expense as calculated by the combined statutory rates and the income and social contribution tax expense charged to net income is presented below:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Net income before tax	325,988	226,682	343,078	232,051
Combined statutory rates - %	34	34	34	34
Income and social contribution taxes calculated At the statutory rates	(110,836)	(77,072)	(116,647)	(78,897)
Equity in income of subsidiaries	8,033	464	-	-
Nondeductible expenses	(872)	(802)	(1,546)	(802)
Technological innovation project	6,064	7,660	6,064	7,660
Tax credit not constituted on temporary differences	(6,661)	286	(8,820)	286
Tax credit not constituted on tax loss carryforward losses	-	-	(4,650)	(5,765)
Goodwill amortization	6,744	6,744	6,744	6,744
Depreciation of deemed cost - CPC 27	4,410	5,774	5,006	5,774
Capitalized financial cost – CPC 08	(904)	(1,016)	(904)	(1,016)
Used the credit tax	29,202	18,073	32,716	18,073
Depreciation of add value	(3,289)	(1,660)	(5,068)	(1,660)
Others	1,175	4,532	1,199	4,530
Income and social contribution tax expenses	(66,934)	(37,017)	(85,906)	(45,073)
Deferred tax	(35,618)	(25,512)	(33,736)	(22,825)
Effective tax rate	31%	28%	35%	29%

12 Related parties

The main asset and liability balances as of December 31, 2011 and 2010, and the transactions influencing income for the year, connected to related party transactions, transactions with key management professionals and other related parties arise from transactions between the Company and its wholly-owned and jointly-owned subsidiaries

The amounts related to the compensation of the key personnel from management are stated below:

	Parent Company and Consolidated	
	12/31/2011	**12/31/2010**
a) Board of Directors' and Executive Officers' Compensation	4,831	4,532
b) Key personnel's compensation (salary)	30,521	26,304
c) Interest in pledged income (bonus)	11,868	10,676

The Extraordinary General Meeting held on December 1, 2009 approved the 2010 Stock Option Plan by management and employees of the Company and subsidiaries, as detailed in Note 21.

During the normal course of our business, we carry out operations with related parties at prices, and with terms, financial charges and other conditions compatible with those of the market. Those transactions include, among other, shared service agreements, consulting agreement, loan agreements, financing agreements and the provision of guarantees under the following conditions:

	12/31/2011				12/31/2011		
	Assets		Liabilities		Income statment		
	Accounts receivables	Loan	Supplier	Loan	Sales	Purchase	Administrative expenses
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	-	-	-	-	-	31,178	2,909
Maxion (Nantong) Wheels, Co., Ltd.	6,266	-	3,131	6,753	29,244	-	-
Maxion Fumagalli de México S de RL de C.V	1,987	-	-	-	17,991	8,045	-
Maxion Fumagalli Automotive USA, Inc.	2,099	6,753	31,779	6,130	1,382	141,619	-
Maxion Componentes Estruturais Ltda.	-	-	-	48	-	-	-
Iochpe Holdings, LLC	-	3,202	-	522	-	-	-
Cooperatie Maxion Europe U.A.	-	-	5,134	-	-	12,723	-
Iochpe-Maxion S.A. (Controladora)	32,923	6,700	3,231	3,202	162,851	17,903	385
	43,275	**16,655**	**43,275**	**16,655**	**211,468**	**211,468**	**3,294**

Notes to the financial statements

(In thousands of Reais)

	12/31/2010				12/31/2010		
	Assets		Liabilities		Income statment		
	Accounts receivables	Loan	Supplier	Loan	Sales	Purchase	Administrative expenses
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	-	-	-	-	-	27,096	879
Maxion (Nantong) Wheels, Co., Ltd.	714	-	953	5,996	11,882	-	-
Maxion Fumagalli de México S de RL de C.V	3,383	-	-	-	18,539	4,215	-
Maxion Fumagalli Automotive USA, Inc.	2,181	5,996	19,480	5,386	3,555	140,664	-
Maxion Componentes Estruturais Ltda.	-	-	-	48	-	-	-
Iochpe Holdings, LLC	-	2,727	-	456	-	-	-
Iochpe-Maxion S.A. (Controladora)	17,075	5,890	2,920	2,727	153,436	15,437	432
	23,353	**14,613**	**23,353**	**14,613**	**187,412**	**187,412**	**1,311**

Accounts receivable, suppliers and income (loss)

Trade accounts receivable and results presented in the chart above are eliminated for consolidation purposes and are not part of amounts presented in balance sheets and results.

Loans with subsidiaries

The balance of R$ 6,753 (R$ 5,996 as of December 31, 2010) refers to the loan agreement between Maxion Fumagalli Automotive USA, Inc. and Maxion (Nantong) Wheels, Co., Ltd., monetarily restated by the exchange variation, plus annual interest of 0.44%, without a maturity date.

The balance of R$ 48 (R$ 48 as of December 31, 2010), refers to the loan agreement with Maxion Componentes Estruturais Ltda., without a maturity date.

The amount of R$ 6,130 (R$ 5,386 as of December 31, 2010) refers to the loan agreement between Maxion Fumagalli Automotive USA, Inc. and Iochpe-Maxion S.A, monetarily restated according to the exchange variation, plus annual interest of 1.41%, with maturity on March 31, 2012.

The amount of R$ 522 (R$ 456 as of December 31, 2010), refers to the loan agreement between Iochpe Holdings, LLC and Iochpe-Maxion S.A, monetarily restated according to the exchange variation, plus annual interest of 2.345%, falling due on June 30, 2012.

The amount of R$ 3,202 (R$ 2,727 as of December 31, 2010), refers to the loan agreement between Iochpe-Maxion S.A and Iochpe Holdings, LLC, monetarily restated according to the exchange rate variation, plus annual interest rate of 6%, and maturing on June 30, 2012.

Sales

Maxion (Nantong) Wheels, Co., Ltd. has a wheel sale transaction in the amount of R$ 16,521 (R$ 11,882 as of December 31, 2010) with Iochpe Maxion S.A (Cruzeiro) and wheel sale to Cooperatie Maxion Europe U.A. in the amount of R$ 12,723.

Maxion Fumagalli de México S de RL de C.V. has a wheel sale transaction in the amount of R$ 17,991 (R$ 18,539 as of December 31, 2010) with Maxion-Fumagalli Automotive USA, Inc.

Maxion-Fumagalli Automotive USA, Inc. has a transaction of wheel and chassis sales in the amount of R$ 1,382 (R$ 3,555 as of December 31, 2010) with Iochpe Maxion S.A. (Cruzeiro).

Iochpe-Maxion S.A (Parent company) has transactions of wheel and chassis sales in the amount of R$ 162,851 (R$ 153,436 as of December 31, 2010) with the following companies:

- Maxion-Fumagalli Automotive USA, Inc. in the amount of R$ 123,628 (R$ 122,125 on December 31, 2010);
- Maxion Fumagalli de México S de RL de C.V. in the amount of R$ 8,045 (R$ 4,215 on December 31, 2010);

- Amsted-Maxion Fundição e Equipamentos Ferroviários S.A., sale of scrap in the amounts of R$ 31,178 (R$ 27,096 on December 31, 2010);

Purchasing

Amsted-Maxion has a transaction of scrap purchasing from Iochpe Maxion S.A, in the amount of R$ 31,178 (R$ 27,096 as of December 31, 2010).

Maxion Fumagalli de México S de RL de C.V. has a wheel sale transaction in the amount of R$ 8,045 (R$ 4,215 as of December 31, 2010) with Iochpe Maxion S.A. (Limeira).

Maxion-Fumagalli Automotive USA, Inc. has a transaction of wheel and chassis purchases in the amount of R$ 141,619 (R$ 140,664 as of December 31, 2010) with the following companies:

- Iochpe Maxion S.A. (Limeira) in the amount of R$ 105,364 (R$ 88,552 on December 31, 2010);

- Maxion Fumagalli de México S de RL de C.V. in the amount of R$ 17,991 (R$ 18,539 on December 31, 2010);

- Iochpe Maxion S.A. (Cruzeiro) in the amount of R$ 18,264 (R$ 33,573 on December 31, 2010);

Cooperatie Maxion Europe U.A has wheel purchase transaction in the amount of R$ 12,723 with Maxion (Nantong) Wheels, Co., Ltd, and no operations in 2010.

Iochpe-Maxion S.A (Parent company) has transactions of wheel and chassis purchases in the amount of R$ 17,903 (R$ 15,437 as of December 31, 2010) with the following companies:

- Maxion-Fumagalli Automotive USA, Inc. in the amount of R$ 1,382 (R$ 3,555 on December 31, 2010);

- Maxion (Nantong) Wheels, Co., Ltd. in the amount of R$ 16,521 (R$ 11,882 as of December 31, 2010);

- In 2011, a portion of land and buildings of Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. was sold to Iochpe Maxion (Cruzeiro), generating results of R$ 3,970 (and in consolidated balance sheets, the amount of R$ 1,985 was eliminated as a result of the 50% interest of Iochpe Maxion in the subsidiary).

Provided below is a brief summary of the main agreements entered into by and between Iochpe Maxion S.A. and its subsidiaries and management members.

Shared Services Agreement

On February 29, 2000, Amsted-Maxion Fundição e Equipamentos Ferroviários S.A., and Iochpe-Maxion S.A., aiming to reduce costs and expenses, entered into an agreement to regulate the parties' sharing of infrastructure and facilities located in the properties they own in the city of Cruzeiro, state of São Paulo, since said properties are next to each other in the same industrial plant. Each of the parties will bear maintenance and administration costs related to the facilities located in its property and both parties will bear any investments intended to increase or enhance the production capacity of the facilities, should the project be of mutual interest. The Agreement is valid for 25 years. The infrastructure and installation expenses included in this agreement, entered in administrative expenses, amounted to R$ 2.909 as of December 31, 2011 (R$ 879 as of December 31, 2010).

Agreements with management members

A Maxion Fumagalli Automotive USA, Inc. has an agreement with BMA Automotive LLC ("BMA"), a Company controlled by Mr. Salomão Ioschpe, member of the Board of Directors and indirect controlling shareholder of Iochpe-Maxion S.A. By means of that agreement, BMA Automotive LLC provides consulting services to the Wheel and Chassis Division regarding service to certain customers and development of new supply programs in the US and Canada. The expenses related to said agreement, entered as selling expenses, amounted to R$ 385 as of December 31, 2011 (R$ 432 as of December 31, 2010).

Guaranties and sureties granted in favor of the subsidiaries

As of December 31, 2011, the Company presented an amount of R$ 309,668 (R$ 146,775 as of December 31, 2010), referring to granted guarantees, of which R$ 13,800 were in favor of its subsidiary Maxion Componentes Estruturais Ltda., R$ 295,868 in favor of its joint subsidiary Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.

As of December 31, 2011 the Company had an entry for R$ 42,363 (R$ 22,836 as of December 31, 2010), referring to guarantees to loan contracts of its subsidiary Maxion (Nantong) Wheels, Co., Ltd.

13 Investments

a. Breakdown of balances in subsidiary companies

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Investment in subsidiaries	187,166	177,314	-	-
Investment in jointly-owned subsidiaries	71,501	28,785	-	-
Other investments	104	233	104	233
	258,771	206,332	104	233

b. Movement of balances at subsidiary companies

	12/31/2011						
	Balances at 12/31/2010	Investment Acquisition	Capital Increase in money	Exchange Variation in Foreign investment	Equity in Income subsidiaries	Dividends	Balances at 12/31/2011
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	28,647	-	-	-	18,417	-	47,064
Maxion (Nantong) Wheels, Co., Ltd.	17,738	-	-	3,222	(10,782)	-	10,178
Iochpe Sistemas Automotivos de México, De C.V.	135,024	-	-	(200)	18,384	-	153,208
Maxion Hong Kong Limited.	1	-	1	-	-	-	2
Cooperatie Maxion Europe U.A.	-	-	117	9	(173)	-	(47)
Maxion Montich S.A.	-	20,777	-	2,043	1,617	-	24,437
Remon Resende Montadora Ltda. (a)	138	-	-	-	138	(100)	176
Iochpe Holdings, LLC	24,421	-	-	3,072	(3,974)	-	23,519
Maxion Componentes Estruturais Ltda.	130	-	-	-	-	-	130
	206,099	**20,777**	**118**	**8,146**	**23,627**	**(100)**	**258,667**

On April 13, 2011, 50% of Montich S.A. (former name) was acquired for US$ 11,625 thousand, equivalent to R$ 18,394, of which US$ 8,025 thousand, equivalent to R$ 12,679 (R$ 11,813 net of cash and cash equivalents), was paid on May 31, 2011 and the remaining balance of US$ 3,600 thousand, equivalent to R$ 5,715, will be paid in three annual installments due on May 31, 2012, 2013 and 2014, plus foreign exchange variation and interest of 4% p.a. On October 5, 2011, there was a contractual additional payment of US$ 1,282 thousand, equivalent to R$ 2,383, which totaled an investment of R$ 20,777 in Maxion Montich S.A.

In the 7-month period up to December 2011, Montich contributed with R$ R$ 78,193 in revenues and an income (loss) of R$ 3,234. Had the acquisition occurred on January 1, 2011, Management estimates that the consolidated revenue would have amounted to R$ 2,933,065 and income for the year would have been R$ 224,591. To determine these amounts, Management considered that adjustments to fair value, provisionally made on acquisition date, would have been the same in case acquisition occurred on January 1, 2011.

The Company recognized net assets of R$ 5,018, equivalent to 50% and related to its interest in total net assets of R$ 10,035. This transaction generated goodwill net of taxes and foreign exchange variation of R$ 13,376 (R$ 13,292 related to goodwill net of taxes plus R$ 84 referring to foreign exchange variation). This goodwill was allocated to property, plant and equipment of Maxion Montich S.A. (new name) based on the appraisal report at market value prepared by a specialized firm, in accordance with note 2. Due to the additional payment of R$ 2,383, there was the additional allocation related to goodwill net of taxes. Above mentioned goodwill was allocated to the automotive segment.

(a) The financial statements as of November 30, 2011 were used.

c. Information of the subsidiaries

	12/31/2011							
	Nº of shares or quotas (in thousand)	Interest in capital (%)	Assets	Liabilities	Capital	Shareholders Equity	Sales	Net income (losses) For the year
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	6,020,031	50.00	829,149	731,052	43,702	98,097	1,110,984	40,803
Maxion (Nantong) Wheels, Co., Ltd. (a)	-	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. (b)	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	-	-

	12/31/2010							
	Nº of shares or quotas (in thousand)	Interest in capital (%)	Assets	Liabilities	Capital	Shareholders Equity	Sales	(Losses) Net income For the year
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	6,020,031	50.00	676,718	619,423	43,702	57,295	585,778	(26,166)
Maxion (Nantong) Wheels, Co., Ltd. (a)	-	100.00	64,845	47,107	53,757	17,738	35,217	(17,245)
Iochpe Sistemas Automotivos de México, S.A. De C.V.	781,215	100.00	209,948	72,924	105,236	135,024	175,084	25,041
Maxion Hong Kong Limited.	10	100.00	1	-	1	1	-	-
Remon Resende Montadora Ltda.	30	33.33	940	527	90	413	2,372	356
Iochpe Holdings, LLC	5	100.00	56,589	32,168	20,828	24,421	155,044	3,417
Maxion Componentes Estruturais Ltda.	130	99.99	178	48	3,871	130	-	-

(a) Under Chinese legislation, number of shares or quotas is not a factor to be considered.

(b) The financial statements as of November 30, 2011 were used.

14 Property, plant and equipment

a. Breakdown

		Parent Company				
	Depreciation rate % a.a.	12/31/2011				12/31/2010
	(I)	Cost	Depreciation	Depreciation Deemed cost	Net	Net
Buildings and improvements	2,78 a 8,33	189,887	(55,902)	(1,000)	132,985	113,506
Machinery and equipment	2 a 20	744,636	(301,572)	(34,271)	408,793	376,788
Molds	3 a 33	48,482	(22,996)	(4,275)	21,211	21,607
Furniture and fixtures	4 a 10	13,973	(6,023)	(981)	6,969	7,130
Vehicles	11,11 a 33,33	2,600	(1,040)	(60)	1,500	1,456
Computer equipment	13 a 50	15,447	(9,013)	(1,880)	4,554	4,907
Other fixed assets	4 a 50	5,953	(3,547)	(230)	2,176	2,905
Tooling	6,67 a 10	102,470	(29,312)	(14,850)	58,308	61,397
Land		24,176	-	-	24,176	22,376
Works in progress (II)		72,384	-	-	72,384	17,668
Machinery spare parts		51,674	-	-	51,674	46,248
Advances to suppliers		9,571	-	-	9,571	20,302
		1,281,253	(429,405)	(57,547)	794,301	696,290

b. Movement - Parent company

					Parent Company
	12/31/2010	12/31/2011			
	Cost	Additions	Write-offs	Transfers	Cost
Buildings and improvements	166,200	104	(1,015)	24,598	189,887
Machinery and equipment	689,581	3,526	(3,343)	54,872	744,636
Molds	47,805	68	(361)	970	48,482
Furniture and fixtures	14,135	136	(406)	108	13,973
Vehicles	2,691	402	(671)	178	2,600
Computer equipment	15,688	349	(2,190)	1,600	15,447
Other fixed assets	6,220	71	(94)	(244)	5,953
Tooling	100,893	629	(164)	1,112	102,470
Land	22,376	-	(34)	1,834	24,176
Work in progress (II)	17,668	102,979	(778)	(47,485)	72,384
Machinery spare parts	46,248	23,020	(17,594)	-	51,674
Advances to suppliers	20,302	26,863	(51)	(37,543)	9,571
	1,149,807	158,147	(26,701)	-	1,281,253

c. Depreciation movement - Parent company

					Parent Company
	12/31/2010	12/31/2011			
	Depreciation	Additions	Write-offs	Others	Depreciation
Buildings and improvements	(52,694)	(4,827)	634	(15)	(56,902)
Machinery and equipment	(312,793)	(23,877)	790	37	(335,843)
Molds	(26,198)	(1,261)	210	(22)	(27,271)
Furniture and fixtures	(7,005)	(365)	362	4	(7,004)
Vehicles	(1,235)	(624)	759	-	(1,100)
Computer equipment	(10,781)	(1,477)	1,367	(2)	(10,893)
Other fixed assets	(3,315)	(464)	2	-	(3,777)
Tooling	(39,496)	(4,733)	69	(2)	(44,162)
	(453,517)	(37,628)	4,193	-	(486,952)

d. Breakdown

		Consolidated				
	Depreciation rate % a.a.	12/31/2011				12/31/2010
	(I)	Cost	Depreciation	Depreciation Deemed cost	Net	Net
Buildings and improvements	2,78 a 8,33	321,384	(74,721)	(4,567)	242,096	201,222
Machinery and equipment	2 a 20	978,861	(381,664)	(38,824)	558,373	509,332
Molds	3 a 33	70,035	(34,375)	(5,737)	29,923	30,668
Furniture and fixtures	4 a 10	18,163	(7,480)	(1,154)	9,529	9,056
Vehicles	11,11 a 33,33	3,483	(1,333)	(85)	2,065	1,925
Computer equipment	13 a 50	18,840	(10,857)	(2,178)	5,805	6,023
Other fixed assets	4 a 50	6,029	(3,580)	(236)	2,213	2,942
Tooling	6,67 a 10	110,651	(32,371)	(14,852)	63,428	66,187
Land		33,741	-	-	33,741	27,180
Works in progress (III)		95,168	-	-	95,168	25,595
Machinery spare parts		54,668	-	-	54,668	47,745
Advances to suppliers		9,570	-	-	9,570	20,303
		1,720,593	(546,381)	(67,633)	1,106,579	948,178

e. Cost movement - Consolidated

								Consolidated
	12/31/2010	12/31/2011						
	Cost	Additions	Allocation of goodwill	Foreign exchange	Additions	Write-offs	Transfers	Cost
		(IV)	(IV)	variation				
Buildings and improvements	272,661	1,152	9,054	14,088	173	(1,605)	25,861	321,384
Machinery and equipment	886,759	3,050	4,504	10,949	11,198	(2,788)	65,189	978,861
Molds	68,328	25	145	213	68	(753)	2,009	70,035
Furniture and fixtures	17,565	90	153	280	208	(445)	312	18,163
Vehicles	3,356	-	-	-	489	(787)	425	3,483
Computer equipment	18,471	18	46	148	436	(2,195)	1,916	18,840
Other fixed assets	6,291	46	85	153	71	(378)	(239)	6,029
Tooling	108,131	-	-	873	646	(111)	1,112	110,651
Land	27,180	314	1,772	2,608	-	(90)	1,957	33,741
Work in progress (III)	25,595	-	-	154	132,104	(1,687)	(60,998)	95,168
Machinery spare parts	47,745	-	-	-	24,517	(17,594)	-	54,668
Advances to suppliers	20,303	-	-	-	26,863	(52)	(37,544)	9,570
	1,502,385	4,695	15,759	29,466	196,773	(28,485)	-	1,720,593

f. Depreciation movement - Consolidated

							Consolidated
	12/31/2010	12/31/2011					
	Depreciation	Additions	Foreign exchange	Additions	Write-offs	Others	Depreciation
Buildings and improvements	(71,439)	(635)	(124)	(7,312)	500	(278)	(79,288)
Machinery and equipment	(377,427)	(9,535)	(943)	(33,324)	1,100	(359)	(420,488)
Molds	(37,660)	-	-	(2,764)	490	(178)	(40,112)
Furniture and fixtures	(8,509)	(3)	(1)	(737)	613	3	(8,634)
Vehicles	(1,431)	-	-	(619)	632	-	(1,418)
Computer equipment	(12,448)	(231)	(48)	(2,293)	1,987	(2)	(13,035)
Other fixed assets	(3,349)	-	(103)	(366)	2	-	(3,816)
Tooling	(41,944)	(90)	(871)	(5,201)	69	814	(47,223)
	(554,207)	(10,494)	(2,090)	(52,616)	5,393	-	(614,014)

(I) Average rate of buildings and improvements: 5.56%; machinery and equipment - 7.84%; molds 18%; furniture and fixtures - 7.50%; vehicles - 18.89%; computer equipment - 35%; other fixed assets - 26.25%; tooling - 8.33%. The average rates is the same as used as of December 31, 2010.

(II) Amount composed basically by buildings, in the amount of R$ 47,036 (R$ 5,650 as of December 31, 2010), machinery and equipment, R$ 12,741 (R$ 5,776 as of December 31, 2010) and other items classifiable as fixed assets, R$ 12,607 (R$ 6,244 as of December 31, 2010) referring mostly to expansion in the Contagem, Cruzeiro and Limeira units (Parent company).

(III) Amount composed basically by buildings, in the amount of R$ 63,916 (R$ 5,688 as of December 31, 2010), machinery and equipment, R$ 11,711 (R$ 10,596 as of December 31, 2010) and other items classifiable as fixed assets, R$ 19,541 (R$ 9,313 as of December 31, 2010) referring mostly to expansion in the Mexico, Contagem, Cruzeiro and Limeira units (Consolidated).

(IV) There were an acquisition of 50% of Montich S.A. (former name), as shown in note 2. This acquisition added R$ 4,695 to consolidated property, plant and equipment (50% according to interest of Iochpe Maxion S.A.) and tangible goodwill amounting to R$ 15,759, which was recognized in property, plant and equipment, as shown in the chart above, based on the appraisal report prepared by a specialized firm and dated June 30, 2011.

During the year ended December 31, 2011, the Company and its subsidiaries and jointly-owned subsidiaries did not identify any existence of indicators that certain of their assets could be recognized in the books at amounts higher than their recoverable value, and therefore no provision was recognized in the financial statements.

The amounts of fixed assets provided as guarantee are shown in Note 16.

g. Review of the useful life

As of January 1, 2010, the Company and its subsidiaries and jointly-owned subsidiaries reviewed the remaining useful lives of their fixed asset items. The survey was performed with basis on a technical report issued by a specialized firm as of the same date.

In 2011, the Company and its wholly-owned and jointly-owned subsidiaries reviewed the remaining useful lives of their fixed asset items. Survey was conducted by internal engineers. There was no change in useful life on 12/31/2011.

15 Intangible assets

			Parent Company				
			Cost / Amortization				
	Useful life term	Methods of amortization	Balances at 12/31/2010	Acquisitions	Exchanges variation	Amortization	Balances at 12/31/2011
Goodwill in the acquisition of interest (a)	Does not amortize		20,292	-	-	-	20,292
Software (c)	5 years	linear	1,190	627	-	(296)	1,521
			21,482	627	-	(296)	21,813

			Consolidated				
			Cost / Amortization				
	Useful life term	Methods of amortization	Balances at 12/31/2010	Acquisitions	Exchanges variation	Amortization	Balances at 12/31/2011
Goodwill in the acquisition of interest (a)		No amortization	20,292	-	-	-	20,292
Goodwill in the acquisition of interest (b)		No amortization	1,114	-	(2)	-	1,112
Rights to use land (c)	50 years	linear	3,987	-	839	(313)	4,513
Software (d)	5 years	linear	1,190	627	-	(296)	1,521
			26,583	627	837	(609)	27,438

(a) Refers to the goodwill from the acquisition of 100% of the capital of Meritor Comércio e Indústria de Sistemas Automotivos Ltda. on September 21, 2009. The report issued by an independent specialized firm estimated the acquired Company's fair market value as of September 21, 2009 at R$ 79,762, using real-term discount rates of 11.5% per year. The total amount of goodwill, taking into account the asset increment, was R$ 125,757, and the amount recorded in property, plant and equipment under the headings of buildings was R$ 45,876; of machinery and equipment, R$ 33,277; dies, fixtures and tooling, R$ 2,596; and land, R$ 16,977; and thus the total asset increment amounted to R$ 98,726. The acquisition of Meritor Comércio e Indústria de Sistemas Automotivos Ltda. was completed in December 2009, by the reversal of an ICMS (state VAT) reserve which was in the opening balance, amounting to a net value of R$ (7,242) and R$ 503 of other liabilities. With those changes, the intangible assets amounted to R$ 20,292.

(b) During the year ended December 31, 2010, the Company made an adjustment of R$ 1,112 due to the final settlement in the acquisition of 100% of the capital of Iochpe Sistemas Automotivos de México, S.A. de C.V. (formerly Delancre S.A. de C.V.) on September 21, 2009.

(c) Intangibles with a defined useful life refer mostly to land use rights in the net amount of R$ 4,513 (R$ 3,987 as of December 31, 2010), in Nantong (China), to build the subsidiary Maxion (Nantong) Wheels, Co. Ltd. Amortization is calculated on a straight-line basis over 50 years, as established in the concession agreement.

(d) Software use rights at Iochpe Maxion S.A., Limeira branch.

16 Loans and financing

a. Parent company

	Index	Annual interest %	Effective rate transation cost %	Transactions costs incurred	Transaction cost To be incurred	12/31/2011	12/31/2010
Local currency:							
BNDES – EXIM PSI I		4.5	0.69 (a)	4,700	2,850	413,556	425,774
BNDES – EXIM PSI III		9.00	-	-	-	16,391	-
BNDES - AUTOMÁTICO	TJLP	5.7	-	-	-	7,154	5,305
BNDES – EXIM	Cesta Moedas	7.99	-	-	-	1,487	1,305
FINAME – PSI		4.5 a 5.5	-	-	-	23,757	1,722
FINAME	TJLP	1.10 a 5.00	-	-	-	977	742
FINDES PRO-INVEST	IPCA	4.00	-	-	-	28,734	13,361
FINEP		5.0	-	-	-	4,655	4,993
Subtotal local currency						496,711	453,202
Foreign currency:							
Import US$ 14,359 thousand (12/31/2010 – US$ 18,058 thousand)		2.15 a 8.07	-	-	-	26,934	30,089
External loans - US$ 14,201 thousand (12/31/2010 US$ 14,218 thousand)		3.13	-	-	-	26,638	23,690
ACC - (12/31/2010 – US$ 313 thousand)		-	-	-	-	-	522
Pre export US$ 3,935 thousand (12/31/2010 – US$ 6,560 thousand)	% CDI	101.9	-	-	-	7,381	10,931
Subtotal foreign currency						60,953	65,232
Total loan and financing						557,664	518,434
Current liabilities:							
Loan and financing						281,124	24,309
Total						281,124	24,309
Noncurrent liabilities:							
Loan and financing						279,390	499,632
Cost to be amortized (b)						(2,850)	(5,507)
Total						276,540	494,125

The portions classified in noncurrent assets have the following payment schedule:

Year of maturity:	
2013	157.596
2014	69.892
2015	11.836
2016	4.329
2017 onwards	32.887
	276.540

The FINAME loans are guaranteed by fixed asset items in the amount of R$ 24,734 (R$ 2,464 as of December 31, 2010).

b. Consolidated

	Index	Annual interest %	Effective rate transation cost %	Transactions costs incurred	Transaction cost To be incurred	12/31/2011	12/31/2010
Local currency:							
BNDES – EXIM PSI I		4.5	0.61 (a)	4,700	2,850	468,097	485,678
BNDES – EXIM PSI II		9.0				16,391	-
BNDES – EXIM e AUTOMÁTICO	TJLP	1.0 a 4.65	-	-	-	43,079	58,931
BNDES – EXIM	Cesta Moedas	8.56	-	-	-	1,487	1,305
FINAME – PSI		4.5 a 5.5	-	-	-	24,280	2,178
FINAME - FABRICANTE		8.7	-	-	-	146,829	53,501
FINDES PRO-INVEST	IPCA	4.0	-	-	-	28,734	13,361
FINEP		5.0	-	-	-	4,655	4,993
Cash Flow	% CDI	155	-	-	-	275	6,511
Subtotal local currency						733,827	626,458
Foreign currency:							
Import US$ 15,221 thousand (12/31/2010 – US$ 24,100 thousand)		2.15 a 8.88	-	-	-	28,551	40,156
External loans - US$ 14,201 thousand (12/31/2010 - US$ 14,218 thousand)		3.13	-	-	-	26,638	23,690
Pre export US$ 5,130 thousand (12/31/2010 – US$ 6,561 thousand)	% CDI	101.9	-	-	-	9,622	10,931
Cash flow US$ (12/31/2010 – US$ 13,877 thousand)		6.58	-	-	-	-	23,122
ACC - US$ (12/31/2010 – US$ 14,070 thousand)		3.85 a 4.90	-	-	-	-	6,913
Cash flow - Yuan$ 172,654 thousand		6.23	-	-	-	51,451	-
Cash flow - Peso Arg$ 3,241 thousand		14.76	-	-	-	1,413	-
Cash flow - EURO$ 2,133 thousand		4.17	-	-	-	5,192	-
Subtotal foreign currency						122,867	104,812
Total loan and financing						856,694	731,270
Current liabilities:							
Loan and financing						539,506	138,403
Total						539,506	138,403
Noncurrent liabilities:							
Loan and financing						320,038	598,374
Cost to be amortized (b)						(2,850)	(5,507)
Total						317,188	592,867

The portions classified in noncurrent assets have the following payment schedule:

Year of maturity:	
2013	197.561
2014	70.416
2015	11.965
2016	4.360
2017 onwards	32.886
	317.188

(a) Effective Rate of the Transaction Cost is a weighted average of all BNDES-EXIM loan agreements. The calculation method is in compliance with Accounting Pronouncement CPC 08 - Transaction Costs and Premiums on Issuance of Securities, with the effective rate of 5.19% p.a. (parent company) and 5.11% p.a. (Consolidated).

(b) Unamortized costs refer to the applicability of CPC 08. The Company is amortizing the transaction costs over the terms of the loans and financing obtained in the funding.

The FINAME loans are guaranteed by fixed asset items in the amount of R$ 25,720 (R$ 57,292 as of December 31, 2010).

BNDES-EXIM PSI is partially guaranteed, in the amount of R$ 275,549, by the Parent company's domestic accounts receivable of R$ 205,010, plus Limeira and Cruzeiro branch plant mortgages of R$ 75,707 and R$ 31,212, respectively.

The Company has liabilities linked to agreements that have debt covenants requiring maintenance of certain financial indexes (“Covenants”) (BNDES - EXIM PSI loan partially amounting to R$ 275,549). Some of these commitments contain clauses establishing limits agreed upon by the parties. In case of default on that specific contractual clause the creditor would be entitled to, upon notifying the Company, demand the accelerated amortization of the Company’s debts. The covenants are evaluated on a semiannual basis. The Company has been fulfilling its covenants.

17 Suppliers

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Domestic	83,069	57,741	145,022	104,111
Foreign	5,233	1,686	80,785	45,995
Foreign related parties	3,231	-	-	-
	91,533	59,427	225,807	150,106

The transactions with related parties located abroad refers to the Parent Company and Maxion (Nantong) Wheels, Co., Ltd. amounting to R$ 1,132 and the Parent Company and Maxion-Fumagalli Automotive USA, Inc. amounting to R$ 2, 099.

18 Provision for contingencies

The Company and its subsidiaries and jointly-owned subsidiaries are parties to lawsuits and administrative proceedings in several courts and governmental bodies, arising from the normal course of operations, and including tax, labor, civil and other issues.

Based on information from its legal advisors, an analysis of the outstanding legal proceedings, and in respect of labor claims previous experience with regards to amounts claimed, management recorded provisions for amounts considered sufficient to cover probable losses from the current lawsuits, as follows:

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(In thousands of Reais)

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Tax proceedings:				
Federal	15,423	14,730	23,777	22,415
State	15	15	46	15
Municipal	27	103	27	103
Labor	3,009	3,937	6,347	5,811
Civil	590	574	590	574
	19,064	19,359	30,787	28,918

Changes in the reserve for contingencies (Company and consolidated) are as follows:

						Parent company
Contingencies	**Balances at 12/31/2010**	**Additions**	**Restatements**	**Reversals**	**Use**	**Balances at 12/31/2011**
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

			Consolidated			
Contingencies	**Balances at 12/31/2010**	**Additions**	**Restatements**	**Reversals**	**Use**	**Balances at 12/31/2011**
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

We present below a brief description of the proceedings in which the Company and its subsidiaries and jointly-owned subsidiaries appear as parties, according to their nature:

Tax lawsuits

On December 31, 2011, the Company and its subsidiaries and jointly-owned subsidiaries (Parent company) were parties in lawsuits and administrative proceedings referring to tax matters, classified as a probable or possible risk by the legal advisors, in the approximate amount of R$ 24,898 (R$ 20,997 on December 31, 2010), of which R$ 15,465 (R$ 14,848 on December 31, 2010) considered a probable risk are provisioned.

- The tax contingencies refer mainly to the legal discussions relating to the collection of PIS/COFINS on commission and royalties paid abroad started in 2005, in the amount of R$ 1,360 (R$ 1,222 on December 31, 2010) (Parent company).

- On December 31, 2011, the Company and its subsidiaries and jointly-owned subsidiaries (consolidated) were parties in lawsuits and administrative proceedings referring to tax matters, classified as a probable or possible risk by the legal advisors, in the approximate amount of R$ 37,657 (R$ 28,925 on December 31, 2010), of which R$ 23,850 (R$ 22,533 on December 31, 2010) considered a probable risk are provisioned.

- The tax contingencies refer mainly to the legal discussions relating to the collection of PIS/COFINS on commission and royalties paid abroad started in 2005, in the amount of R$ 7,779 (R$ 7,001 on December 31, 2010) (consolidated).

Labor lawsuits

On December 31, 2011, the Company and its subsidiaries and jointly-owned subsidiaries (Parent company) were parties in 164 (148 on December 31, 2010) labor lawsuits. The main topics addressed in these proceedings refer to overtime, danger money and extra pay for unhealthy work, salary equivalency, termination pay, FGTS fine referring to the Verão (Summer) and Collor plans, among others, with no proceedings of an individually relevant amount. The total sum discussed is R$ 5,436 (R$ 3,895 on December 31, 2010) for which provision in the amount of R$ 3,009 (R$ 3,937 on December 31, 2010) was formed with a basis on historical information, representing the best estimate for losses of probable risk.

On December 31, 2011, the Company and its subsidiaries and jointly-owned subsidiaries (consolidated) were parties in 375 (417 on December 31, 2010) labor lawsuits. The main topics addressed in these proceedings refer to overtime, danger money and extra pay for unhealthy work, salary equivalency, termination pay, FGTS fine referring to the Verão (Summer) and Collor plans, among others, with no proceedings of an individually relevant amount. The total amount discussed is R$ 18,354 (R$ 13,683 on December 31, 2010) for which provision in the amount of R$ 6,347 (R$ 5,811 on December 31, 2010) was formed with a basis on historical information, representing the best estimate for losses of probable risk.

Civil lawsuits

On December 31, 2011, the Company and its subsidiaries and jointly-owned subsidiaries (Parent company) were parties in lawsuits that refer to civil matters, classified as a probable or possible risk by the legal advisors, in the approximate amount of R$ 2,214 (R$ 769 on December 31, 2010), of which R$ 590 (R$ 574 on December 31, 2010) considered of probable risk are provisioned.

There are other processes that have been assessed by the Company's legal counsel as being remote risk of loss which cannot be determined with certainty, for which no provision has been recorded in view of the fact that the accounting practices adopted in Brazil do not require that they be recorded.

Contingent assets

On July 31, 2007 was the date of publication of the ruling of Ordinary Proceeding nº 94.0034458-9, which became final on July 6, 2007, authorizing the Parent Company to offset tax loss of the base period of 1989, referring to expenses with indexation of the balance sheet corresponding to the inflation-adjustment deficiency in the months of January and February 1989 (Summer Plan), as well as the financial credit corresponding to the sum overpaid in 1989 and 1990. The determination of the amounts of these credits, as well as the qualification process at the Internal Revenue Service, has already been filed. We are awaiting a response from the Internal Revenue.

19 Employee benefits

The Company (parent company) has held interest, since August 1, 2004, in Brasil Prev Seguros e Previdência S.A., which offers retirement supplement, pension and sickness benefit plans. The retirement plan is of the defined contribution type, with the capitalization regime utilized in the actuarial calculation of reserves. On December 31, 2011, 5,131 employees (5,004 on December 31, 2010) are participants of this plan. The total sum of contributions made by the Company amounted to R$ 1,213 on December 31, 2011 (R$ 700 on December 31, 2010).

The Company and its subsidiaries and jointly-owned subsidiaries, through an actuarial report prepared by a specialized firm, recorded a provision of R$ 396 referring to a post-employment health plan.

20 Shareholders' equity (parent company)

a. Capital

On April 14, 2011, the Company's capital increase was authorized without the issue of shares, in the amount of R$ 140,000 through capitalization of the amount mentioned from the working capital investment reserve account.

The capital is R$ 500,000 divided into 94,863,372 common nominative shares with no par value, and there was no change in the quantity of shares in the period.

The capital will always be divided exclusively into common shares, with the issuance of preference shares prohibited.

The Company is authorized to increase its capital, regardless of statutory reform, up to the limit of 10,660,000 common nominative shares with no par value, through the issue of new common shares.

Issues within the limit of the authorized capital will be held upon decision of the Board of Directors, which will set the quantity of shares issued, the term of issuance and subscription conditions.

The Company may, within the limit of the authorized capital and according to the plan approved by the General Meeting, grant stock options to its directors and officers, employees or to individuals that render services to the Company, under the terms of paragraph 3 of art. 168 of Law 6404/76.

b. Right of the shares

Each common share will entitle its holder to one (1) vote in the decisions of the General Meetings of Shareholders. The shares will be book entry and will be held in deposit accounts, on behalf of their holders, at the financial institution licensed by the Securities Commission ("CVM") and designated by the Company without issuance of certificates. The depository institution can charge the shareholders the cost of the book entry share ownership transfer service, observing the maximum limits set by CVM.

The Company will be able to suspend the share transfer services for periods that do not exceed fifteen days each, or the total of ninety days during the year. The shareholders, in proportion to their quantity of shares, will enjoy the right of preference for the subscription of new shares and/or of securities convertible into shares. The deadline for exercising the right of preference will be thirty (30) days from the date of publication of the minutes deliberating the respective increase or of the competent notice. The body that authorizes the issue may extend the period mentioned by up to double.

c. Statutory reserve of investment and of working capital

The investment and working capital reserves are designed to ensure investments in permanent assets and the increase of working capital, even through the amortization of debts of the Company, as well as the capitalization and the financing of subsidiary and associated companies. It will be formed with an annual installment of a minimum of ten percent (10%) and a maximum of fifty-eight percent (58%) of net income and will have as a maximum limit the sum that cannot exceed, together with the legal reserve, the value of the capital stock.

d. Use of net income

Net income for the year, determined in conformity with the terms of article 191 of Law no. 6,404, of December 15, 1976, will be allocated as follows: (i) five percent (5%) for formation of the legal reserve, which will not exceed twenty percent (20%) of the capital, (ii) thirty-seven percent (37%) for distribution, as compulsory dividends and (iii) the rest that is not allocated to the statutory reserve of investment and of working capital or withheld in the manner provided for in the capital budget approved by the General Ordinary Meeting will be allocated as a supplementary dividend to the shareholders.

	2011
Net income for the year	223.436
Legal reserve (5%)	(11.172)
Proposed dividends - (37 %) - Dividend per share R$ 0.87	(82.671)
Statutory reserve of investments and working capital (58%)	(129.593)
Retained earnings (depreciation of the deemed cost, net of taxes)	11.278
Legal reserve (5%)	(564)
Proposed dividends - (37 %) - Dividend per share R$ 0.04	(4.173)
Statutory reserve of investments and working capital (58%)	(6.541)

On account of the adoption of the concept of cost attributed to the fixed assets and of their depreciation throughout the year, there was a balance of R$ 11,278 left over at the end of 2011 ("Retained Earnings") in Shareholders' Equity.

Management is proposing the disposal of this balance in the same manner as the Company's bylaws social allocates net income for the year, that is, distribution of 37% of this balance (R$ 4,173 million or R$ 0.04 per share) as additional dividends, 5% (R$ 564) to the legal reserve and 58% (R$ 6,541) to the statutory reserve of investment and working capital.

e. Shareholders' compensation

The dividend proposal consigned in the financial statements, according to the bylaws, determines the distribution of a minimum dividend of 37% of net income for the year, adjusted in the manner of art. 202 of Law nº 6,404/76, equivalent to R$ 86,844. With the adoption of the cost attributed to the fixed assets, the Company adjusted net income for the year, excluding the depreciation expenses of the cost attributed to the fixed assets from the calculation basis of the dividends.

f. Basic and diluted income per share

The basic and diluted result per shares were calculated with a basis on the result of the year attributable to the controlling and non-controlling shareholders of the Company in the year 2011 and the respective average quantity of common shares in circulation this year, in comparison with the year 2010, according to the chart below:

	Basic	
	12/31/2011	**12/31/2010**
Income for the year	223,436	164,153
Weighted average number of shares	94,863	83,005
	2.3553	1.9776

	Diluted	
	12/31/2011	**12/31/2010**
Income for the year	223,436	164,153
Weighted average number of shares	94,863	83,005
Potential effects in the subscription in the stock option	358	127
Treasury shares	253	-
Weighted average number of shares diluted	95,474	83,133
	2.3403	1.9746

The Company has its shares listed on the São Paulo Stock Exchange, complying with level 1 of the new market, and therefore has only common shares on December 31, 2011and 2010.

g. Capital reserve

- Transactions with stock-based payments: refers to the measurement of 2010 and 2011 stock option plan in the amount of R$ 2,554 (1,624 as of December 31, 2010) with positive movement of R$ 930 in the period.

h. Treasury shares

- The Company has 253,000 common shares of its own issuance in treasury (140,800 acquired up to September 30, 2011 and 112,200 acquired in the 4th quarter of 2011), which were acquired in the market for the amount of R$ 5,282, as part of the stock option plan commitment.

  On December 31, 2011, the market value was R$ 6,388 (quotation of December 29, 2011 in the amount of R$ 25.25).

i. Equity evaluation adjustment

The adjustments and balance of the year refer to:

- Adjustment of cost attributed to property, plant and equipment: Refers to deemed cost depreciation amounting to R$ 11,278 (R$ 12,433 in 2010), net of taxes, and the write-off of property, plant and equipment items in 2011, with deemed cost of R$ 1,834.

- Adjustments to securities: refers to the measurement of financial instruments of the hedging accounting operations, in the amount of R$ 1,107 (R$ 1,176 on December 31, 2010), net of taxes.

j. Accumulated translation adjustments

- Accumulated translation adjustments: the balance of R$ 10,567 (R$ 2,421 on December 31, 2010) had movement in the period in the amount of R$ 8,146, which refers to the result of the exchange variation of the investment in the subsidiaries Iochpe Holdings LLC, Iochpe Sistemas Automotivos de México, S.A de C.V., Maxion Montich S.A., Cooperatie Maxion Europe U.A and Maxion (Nantong) Wheels, Co. Ltd.

21 Share purchase option plan

The Extraordinary General Meeting of Shareholders, held on December 1, 2009, approved the stock option plan for officers and directors of the Company, whereas the individual conditions of each beneficiary are described in this plan.

The Beneficiary should have set aside part of the annual bonus paid by the Company, as profit sharing, net of income tax and other charges levied "Profit Sharing", referring to the year 2009, to acquire, at a Stock Exchange, shares issued by the Company, or the "Company Shares". For these purposes, the Beneficiary should choose between allocating their Profit Sharing in order to commit it in the defined percentages of 75%, 50% or 25%. The percentage appointed by the Beneficiary for acquisition of Company Shares will determine the number of Options that the Beneficiary will be entitled to exercise. If the Beneficiary fails to allocate any percentage of the Profit Sharing to the acquisition of Company Shares, they will not be granted any Options.

The percentage of commitment of Profit Sharing for acquisition of Company Shares should be defined and consequently proven by the Beneficiary to the Company, against presentation of the respective brokerage note up to 5 days after the end of the period for acquisition of Company Shares. The term for acquisition of Company Shares will start on the day subsequent to that on which the Company informs the Beneficiaries of the Strike Price, and will last for 15 calendar days.

Once the established period has elapsed, the Board will define the number of options granted to each Beneficiary, through the application of the following formula:

O = (B*M)/P

Where:

“O”: number of Options granted to the Beneficiary;

“B”: value, in Reais, of Profit Sharing allocated by the Beneficiary to the acquisition of Company Shares.

“M”: multiple of the Profit Sharing amount set aside for acquisition of Company Shares, defined according to the specifications below; and

“P”: average price of Company shares at the 20 trading floors of the São Paulo Stock Exchange, immediately subsequent to the end of the period.

The multiple "M" mentioned above will have a fixed numerical value for each Beneficiary, which will be as follows:

i. If the Beneficiary has set aside 75% of the Profit Sharing for acquisition of Company Shares, "M" will be equivalent to 2.0;

ii. If the Beneficiary has set aside 50% of the Profit Sharing for acquisition of Company Shares, "M" will be equivalent to 1.5; and

iii. If the Beneficiary has set aside 25% of the Profit Sharing for acquisition of Company Shares, "M" will be equivalent to 1.0.

On the grant definition date, the Company will enter into the respective Stock Option Contract with the Beneficiary, governing the terms and conditions of the granting.

The Strike Price of the Options will be equivalent to the average price of Company shares at the 20 trading floors of the São Paulo Stock Exchange (BOVESPA) prior to March 3, 2010, immediately before the start of the acquisition period of the Company Shares.

Restatement index of the strike price: IPCA/IBGE, to be applied on the Strike Price of the Options from the date of this Program up to the exercise date of the respective Options.

Exercise of the Options: the Options will be divided into 3 equal Annual Lots, in terms of quantity of Options, exercisable, respectively, in 2, 3 and 4 years from the date of this Program. Once the corresponding grace period has ended, each Annual Lot may be exercised, fully or partially, on a single occasion or on various occasions, and at any time, for the final and extinctive period of 3 years, upon notification to the Company, every year, 10 days in advance. Once this period has elapsed, the Beneficiary will lose their right to exercise the Options of the corresponding Annual Lot, without the right to compensation.

If the number of Options granted to the Beneficiary is not divisible by 3, surpluses will be allocated to the first Annual Lot.
Payment method: in up to five business days after the date of the effective transfer of shares resulting from the exercise of the option, in national currency, by means of (i) nominal check made out to the Company; (ii) bank transfer to an account appointed by the Company; or (iii) any other payment method expressly allowed by the Company and communicated to the Beneficiary previously and in writing.

The put options of shares 2010 plan in circulation at the end of the year have the following maturity dates and strike prices:

	Options in circulation				Options exercisable	
Grant date	**Strike price - R$**	**Options in circulation**	**Remaining contractual life (years)**	**Strike price - R$**	**Options exercisable**	**Strike price - R$**
March 3 to 18, 2010	14.88	41,584	4	16.46	-	-
March 3 to 18, 2010	14.88	41,584	5	16.46	-	-
March 3 to 18, 2010	14.88	41,584	6	16.46	-	-
		124,752			-	

On December 31, 2011, the unit market price was R$ 25.25 per share.

The significant data included in the model for pricing of the fair value of the options granted in 2011 were:

- Share price of R$ 11.55 for 4 years, R$ 12.38 for 5 years, R$ 13.14 for 6 years on the share granting date on December 31, 2011.
- Volatility of 3.03% estimated with a basis on the standard deviation of the daily closing price of the share of the last four years.
- Expected life of the option corresponding to four to six years.
- Annual risk-free interest rate of 10.57% for 4 years, 10.73% for 5 years and 10.78% for 6 years.

We present below the simulated effects resulting from the: (i) exercise price of the options granted up to December 31, 2011; and (ii) exercise of all the options that can be granted in the sphere of the Options Grant Program. The set of circumstances in which all the options were exercisable on December 31, 2011 was considered for both scenarios.

	4 years - 1/3	**5 years - 1/3**	**6 years - 1/3**
Strike price - R$	18.84	19.69	20.57
Number of shares to be acquired or issued with exercise of the options	41.584	41.584	41.584
Fair value of the options - R$	11,55	12,38	13,14

The put options of shares 2011 plan in circulation at the end of the year have the following maturity dates and strike prices:

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(In thousands of Reais)

		Options in circulation			Options exercisable	
Grant date	**Strike price - R$**	**Options in circulation**	**Remaining contractual life (years)**	**Strike price - R$**	**Options exercisable**	**Strike price - R$**
March 14 to 28, 2011	20.95	77,766	5	21.80	-	-
March 14 to 28, 2011	20.95	77,766	6	21.80	-	-
March 14 to 28, 2011	20.95	77,766	7	21.80	-	-
		233,296			-	

On December 31, 2011, the unit market price was R$ 25.25 per share.

The significant data included in the model for pricing of the fair value of the options granted in 2011 were:

- Share price of R$ 8.11 for 5 years, R$ 9.12 for 6 years, R$ 10.21 for 7 years on the share granting date on December 31, 2011.
- Volatility of 3.03% estimated with a basis on the standard deviation of the daily closing price of the share of the last four and nine years.
- Expected life of the option corresponding to five to seven years.
- Annual risk-free interest rate of 10.73% for 5 years, 10.78% for 6 years and 10.90% for 7 years.

We present below the simulated effects resulting from the: (i) exercise price of the options granted up to December 31, 2011; and (ii) exercise of all the options that can be granted in the sphere of the Options Grant Program. The set of circumstances in which all the options were exercisable on December 31, 2011 was considered for both scenarios.

	5 years - 1/3	**6 years - 1/3**	**7 years - 1/3**
Strike price - R$	26.22	27.39	28.48
Number of shares to be acquired or issued with exercise of the options	77,766	77,765	77,765
Fair value of the options - R$	8.11	9.12	10.21

22 Financial income (loss)

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Financial income				
Financial income on interest earnings bank deposits	28,134	13,748	30,018	15,108
Interest and discounted obtained	3,303	1,292	4,060	1,877
Exchange variations - others	4,531	4,423	10,128	6,136
Atualization of tax provision	16,310	-	16,310	-
Exchange variations of financial instruments	-	501	-	501
Others	298	1,222	1,230	1,352
	52,576	21,186	61,746	24,974
Financial expenses				
Interest	(28,461)	(28,751)	(42,723)	(37,010)
Exchange variations of financial instruments	(2,723)	-	(2,723)	-
Exchange variations - others	(8,228)	(2,275)	(14,292)	(2,753)
Others	(5,984)	(7,602)	(17,183)	(14,717)
	(45,396)	(38,628)	(76,921)	(54,480)

23 Sales expenses

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Freight	(32,795)	(29,341)	(55,297)	(36,938)
Personal expenses	(6,419)	(6,076)	(8,966)	(8,387)
Transportation / communication	(1,194)	(1,240)	(1,492)	(1,629)
Employee benefits	(447)	(430)	(1,012)	(945)
Commissions / Royalties	(510)	(469)	(8,607)	(6,612)
Warranty expenses	(222)	(117)	(2,615)	(2,428)
Other	(1,741)	(3,095)	(10,970)	(12,361)
	(43,328)	(40,768)	(88,959)	(69,300)

24 General and administrative expenses

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Personal expenses	(37,396)	(35,029)	(50,867)	(44,762)
Employee benefits	(4,233)	(3,334)	(6,874)	(5,063)
Third party service	(15,411)	(9,295)	(19,466)	(12,092)
Transportation / communication	(3,976)	(3,068)	(5,031)	(3,797)
Material / Maintenance	(3,849)	(3,696)	(4,952)	(4,697)
Depreciation and amortization	(1,835)	(1,552)	(2,211)	(4,818)
Other general and administrative expenses	(4,242)	(3,408)	(12,658)	(5,325)
	(70,942)	(59,382)	(102,059)	(80,554)

25 Operating income

We present below the reconciliation between gross income for tax purposes and income presented in the statement of income for the year:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Sales of goods and services rendered	2,445,718	2,121,500	3,551,261	2,676,094
(-) Deductions				
Sales taxes	(435,597)	(380,577)	(491,805)	(407,886)
Returns and cancellations	(11,002)	(12,234)	(154,317)	(40,810)
Net revenues	1,999,119	1,728,689	2,905,139	2,227,398

26 Financial instruments

The Company and its subsidiaries and jointly-owned subsidiaries maintain operations with financial instruments. The management of these instruments is done through operating strategies and internal controls, aimed at assuring liquidity, profitability and security. The policy relating to the contracting of financial instruments for hedging purposes is approved by the Board of Directors, and subsequently analyzed periodically in relation to exposure to the risk that management intends to hedge (foreign exchange). The Company, its subsidiaries and its jointly-owned subsidiaries do not make investments of a speculative nature, in derivatives or any other risk assets. The results obtained from such operations are consistent with the policies and strategies defined by Company's management.

The estimated realization values of the financial assets and liabilities of the Company and its subsidiaries and The Company and its subsidiaries and jointly-owned subsidiaries maintain operations with financial instruments were determined through information available in the market and appropriate valuation methodologies. Judgments were required in the interpretation of the market data in order to estimate the most adequate realization values. Consequently, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the estimated realizable value.

The Company and its subsidiaries and jointly-owned subsidiaries can use derivatives to monetize certain risks that they deem acceptable as a result of their profile. In monetizing a risk, the Company and its subsidiaries and jointly-owned subsidiaries earn financial revenue, in exchange for compensating the counterparty in the occurrence of a specific event.

Derivatives are initially recognized at their fair value, and respective transaction costs are recognized in the result when incurred.

The Company's risk management policies were established by the Board of Directors in order to identify and analyze risks faced by the Company, to establish appropriate limits of risks and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and in the Company's activities.

The Company's Audit Committee keeps track of how Management monitors adherence to the risk management policies and procedures, and reviews the adequacy of the risk management model in relation to the risks accepted by the Company.

a. Classification of financial instruments

The classification of financial instruments is presented in the table below, and in the understanding of the Company's Management, there are no financial instruments classified in other categories besides those informed:

Financial instruments per category

		Parent Company					
	Note	12/31/2011			12/31/2010		
		Fair value through profit or loss	Fair value	Loan and receivables	Fair value through profit or loss	Fair value	Loan and receivables
Assets							
Cash and cash equivalents	7	246,641	-	-	6,717	-	-
Interest earnings bank deposits	8	45,837	-	-	246,767	-	-
Trade accounts receivable	9	-	-	247,633	-	-	175,728
Other accounts receivable		-	-	13,543	-	-	14,589
		292,478	-	261,176	253,484	-	190,317
Liabilities							
Loans and financing	16	-	-	557,664	-	-	518,434
Suppliers	17	-	-	91,533	-	-	59,427
Financial instruments payable	26	-	104	-	-	1,782	-
		-	104	649,197	-	1,782	577,861

		12/31/2011			12/31/2010		
Income statements							
Financial income	22	52,576	-	-	21,186	-	-
Financial expenses	22	(45,396)	-	-	(38,628)	-	-
		7,180	-	-	(17,442)	-	-

Financial instruments per category

	Nota	Consolidated					
		12/31/2011			12/31/2010		
		Fair value through profit or loss	Fair value	Loan and receivables	Fair value through profit or loss	Fair value	Loan and receivables
Assets							
Cash and cash equivalents	7	291,484	-	-	57,639	-	-
Interest earnings bank deposits	8	45,837	-	-	265,481	-	-
Trade accounts receivable	9	-	-	395,980	-	-	252,992
Other accounts receivable		-	-	25,905	-	-	21,973
		337,321	-	421,885	323,120	-	274,965
Liabilities							
Loans and financing	16	-	-	856,694	-	-	731,270
Suppliers	17	-	-	225,807	-	-	150,106
Financial instruments payable	26	-	104	-	-	1,782	-
		-	104	1,082,501	-	1,782	881,376

		12/31/2011			12/31/2010		
Income statements							
Financial income	22	61,746	-	-	24,974	-	-
Financial expenses	22	(76,921)	-	-	(54,480)	-	-
		(15,175)	-	-	(29,506)	-	-

b. Fair value

In compliance with CPC Technical Pronouncement 38 - Financial Instruments: Recognition and Measurement, on December 31, 2011, the fair values of investments with public quotation were based on the current purchase prices.

For financial assets without an active market or public quotation, Management established the fair value through valuation techniques. These techniques include the use of recent operations contracted with third parties, and reference to other instruments that are substantially similar, the analysis of discounted cash flows and the swap pricing model that makes the greatest possible use of information generated by the market and has the minimum amount of information possible generated by the management of the actual entity.

IFRS 7 defines fair value as the exchange price that would be received for an asset or the price paid to transfer a liability (output price) in the main market, or in the most advantageous market for the asset or liability, in a normal transaction between market players on the date of measurement, also establishing a hierarchy of three levels to be used to measure the fair value, namely:

- **Level 1** - Prices quoted (not adjusted) in active markets for identical assets and liabilities.

- **Level 2** - Other information, except that included at level 1, whereby the quoted prices (not adjusted) are for the similar assets and liabilities, (directly as prices or indirectly as by-products of the prices) in non-active markets, or other information that is available or that can be corroborated by the information observed in the market for substantially all the terms of the assets and liabilities.

- **Level 3** - Information unavailable due to reduced or non-existent market activity and that is significant for definition of the fair value of assets and liabilities (non-observable).

A market is seen as active if the quoted prices are promptly and regularly available from an exchange, regulatory agency, and others, and those prices represent real market transactions that occur regularly on purely commercial bases; accordingly, the fair value of the financial instruments traded in active markets is based on the market prices, quoted on the balance sheet date, with inclusion at Level 1.

The fair value of financial instruments that are not traded in active markets (for example, over-the-counter derivatives) is determined using valuation techniques.

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

If all the relevant information required for the fair value of an instrument is provided by the market, the instrument will be included at Level 2. If the information originates from internal data of the Company, the instrument will be included at level 3.

On December 31, 2011, the Company and its subsidiaries and jointly-owned subsidiary maintained certain assets with their measurement at fair value required on recurrent bases.

These assets include investments in private securities and derivative instruments. The Company's asset and liabilities measured at fair value on recurrent bases and subject to disclosure, according to the requirements of IFRS 7 On December 31, 2011and 2010, are as follows:

	Measured at fair value - 12/31/2011							
	Parent Company				Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Current assets								
Cash and cash equivalents	246,641	-	-	246,641	291,484	-	-	291,484
Interest earnings bank deposits	-	45,837	-	45,837	-	45,837	-	45,837
Fair value through profit or loss	**246,641**	**45,837**	**-**	**292,478**	**291,484**	**45,837**	**-**	**337,321**
Current liabilities								
Non Deliverable Forward ("NDF")	-	104	-	104	-	104	-	104
	-	**104**	**-**	**104**	**-**	**104**	**-**	**104**

	Measured at fair value - 12/31/2010							
	Parent Company				Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Current assets								
Cash and cash equivalents	6,717	-	-	6,717	57,639	-	-	57,639
Interest earnings bank deposits	-	246,767	-	246,767	-	265,481	-	265,481
Fair value through profit or loss	**6,717**	**246,767**	**-**	**253,484**	**57,639**	**265,481**	**-**	**323,120**
Current liabilities								
Non Deliverable Forward ("NDF")	-	1,782	-	1,782	-	1,782	-	1,782
	-	**1,782**	**-**	**1,782**	**-**	**1,782**	**-**	**1,782**

There was no transfer of assets or liabilities between levels of the fair value hierarchy for the period ended December 31, 2011and 2010.

The operations of the Company and of its subsidiaries and jointly-owned subsidiaries are subject to the risk factors described below:

Credit risk

It results from the possibility of the Company and its subsidiaries and jointly-owned subsidiaries incurring losses arising out of default of their counterparties or financial institutions depository of resources or financial investments. To mitigate these risks, the Company and its jointly-owned subsidiaries adopt the practice of analyzing the financial situations of their counterparties, as well as the definition of credit limits and permanent monitoring of open positions. As regards financial institutions, the Company and its subsidiaries and jointly-owned subsidiaries only conduct operations with low risk financial institutions assessed by rating agencies.

As remarked in note 25, income is all distributed among the car manufacturers, logistics operators and mining companies. Company Management believes that it forms sufficient provisions to cope with non-reception and we have no differences between the fair value and book value of these provisions (see amount of allowance for doubtful accounts in note 9).

Liquidity risk

The cash flow forecast is performed at the Company's operating entities by the finance professionals that continuously monitor liquidity. This forecast takes into consideration the debt financing plans, attainment of the internal goals of the balance sheet quotient and, if applicable, external or legal regulatory requirements - for example, currency restrictions. Through its Risk Management Policy, the Company defines a consolidated minimum cash limit and financial indicators of management of the debt.

The surplus cash maintained by the operating entities, besides the balance required for administration of working capital, is maintained at the entities themselves, but managed by the finance professionals. The Company invests its liquidity according to its Financial Risk Management Policy, approved by the Board of Directors, in investments with liquidity below 90 days, through deposits at financial institutions.

The chart below represents the non-derivative financial liabilities of the Company, by ranges of maturity, corresponding to the remaining period in the balance sheet up to the contractual date of maturity:

	12/31/2011					
	Parent Company			Consolidated		
	Lower than 1 year	**From 1 to 2 years**	**From 2 to 7 years**	**Lower than 1 year**	**From 1 to 2 years**	**From 2 to 7 years**
Loan 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**

Interest rate risk

Results from the possibility that the Company and its subsidiaries and its jointly-owned subsidiaries are subject to gains or losses arising from fluctuations of interest rates levied on its financial assets and liabilities. Aiming to mitigate this type of risk, the Company and its subsidiaries and jointly-owned subsidiaries seek to diversify borrowings in terms of prefixed or post-fixed rates.

Exchange rate risk

Results from the possibility of oscillations of the exchange rates of foreign currencies used by the Company and its jointly-owned subsidiaries for the acquisition of inputs, the sale of products and the contracting of financial instruments. Besides amounts payable and receivable in foreign currencies, the Company has investments in foreign subsidiaries and has operating flows of purchases and sales in other currencies. The Company and its jointly-owned subsidiaries have a specific policy for the contracting of *hedge* operations to mitigate these risks. The main assets and liabilities subject to exchange risks are:

Financial investments - The Company, its subsidiaries and jointly-owned subsidiaries have a financial investment balance in currency other than the functional currency of each of the original countries in the amount of R$ 322, equivalent to Arg Peso$ 739 thousand Argentinean pesos, R$ 28, equivalent to US$ 15 thousand US dollars, (R$ 3,167 as of December 31, 2010, equivalent to US$ 1,901 thousand US dollars), R$ 9,750, equivalent to MXN 72,489 thousand Mexican pesos (R$ 37,949 as of December 31, 2010, equivalent to MXN 281,730 thousand Mexican pesos).

Accounts receivable - the Company and its subsidiaries and jointly-owned subsidiaries have a balance of accounts receivable different from the functional currency of each one of the countries of origin in the amount of R$ 7,054, equivalent to € 2,898 thousand Euros (R$ 1,051 on December 31, 2010, equivalent to € 472 thousand Euros), R$ 6,433, equivalent to Peso Arg$ 14,755 thousand Pesos Argentinean, R$ 37,793, equivalent to US$ 20,147 thousand US Dolar, (R$ 22,535 on December 31, 2010, equivalent to US$ 13,525 thousand US Dolar), R$ 2,064, equivalent a MXN 15,346 thousand Peso/Mexico and R$ 1.534, equivalent Yuan$ 5,149 thousand RMB Chinese.

Loans and financing -as shown in note nº 16, are increased by the charges agreed up to the balance sheet dates, totaling a consolidated balance of liabilities in the amount of R$ 64,811, equivalent to US$ 34,551thousand US Dolar (R$ 104,812 on December 31, 2010, equivalent to US$ 62.905thousand US Dolar), R$ 51,451, equivalent a Yuan$ 172,654 thousand RMB Chinese, R$ 5,192, equivalent to € 2.133 thousand Euros, R$ 1,413, equivalent to Peso Arg$ 3,241 thousand Pesos argentines.

Suppliers - the Company and its subsidiaries and jointly-owned subsidiaries have a suppliers balance in currency other than the functional currency of each of the original countries in the amount of R$ 8,990, equivalent to €3,693 thousand Euros, R$ 60,988, equivalent to US$ 32,513 thousand US dollars, (R$ 45,995 as of December 31, 2010, equivalent to US$ 27,605 thousand US dollars), R$ 5,827, equivalent to MXN 43,326 thousand Mexican pesos and R$ 4,980, equivalent to Yuan$ 16,713 thousand Chinese RMB.

Derivative financial instruments - During the year ended December 31, 2011, the Company maintains dollars in the futures market through NDFs (*Non Deliverable Forwards*) in the amount of R$ 1,125, equivalent to US$ 600 thousand maturing from January 2012 to February 2012, aiming to reduce the foreign exchange exposure of our revenue in dollars on the short term.

Effect of foreign exchange gains on results - In the year ended December 31, 2011, the Company obtained positive results from foreign currency transactions with foreign exchange variation on accounts receivable in the amount of R$ 8,430 and, on other accounts receivable in the amount of R$ 1,698, totaling R$ 10,128.

Positive foreign exchange effect on results - In the year ended December 31, 2010, the Company obtained positive results from foreign currency transactions with foreign exchange variation on loans and financing in the amount of R$ 4,813 and, on trade accounts payable in the amount of R$ 1,052 and, on other accounts payable in the amount of R$ 398, totaling R$ 6,263.

Negative foreign exchange effect on results - In the year ended December 31, 2011, the Company obtained negative results from foreign currency transactions with foreign exchange variation on loans and financing in the amount of R$ 7,025, on trade accounts payable in the amount of R$ 1,160 and on other accounts payable in the amount of R$ 6,107, totaling R$ 14,292.

Negative foreign exchange effect on results - In the year ended December 31, 2010, the Company obtained negative results from foreign currency transactions with foreign exchange variation on trade accounts receivable in the amount of R$ 2,164 and on other accounts payable in the amount of R$ 589, totaling R$ 2,753.

Cash flow hedge policy

The Company has a formalized policy regulating the contracting of derivative financial instruments.

The Company and its jointly-owned subsidiaries used the Cash Flow Hedge to fix the amount in local currency of up to 100% of the projected value of export shipments for the subsequent 12 months. The derivative financial instrument of this policy is the Non-Deliverable Forward ("NDF"); - verify the tables below on the contracted amounts.

Derivative financial instruments

The Company and its jointly-owned subsidiaries have the policy of maintaining operations with derivative financial instruments in order to mitigate or eliminate risks inherent to their operation, as described in the foregoing items; therefore it maintains permanent monitoring of the derivative financial instruments contracted by means of its internal controls.

The Company and its jointly-owned subsidiaries did not contract derivative financial instruments that require margin deposits as security. The derivative contracts do not have clauses of penalties if the Company decides to cancel the contracts.

Criteria for calculating the fair value

The estimated fair value for derivative financial instruments contracted by the Company and its subsidiaries and jointly-owned subsidiaries was determined by information available in the market. The fair value of these derivatives is obtained through the discounted cash flow, according to the contractual rates in force in the market (foreign exchange and interest). However, considerable judgment was required in the interpretation of the market data to estimate the most adequate realization of the fair value of each operation. Consequently, the estimates below do not necessarily indicate the amounts that will be effectively realized upon the financial settlement of transactions.

The Company and its subsidiaries and jointly-owned subsidiaries, within their Financial Risk Management Policy, used futures exchange contracts (Non Deliverable Forward and Deliverable Forward), as follows, as a means of absorbing the impacts of the variations of exchange rates on assets and liabilities, financial result and gross margin:

The Company's consolidated position open on December 31, 2011:

- NDF Purchase - US$ 600 thousand-average dollar rate of R$ 1.7088 -Maturities in January and February 2012;

- The NDF operations up to December 31, 2011, which were classified in profit and loss-reference value NDF sale US$ 9,040, fair value (R$ 2,159).

The NDF operations up to December 31, 2011, which were classified in profit and loss-reference value NDF sale US$ 4,700, fair value (R$ 659).

Composition of the balances of derivative financial instruments intended to hedge exposure to risks.

Consolidated

	Reference value (nocional)		Fair value		Amount receivable (received)		Amount payable (paid)	
	US$		R$		R$		R$	
	12/2011	12/2010	12/2011	12/2010	12/2011	12/2010	12/2011	12/2010
Forward contract								
Put position	4.700	3.000	(659)	-	- / -	- / 502	(69)/(2.159)	-/-
Call position	-	9.620	-	(1.176)	-/-	-/-	-/-	(1.176) / -

Statement of the respective counterparties and trading market or of recording of the instruments:

Description	Book value grouped by asset		Counterpart (a)		Trading market or recording of instruments	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Forward contracts						
Put position	US$ 600	-	Banco Bradesco S.A.	Banco Bradesco S.A.	Over the counter operation – CETIP	Over the counter operation – CETIP
Call position	-	US$ 9.620	Financial institutions	Financial institutions	Over the counter operation – CETIP	Over the counter operation – CETIP

(a) Financial institution: Banco Bradesco S.A.

On December 31, 2011 the Company and its jointly-owned subsidiaries do not have margins provided as collateral.

During the year ended December 31, 2011, there were no transactions that were not rated for accounting purposes as equity protection.

Statements of the maturity periods are:

NDF Purchase

	NDF Shareholders' equity		NDF Income	
Date of maturity	Reference value (nocional) – US$ thousand	Fair value R$ thousands	Reference value (nocional) - US$ thousand	Fair value R$ thousands
Jan/2012	300	(34,5)	-	-
Feb/2012	300	(34,5)	-	-
TOTAL	600	(69)	-	-

On December 31, 2011 the Company and its subsidiaries executed a Purchase NDF to hedge the future payments in US$ to overseas suppliers, in the total amount of US$ 15,364 thousand.

Sensitivity analysis

Financial instruments, including derivatives, are exposed to the variations of fair value as a result of the fluctuation of exchange rates, interest rates (TJLP), and rate (CDI). The evaluations of the sensitivity of the financial instruments to these variables are presented below:

i. Selection of risks

The Company and its subsidiaries and jointly-owned subsidiaries selected four market risks that can most strongly affect the value of the financial instruments held thereby, such as: (1) the US dollar-real exchange rate; (2) the Yuan-real exchange rate; (3) the US Peso Argentinean-real exchange rate; (4) the Euro-real exchange rate; (5) rates (CDI); (6) interest rate (TJLP) and (7) rate (CDI).

ii. Selection of scenarios

In the chart below we considered three risk scenarios for the currency indexes of these financial liabilities, whereas the probable scenario is that adopted by the Company and its subsidiaries and jointly-owned subsidiaries. In addition to this scenario, CVM, through Instruction nº 475, determined the presentation of another two scenarios with deterioration of 25% and 50% of the risk variables considered, for which December 31, 2011was appointed the base date.

The probable scenario considers the Focus disclosure of 10/1/2010 of the US dollar-real quotation, and TJLP interest rates and CDI rates in relation to the closing quotations on December 31, 2011.

The possible and remote scenarios consider highs of 25% and 50%, respectively, of the US dollar-real quotation, and TJLP interest rates and CDI rates in relation to the closing quotations on December 31, 2011.

Sensitivity analysis of foreign currency variations - (Consolidated)

Loans and financing - US$

		Scenarios in Brazilian Reais		
		Probable	**Possible + 25%**	**Remote + 50%**
Dollar rate - R$ on 12/31/11	1.8758	1.79	2.34	2.81
Loans and financing - US$ 34,551 thousand	64,811	61,846	80,849	97,088
Effect		2,965	(16,038)	(32,277)

Financing and loans - Yuan

		Scenarios in Brazilian Reais		
		Probable	**Possible + 25%**	**Remote + 50%**
CNY$ rate - R$ on 12/31/11	0.298	0.2844	0.3725	0.4470
Financing and loans – CNY$ 172,654 thousand	51,451	49,103	64,314	77,176
Effect		2,348	(12,863)	(25,725)

Financing and loans - Argentine Peso

		Scenarios in Brazilian Reais		
		Probable	**Possible + 25%**	**Remote + 50%**
ARS$ rate. - R$ on 12/31/11	0.436	0.4165	0.5450	0.6540
Loans and financing – ARS$ 3,241 thousand	1,413	1,350	1,766	2,120
Effect		63	(353)	(707)

Loans and financing - EURO

		Scenarios in Brazilian Reais		
		Probable	**Possible + 25%**	**Remote + 50%**
EURO$ rate. - R$ on 12/31/11	2.4342	2.3229	3.0428	3.6513
Loans and financing – € 2,133 thousand	5,192	4,955	6,490	7,788
Effect		237	(1,298)	(2,596)

Derivative financial instruments - NDF and Exports

		Scenarios in Brazilian Reais		
		Probable	**Possible + 25%**	**Remote + 50%**
Dollar rate - R$	1.8758	1.79	2.34	2.81
Exports forecast – US$ 15,364 thousand	28,820	27,502	35,952	43,173
Effect	-	(1,318)	7,132	14,353
MTM Rate - R$	1.8758	1.79	2.34	2.81
Average contracting rate - NDF	1.7088	1.7088	1.7088	1.7088
Outstanding NDF – US$ 600 thousand		600	600	600
Effect – R$ 69	(100)	(49)	(379)	(661)

Sensitivity analysis of variations in the interest rates (Consolidated)

Financings and loans at Long Term Interest Rate (TJLP)

		Scenarios in Brazilian Reais		
		Probable	**Possible + 25%**	**Remote + 50%**
TJLP rate on 12/31/11	6.00%	6.00%	7.50%	9.00%
Indexed financings - TJLP - R$ 43,079	2,585	2,585	3,231	3,877
Effect		-	(646)	(1,292)

There are financings in the total amount of R$ 660,252 with a pre-fixed rate between 4.5% and 9.0% per annum, which are not exposed to risks of foreign exchange and interest rate fluctuations.

Sensitivity analysis of variations in the interest earning bank deposits (Consolidated)

Interest earnings bank deposits - CDI

		Scenarios in Brazilian Reais		
		Probable	**Possible - 25%**	**Remote - 50%**
CDI rate on 12/31/2011	10.87 %	10.03%	8.15%	5.44%
Interest earnings bank deposits – CDI - R$ 300,688	32,685	30,159	24,506	16,357
Effect		(2,526)	(8,179)	(16,328)

27 Commitments

The Company and its subsidiaries and jointly-owned subsidiaries have property rental agreements for variable periods of time between 1 and 5 years with automatic renewal clause. The expectation is that these agreements will continue to be renewed. Expenses with annual rents are estimated according to the table below:

	Parent Company	**Consolidated**
2012	1,361	2,692
2013	1,405	2,742
2014	1,451	2,796
2015	1,499	2,849
2016	1,549	2,899
	7,265	**13,978**

In addition, the Company does not have other long-term commitments with third parties.

During the year ended December 31, 2011, expenses with these rental agreements totaled R$ 2,929 (R$ 2,056 on December 31, 2010).

On December 31, 2011, with a basis on the signed leases, the future obligation estimated for the next five years is indicated in the table below. This table does not include any renewals of the aforesaid agreements, after normal expiration.

28 Capital management

The policy of Senior Management is to maintain a solid capital base to maintain the confidence of investors, creditors and market and the future development of the business. Senior Management monitors returns on capital, which the Company defines as results of operating activities divided by total shareholders' equity. Senior management also monitors the level of dividends for common shareholders.

Company Management strives to maintain a balance between the highest possible returns with more adequate levels of loans and the advantages and the assurance afforded by a healthy capital position. The objective is to achieve a return compatible with its capital cost reviewed annually through the WACC -Weighted Average Cost of Capital concept.

The debt for ratio of capital at the end of the year is presented below:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Total loan and financing	557,664	518,434	856,694	731,270
(-) Cash and cash equivalents	(292,478)	(253,484)	(337,321)	(323,120)
Net debt	265,186	264,950	519,373	408,150
Total shareholders'equity	918,620	779,388	918,620	779,388
Debt for ratio of capital	29%	34%	57%	52%

29 Insurance coverage

The Company and its subsidiaries and jointly-owned subsidiaries adopt the policy of contracting insurance coverage for assets subject to risks for amounts considered to be sufficient to cover eventual casualties, considering the nature of its activity. The assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, they were not examined by our independent auditors.

	Parent company	Consolidated
Material damages	211.079	495.499
Loss of profit	60.000	122.000
Civil liability	24.000	41.446

30 Subsequent events

Acquisition - Galaz Group

On October 19, 2011, the Mexican subsidiaries Iochpe Sistemas Automotivos de Mexico, S.A. de C.V. and Maxion Fumagalli de México, S.A. de C.V. entered into a Stock Purchase Agreement for the acquisition of 100% of Grupo Galaz S.A. de C.V. for about US$ 195 million.

On January 23, 2012, Mexican subsidiaries Iochpe Sistemas Automotivos de México, S.A. de C.V. and Maxion Fumagalli de México, S.A. de C.V. completed the acquisition of 100% of Grupo Galaz S.A. de C.V., with approximate acquisition value of US$ 226 million, due to variation in some assets and liabilities items, as provided for in the Share Purchase Contract.

As established in the Share Purchase Contract, Grupo Galaz has up to 90 days to deliver an audited close balance sheet for the determination of goodwill and preparation of appraisal reports on appreciation allocation (Purchase Price Allocation - PPA). Due to this, it was not possible to address all disclosures established in CPC 15.

Iochpe-Maxion S.A.

Notes to the financial statements

(In thousands of Reais)

Acquisition of Grupo Hayes Lemmerz International, Inc.

On October 5, 2011, the US subsidiary Iochpe Holdings LLC, entered into an Agreement and Plan of Merger for the acquisition of 100% of Hayes Lemmerz International, Inc. for the amount of about US$ 725 million.

On February 1st, 2012, US subsidiary Iochpe Holdings LLC completed the acquisition of 100% of Hayes Lemmerz International, Inc., with approximate final acquisition value of US$ 645 million, due to variation of some assets and liabilities items, as provided for in the Agreement and Plan of Merger.

* * *

Dan Ioschpe
President

Oscar A. F. Becker
Investor Relations Director

Adriano R. Santos
Corporative Controller

Rogério Galvão Fagá
Accountant CRC 1SP262917/O-7