

Quarterly Information

September/2013

Management report
Quarterly information
Notes
Report on review of quarterly information

TUPY. Worldwide reference in castings

TUPY

TUPY3
NOVO
MERCADO
BM&FBOVESPA

(A free translation of the original in Portuguese)

TUPY. Worldwide reference in castings



TUPY

3Q13 Highlights

- **Sales volume:** 163,0 thousand tonnes – 4.1% higher than verified at 3Q12.
- **Revenues:** 843.3 million – growth of 13.1% over the same quarter in 2012, driven by commercial vehicles in the domestic and foreign market.
- **Gross profit:** R$ 181.0 million – margin of 21.5% over Revenues -, amount 41.7% greater than 3Q12.
- **Net income:** R$ 39.7 million – 4.7% of Revenues –, corresponding to an increase of 42.6% over the 3Q12.
- **Adjusted EBITDA:** R$ 159.3 million – increase of 49.1% over 3Q12 and equivalent to 18.9% of the revenues of 3Q13, the quarter with the highest EBITDA margin since 3Q10.
- **Investments PP&E and intangible assets:** R$ 51.8 million – increase of 28.9% in comparison with 3Q12.
- On October 17, 2013, we celebrated the listing in the **Novo Mercado** segment of the BM&FBovespa and on November 05, 2013, we announced the closing of a **public primary offering of stocks**, raising R$ 516.7 million in net resources for the Company.

Conference Call and Webcast

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Portuguese/English

3 PM (BRST)/ **12 AM** (EST)

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Joinville, November 14, 2013: Tupy S.A. (BM&FBovespa - TUPY3), a world reference company in foundry and the largest global manufacturer of iron blocks and cylinder heads for engines and the largest domestic manufacturer of iron pipe fittings, releases its results for the quarter ended Sepetember 30, 2013. The financial and operational information was prepared in accordance with the International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil, and was compared with the same period of 2012, unless otherwise stated.

SUMMARY OF RESULTS

	Consolidated (R$ thousands)					
RESULTS SUMMARY	**3Q 2013**	**3Q 2012**	**Variation**	**9M 2013**	**9M 2012**	**Variation**
Revenues	**843,337**	**745,617**	**13.1%**	**2,342,538**	**2,020,642**	**15.9%**
Domestic Market	289,731	256,862	12.8%	802,825	765,486	4.9%
Foreign Market	553,606	488,755	13.3%	1,539,713	1,255,156	22.7%
Cost of Goods Sold and Operational Expenses	(721,424)	(669,359)	7.8%	(2,075,138)	(1,818,527)	14.1%
Other Net Operational Expenses	(19,508)	(21,712)	-10.2%	(56,736)	(36,926)	53.6%
Income Before Financial Results	**102,405**	**54,546**	**87.7%**	**210,664**	**165,189**	**27.5%**
% over Revenues	12.1%	7.3%		9.0%	8.2%	
Net Financial Result	(31,358)	(13,875)	126.0%	(108,586)	(60,977)	78.1%
Net Income Before Income Taxes	**71,047**	**40,671**	**74.7%**	**102,078**	**104,212**	**-2.0%**
% over Revenues	8.4%	5.5%		4.4%	5.2%	
Income Tax and Social Contribution	(31,307)	(12,810)	144.4%	(31,903)	(40,454)	-21.1%
Net Income	**39,740**	**27,861**	**42.6%**	**70,175**	**63,758**	**10.1%**
% over Revenues	4.7%	3.7%		3.0%	3.2%	
EBITDA (accordingly to CVM 527/12 Instruction methodology)	**155,680**	**97,403**	**59.8%**	**361,508**	**266,092**	**35.9%**
% over Revenues	18.5%	13.1%		15.4%	13.2%	
Adjusted EBITDA	**159,351**	**106,898**	**49.1%**	**375,134**	**287,298**	**30.6%**
% over Revenues	18.9%	14.3%		16.0%	14.2%	

SALES VOLUME

	Consolidated (Ton)					
	3Q 2013	**3Q 2012**	**Variation**	**9M 2013**	**9M 2012**	**Variation**
Total Sales Volume	**163,027**	**156,609**	**4.1%**	**481,089**	**426,035**	**12.9%**
Domestic market	56,710	55,009	3.1%	164,182	162,428	1.1%
Share %	34.8%	35.1%		34.1%	38.1%	
Foreign market	106,317	101,600	4.6%	316,907	263,607	20.2%
Share %	65.2%	64.9%		65.9%	61.9%	

The sales volume showed an increase of 4.1% compared with that recorded in 3Q12. This growth was driven by a variation of 4.6% in sales to the foreign market and, to a lesser degree, by the increase of 3.1% in sales to the domestic market.

It is worth noting that, unlike the last two quarters, the comparison of the sales volume for the foreign market represents only organic growth, and no longer the influence of the acquisition of the Mexican operations, since already in 3Q12 the results of the acquisitions were already incorporated in their entirety.

REVENUES

Revenues had a growth of 13.1% in comparison with the same quarter of the previous year. The contribution of the foreign market presented a slightly higher increase – 13.3% - in comparison with that of the domestic market – 12.8%.

	Consolidated (R$ thousands)					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Revenues	**843,337**	**745,617**	**13.1%**	**2,342,538**	**2,020,642**	**15.9%**
Domestic Market	289,731	256,862	12.8%	802,825	765,486	4.9%
Share %	34.4%	34.4%		34.3%	37.9%	
Foreign Market	553,606	488,755	13.3%	1,539,713	1,255,156	22.7%
Share %	65.6%	65.6%		65.7%	62.1%	

During the reference period, 92.1% of the Revenues of the Company came from sales to the automotive segment, a percentage very close to that found in 3Q12, that is, 91.6%. Worth mentioning in 3Q13 are the revenues coming from the application of Tupy products in commercial vehicles, which increased participation in the portfolio from 38.2% in 3Q12 to 44.5% in 3Q13. Business from the Hydraulics segment (pipe fittings, steel shots and iron bars) represented 7.9% of the Revenues in this quarter, compared to 8.4% in 3Q12.

	Consolidated (%)			
REVENUES BY APPLICATION	3Q 2013	3Q 2012	9M 2013	9M 2012
Consolidated				
Automotive	**92.1%**	**91.6%**	**92.0%**	**91.2%**
Light Vehicles	22.9%	27.1%	23.4%	28.7%
Commercial Vehicles	44.5%	38.2%	43.6%	38.4%
Construction, Agricultural & Mining	24.7%	26.3%	25.0%	24.1%
Hydraulics	**7.9%**	**8.4%**	**8.0%**	**8.8%**

In some cases, the same Tupy product is applied in passenger Cars and in commercial Vehicles, or in Commercial and Construction, Agricultural and Mining machines, it being therefore unfeasible to measure the application of these precisely. In this way, assumptions of division between applications are adopted, considered to be our best inference.

DOMESTIC MARKET

Light vehicles (11.5% of 3Q13 revenues)

According to data from ANFAVEA, licensing of domestic and imported light vehicles in 3Q13 suffered a reduction of 9.9% compared with 3Q12.

Foreign and domestic light vehicles licensing (units)

	3Q13	3Q12	Variation
Passenger vehicles	715,319	822,686	-13.1%
Light commercial vehicles	216,403	211,712	2.2%
Light vehicles	**931,722**	**1,034,398**	**-9.9%**

Source: ANFAVEA

Among the main factors behind the drop in licensing is based on the comparison established with 3Q12, favored because it was for sales of vehicles with a reduction in the IPI rate. This tax came to be progressively raised beginning in JAN/13. In addition, in 3Q13, the licensing suffered with the reduction of the credit for acquisition of vehicles and the drop in consumer confidence levels.

In contrast with the performance of licensing, the production of light vehicles grew by 5.1%.

Light vehicles production (units)

	3Q13	3Q12	Variation
Passenger vehicles	740,610	708,023	4.6%
Light commercial vehicles	180,243	167,746	7.4%
Light vehicles	**920,853**	**875,769**	**5.1%**

Source: ANFAVEA

The mismatch between production and sales was essentially provoked by an increase in 68.1% in exports of light vehicles, due to the impulse driven by the depreciation of the exchange rate in the reference period.

Light vehicle exports (units)

	3Q13	3Q12	Variation
Passenger vehicles	121,381	73,043	66.2%
Light commercial vehicles	30,886	17,533	76.2%
Light vehicles	**152,267**	**90,576**	**68.1%**

Source: ANFAVEA

This movement, however, was insufficient to cover the increase of stocks of light vehicles – which reached 40 days of sales – a level considerable higher than that observed in 3Q12.

Light vehicles inventories (thousands of units)

	3Q13	3Q12	Variation
Dealers	305.7	226.8	34.8%
Manufacurers	115.0	86.6	32.8%
	420.7	**313.4**	**34.3%**

Source: ANFAVEA

Light vehicles inventories (days of sales)

	3Q13	3Q12
Dealers	29	24
Manufacurers	11	9
	40	**33**

Source: ANFAVEA

In this context, the sales coming from the application of Tupy products in passenger cars in the domestic market represented 11.5% of the Revenues of the Company in 3Q13. In comparison with 3Q12, a reduction of 11.2% was observed in the revenue coming from this type of application.

Tupy Revenues by Market and Application **Consolidated (R$ thousands)**

	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Domestic market						
Light Vehicles	97,165	109,374	-11.2%	273,981	317,184	-13.6%

The negative variation of the products for passenger cars in the domestic market is explained mainly by the market share loss, in 2013, of a client of the Company, as well as by the phase-out of a certain product, which has occurred gradually since 2012.

Commercial Vehicles (14.4% of 3Q13 revenues)

Brazilian sales of commercial vehicles, according to data from ANFAVEA, had an increase of 30.6% in 3Q13 over 3Q12.

Commercial vehicles licensing (units)

	3Q13	3Q12	Variation
Trucks			
Semi-light	1,574	1,438	9.5%
Light	8,660	7,614	13.7%
Medium	3,691	2,797	32.0%
Semi-heavy	12,764	10,041	27.1%
Heavy	14,407	9,023	59.7%
Total trucks	**41,096**	**30,913**	**32.9%**
Buses	8,503	7,073	20.2%
Comercial vehicles	**49,599**	**37,986**	**30.6%**

Source: ANFAVEA

With regard to the production of commercial vehicles, it increased by 38.2% over 3Q12, with emphasis on the expansion in all the sub-segments of trucks.

Commercial vehicles production (units)

	3Q13	3Q12	Variation
Trucks			
Semi-light	969	591	64.0%
Light	9,830	7,528	30.6%
Medium	3,466	2,078	66.8%
Semi-heavy	20,862	14,149	47.4%
Heavy	18,747	12,049	55.6%
Total trucks	**53,874**	**36,395**	**48.0%**
Buses	10,071	9,862	2.1%
Comercial vehicles	**63,945**	**46,257**	**38.2%**

Source: ANFAVEA

Among the main factors which justify these variations, we find:

a. The reduced basis for comparison, since throughout 2012, production and sales of trucks decreased significantly. This drop was in response to opposite movements, observed in 2011, of a substantial advance in demand and its corresponding production, due to the introduction of the Proconve P7 (EURO 5);
b. The deceleration of the Brazilian economy and the agricultural harvest loss in 2011/12;
c. The impulse provided to the production and sales by the record grain harvest in the 2012/13 period, that is, 187 million tonnes, according to number from CONAB;
d. The maintenance, during all of 3Q13, of subsidies of the Investment Support Program (PSI-BNDES), in the form of a fixed interest rate at 3% p.a. for acquisition of trucks. Until AUG/12, the rate of the PSI-BNDES was at 5.5% p.a., when it was reduced to 2.5% p.a.;
e. Governmental purchases of trucks, under the scope of PAC 2, and of buses for the Caminhos da Escola Program.

Tupy's revenues coming from the application of its products in commercial vehicles in the domestic market represented 14.4% of the Revenues of the Company in 3Q13. Still in the comparison with 3Q12, a growth of 48.9% was observed in revenues coming from this type of application.

Tupy Revenues by Market and Application **Consolidated (R$ thousands)**

	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Domestic market						
Commercial Vehicles	121,813	81,792	48.9%	326,056	255,621	27.6%

With regard to Tupy's business profile in this application, it is worth highlighting that:

a. Tupy products are applied in all the sub-segments indicated by ANFAVEA, but with more accentuated share in the categories of medium-sized, semi-heavy, and heavy trucks, which presented more growth than the market average;
b. The addition of new machined products to the portfolio, in a ramp-up stage in 2013.
c. Impact of non-recurring revenues related to contracts.

Construction, Agricultural and Mining (2.4% of 3Q13 revenues)

In the same way as the case of commercial vehicles, based on the unfavorable comparison represented by the 2012 year – a circumstance motivated especially by the agricultural harvest loss of 2011/12 – it influenced the comparison of the performance between 3Q13 and 3Q12. This is because the domestic market for agricultural machines in 2013 was strongly favored by the record harvest of 2012/13 and by the maintenance of the PSI-BNDES program. Computing these effects, the sales of agricultural machines grew by 17.8% in 3Q13 over the identical period in 2012.

Agricultural machinery licensing (units)

	3Q13	3Q12	Variation
Wheeled tractors	18,307	15,785	16.0%
Crowler tractors	266	302	-11.9%
Motorized planters	456	424	7.5%
Harvesters	1,723	1,301	32.4%
Backhoes	1,975	1,483	33.2%
	22,727	**19,295**	**17.8%**

Source: ANFAVEA

With regard to the production of these machines, it grew by 27.4% as shown below:

Agricultural machinery production (units)

	3Q13	3Q12	Variation
Wheeled tractors	21,670	16,997	27.5%
Crowler tractors	581	819	-29.1%
Motorized planters	428	508	-15.7%
Harvesters	2,313	1,358	70.3%
Backhoes	2,515	1,901	32.3%
	27,507	**21,583**	**27.4%**

Source: ANFAVEA

Revenues coming from the application of its products in Construction, Agricultural and Mining machines in the domestic market represented 2.4% of Tupy's Revenue in 3Q13 and presented an increase of 8.7% in comparison with 3Q12.

Tupy Revenues by Market and Application	**Consolidated (R$ thousands)**					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Domestic market						
Construction, Agricultural & Mining	19,874	18,279	8.7%	63,100	60,176	4.9%

The growth of the revenue of the Company in this application considers the negative impact of the sales volume for the railroad segment, which is included in the same classification.

Hydraulics (6.0% of 3Q13 revenues)

Revenues from the application of the Company's products in the hydraulics segment in the domestic market represented 6.0% of the Revenues of 3Q13, having grown 7.3% over the identical period in 2012.

Tupy Revenues by Market and Application	Consolidated (R$ thousands)					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Domestic market						
Hydraulics	50,879	47,417	7.3%	139,688	132,504	5.4%

The main factors which explain this variation are as follows:

a. The sales of pipe fittings were positively affected by the efforts of marketing together with the vendors and distributors and by the movement of anticipation of purchases related to the adjustments of costs in September/13.
b. The sales of steel shots were benefited by sales to the marble and granite exporting segments, benefitted by the exchange rate devaluation.

FOREIGN MARKET

The devaluation of 11.3% in the average exchange rate in 3Q13 (2.29 R$/US$), versus 3Q12 (2.03 r$/US$) favored the revenue from overseas sales for all applications.

Passenger cars (11.3% of 3Q13 revenues)

According to data from the publication *Automotive News*, in 3Q13, sales of passenger vehicles in the United States advanced 6.7% in comparison with sales observed in 3Q12.

Vehicle sales (units)

	3Q13	3Q12	Variation
Passenger vehicles	1,975,301	1,850,641	6.7%

Source: Automotive News

In parallel, and according to data from the same publication, the production of passenger vehicles experienced growth of 1.7% in comparison of the reference period with 3Q12.

Vehicle production (units)

	3Q13	3Q12	Variation
Passenger vehicles	1,057,808	1,039,818	1.7%

Source: Automotive News

The main factor which explains these variations are found in the recovery, albeit moderate, of the American economy. An improvement in the consumer confidence indicators, a reduction in the unemployment rate, and a drop in the cost of loans for purchase of new vehicles gave backing to the mentioned recovery, even though its consolidation requires greater stability of these and other economic indicators.

On the European continent, according to data from ACEA, the sales of passenger vehicles presented a modest growth of 2.6% in 3Q13 in comparison with 3Q12.

Vehicle sales (units)

	3Q13	3Q12	Variation
Passenger vehicles	2,902,154	2,827,496	2.6%

Source: ACEA

Although discreet, the recovery of the market for light vehicles in Europe reflects the recent evolution of the economy, the reduction in the interest rate for the consumer, and although marginally, the unemployment rate, promoting some improvement in the consumer confidence indicators.

Thus, the revenue coming from the application of its products in passenger cars in the foreign market represented 11.3% of Tupy's revenue in 3Q13. In comparison with 3Q12, a growth of 2.9% was observed in the revenue coming from this type of application.

Tupy Revenues by Market and Application	Consolidated (R$ thousands)					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Foreign market						
Light Vehicles	95,715	92,975	2.9%	273,490	263,533	3.8%

In addition to the pertinent issues of economic performance in North America and Europe, it is worth emphasizing the support, for the result above, from application of Tupy products aimed at the premium segment.

Commercial Vehicles (30.1% of 3Q13 revenues)

The sales of commercial vehicles in the United States grew by 10.9%, according to data from the American publication *Automotive News*.

Vehicle sales (units)

	3Q13	3Q12	Variation
Light commercial – Class 1-3	1,977,071	1,777,479	11.2%
Medium commercial – Class 4-6	35,339	30,753	14.9%
Heavy commercial – Class 7-8	58,811	58,965	-0.3%
Veículos comerciais	**2,071,221**	**1,867,197**	**10.9%**

Source: Automotive News

The production of commercial vehicles, also according to *Automotive News*, increased by 15.7%.

Vehicle production (units)

	3Q13	3Q12	Variation
Light commercial – Class 1-3	1,622,757	1,401,979	15.7%

Source: Automotive News

This variation arose from the increase in demand for railway freight, demonstrated by the consecutive advances of the Truck Tonnage index from ATA, as well as the age of the American fleet of commercial vehicles, which is above its historical average. It is worth noting, however, the concentration of the progress of sales in medium-sized vehicles, with the sales of heavy vehicles presenting stability.

In contract, in Europe, according to ACEA data, the growth of the sales of commercial vehicles by 2.4% was driven mainly by the advance of the volume of heavy vehicles.

Vehicle sales (units)

	3T13	3T12	Variação
Light commercial	333,842	327,248	2.0%
Medium commercial	28,007	27,566	1.6%
Heavy commercial	52,926	50,104	5.6%
Commercial vehicles	**414,775**	**404,918**	**2.4%**

Source: ACEA

In this context, the revenues coming from the application of its products in commercial vehicles in the foreign market represented 30.1% of Tupy's Revenues in 3Q13. In comparison with 3Q12, we observe an increase of 25.2% in the revenues coming from this type of application.

Tupy Revenues by Market and Application **Consolidated (R$ thousands)**

	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Foreign market						
Commercial Vehicles	253,960	202,763	25.2%	694,587	520,460	33.5%

The significant evolution of the foreign revenues coming from applications in commercial vehicles is mainly explained by:

a. The accentuated evolution of the pick-up market in the US;
b. The Ramp-up in manufacturing of new products, one of them made of Compacted Graphite Iron (CGI).

Construction, Agricultural and Mining (22.3% of 3Q13 revenues)

The unit sales in the segment of agricultural machines, in turn, presented growth of 11.1%, according to data from the Association of Equipment Manufacturers, AEM. It is worth noting, however, the drop in 4WD tractors and self-prop combines.

Agricultural machinery sales (units)

	3Q13	3Q12	Variation
2WD farm tractors - <40HP	25,221	21,851	15.4%
2WD farm tractors - 40<100HP	14,072	12,549	12.1%
2WD farm tractors - 100+HP	8,251	7,325	12.6%
4WD farm tractors	1,472	1,697	-13.3%
Self-prop combines	3,109	3,483	-10.7%
	52,125	**46,905**	**11.1%**

Source: AEM

In respect to the highlights above, the performance of the sectors with the highest sales rate of agricultural machines was quite positive, originated from the perspective of a 22% increase in the crops of 2012/13, when, in said period, there was a verified reduction in the crops. The prospective view we hereby mention is based on data from the United States Department of Agriculture.

The productive chain of mining machines, in 3Q13, suffered from a sales reduction, although the production of minerals has not been reduced globally. On the other hand, the industrial machine market benefited from the implementation of the infrastructure necessary for the extraction of shale gas.

As to the construction machine sector, it benefited from the growth of the North-American real-estate market, shown by the increase of 20.0% in the *housing stats* indicator, comparing July and August 2013, with the same months in 2012.

In this context, the revenues originated from the use of its products in Construction, Agricultural & Mining machines in the foreign market represented 22.3% of Tupy's Revenues in 3Q13. Comparing with 3Q12, we have confirmed an increase of 5.6%.

Tupy Revenues by Market and Application	**Consolidated (R$ thousands)**					
	3Q 2013	**3Q 2012**	**Variation**	**9M 2013**	**9M 2012**	**Variation**
Foreign market						
Construction, Agricultural & Mining	188,197	178,161	5.6%	523,323	425,752	22.9%

In spite of the benefit proportioned by the currency devaluation in the term, the revenues of the application in Construction, Agricultural & Mining machines in the foreign market grew relatively modestly. This was due to the adjustment of stocks of two product families from a client of agricultural machines, and the pre-buy, up to the first semester of 2013, motivated by the change in emission regulations in the United States. The revenues were also impacted by non-recurring revenues related to contracts.

Hydraulics (1.9% of the 3Q13 revenues)

The revenues from the application of the products of the Company in the Hydraulics segment in the foreign market represented 1.9% of the Revenues of 3Q13, and corresponded to a growth of 5.9% compared to what we observed in the same quarter in 2012.

Tupy Revenues by Market and Application	**Consolidated (R$ thousands)**					
	3Q 2013	**3Q 2012**	**Variation**	**9M 2013**	**9M 2012**	**Variation**
Foreign market						
Hydraulics	15,735	14,856	5.9%	48,312	45,412	6.4%

The growth of foreign revenues from the Hydraulics segment was due, especially, to the devaluation of the currency rate. However, it took place in a different ways in the markets: Sales drop to Latin America, partially compensated by the evolution of sales to the United Stated, due to the financial recovery of an important trading partner in said Country.

COST OF GOODS SOLD AND OPERATIONAL EXPENSES

3Q13 Cost of goods sold have increased in 7.2%, whereas operational expenses increased in 14.7% when compared to the same term in 2012. Therein, the gross rate of 21.5%, 4.3 percentage points above the same indicator in 3Q12, record the highest gross rate for the company since 3Q10.

	Consolidated (R$ thousands)					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Cost of Goods Sold	**(662,369)**	**(617,871)**	**7.2%**	**(1,906,362)**	**(1,661,179)**	**14.8%**
Materials	(367,822)	(355,793)	3.4%	(1,097,278)	(937,655)	17.0%
Labour	(152,885)	(140,621)	8.7%	(406,090)	(372,042)	9.2%
Electricity	(35,476)	(28,801)	23.2%	(95,675)	(101,819)	-6.0%
Depreciation	(36,691)	(30,211)	21.4%	(105,668)	(78,837)	34.0%
Others	(69,495)	(62,445)	11.3%	(201,651)	(170,826)	18.0%
Operational Expenses	**(59,055)**	**(51,488)**	**14.7%**	**(168,776)**	**(157,348)**	**7.3%**

We justify the aggregated growth under analysis by, mainly, the following factors:

- Increase of variable costs originated from the sales volume growth;
- Effect of the currency devaluation on inputs prices, priced in dollars, and imported by the Brazilian and Mexican units;
- Inflation of the average price of scrap metal, reflecting, especially, in the scarcer availability of the material in the Brazilian market, in view of this input's exportation, caused by the devaluation of the Real;

On the other hand, the following counterbalance the effects above in part:

- Improve of productivity in the 3Q13 in comparison to 3Q12; and,
- Lower average cost of other inputs, reflecting the implementation of other strategies and practices of negotiation and purchase of productive inputs.

OTHER NET OPERATIONAL EXPENSES

The result of the account Other Net Operational Revenues (Expenses) recorded expenses in the amount of R$ 19.5 million in 3Q13, a reduction of 10.2% regarding the expenses of R$ 21.7 million in 3Q12.

	Consolidated (R$ thousands)					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Other Net Operational Expenses	(19,508)	(21,712)	-10.2%	(56,736)	(36,926)	53.6%

The positive variation is due, primarily, to the incidence, in 3Q12, of extraordinary expenses resulting from cut-off settlements in the amount of R$ 5.0 million. Such expenses did not take place in 3Q13. Partially absorbing the aforementioned positive variation, the expense with amortization of the intangible assets in the quarter in question was of R$14.3 million, against R$11.8 million in 3Q12. This is due to the fact that the expenses from the amortization of said assets, recorded in dollars in the Mexican subsidiaries, has also oscillated toward the same way as of the North-American dollar at the end of each quarter.

INCOME BEFORE FINANCIAL RESULTS

Reflecting on the effects we previously mentioned, the Profit before the Financial Result of 3Q13 was of R$102.4 million, 12.1% on the Revenues, against R$ 54.4 million verified in 3Q12, thus reflecting a growth of 87.7%

	Consolidated (R$ thousands)					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Revenues	**843,337**	**745,617**	**13.1%**	**2,342,538**	**2,020,642**	**15.9%**
Cost of Goods Sold and Operational expenses	(721,424)	(669,359)	7.8%	(2,075,138)	(1,818,527)	14.1%
Other Net Operational Expenses	(19,508)	(21,712)	-10.2%	(56,736)	(36,926)	53.6%
Income Before Financial Results	**102,405**	**54,546**	**87.7%**	**210,664**	**165,189**	**27.5%**
% over Revenues	12.1%	7.3%		9.0%	8.2%	

NET FINANCIAL RESULTS

In regards to the stable behavior of both the financial revenues and the financial expenses, when compared to their equivalents in the same quarter of the previous year, the currency variation on the net duties in foreign currency deserves a highlight, since they generated the expenses of R$14.3 million, against revenue of R$2.6 million in 3Q12. Such circumstance was determining to the negative Net Financial Result of R$31.4 million, 126.0% higher than what we observed in 3Q12.

	Consolidated (R$ thousands)					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Financial Expenses	(28,434)	(28,665)	**-0.8%**	(88,766)	(86,931)	**2.1%**
Financial Revenues	11,401	12,177	-6.4%	32,637	58,882	-44.6%
Net Monetary and Remeasurement Gains or Losses	(14,325)	2,613	-	(52,457)	(32,928)	59.3%
Net Financial Results	**(31,358)**	**(13,875)**	**126.0%**	**(108,586)**	**(60,977)**	**78.1%**

NET INCOME BEFORE TAXES, AND NET INCOME

The net income before taxes of 3Q13 came to R$ 71.0 million, compared to R$ 40.6 million in the same term of 2012.

	Consolidated (R$ thousands)					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Net Income Before Income Taxes	**71,047**	**40,671**	**74.7%**	**102,078**	**104,212**	**-2.0%**
Income Tax and Social Contribution	(31,307)	(12,810)	144.4%	(31,903)	(40,454)	-21.1%
Net Income	**39,740**	**27,861**	**42.6%**	**70,175**	**63,758**	**10.1%**
% over Revenues	4.7%	3.7%		3.0%	3.2%	

The impact of the Income Tax and Social Contribution came to R$31.3 million, representing 44.1% of the Net income before taxes. The difference between this representation and the IR/CSLL rate in place (34%) is mainly explained by the recognition of a provision for the additional income tax of the Mexican units, resulting in the differential of the rates from said units, in addition to the effect of the currency ratio of Peso/Dollar on the Mexican operations rate.

Considering the effect above, the net income of the third quarter of 2013 recorded profits of R$ 39.7 million – 4.7 % of the revenues – compared to the profits of R$27.8 million during the same year in the previous year, representing an increase of 42.6% in the period in question.

	Consolidated (R$ thousands)					
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Net Income	**39,740**	**27,861**	**42.6%**	**70,175**	**63,758**	**10.1%**
(+) Exchange rate variation of foreign subsidiaries	6,538	28,853	-77.3%	90,424	64,098	41.1%
Comprehensive income	**46,278**	**56,714**	**-18.4%**	**160,599**	**127,856**	**25.6%**
% over Revenues	5.5%	7.6%		6.9%	6.3%	

ADJUSTED EBITDA

The adjusted EBITDA of 3Q13 was of R$ 159.4 million– 18.9% of Revenues – recording an increase of 49.1% before the amount during the same term in the previous year, of R$ 108.4 million (14.3% on the Revenues).

The Adjusted EBITDA margin observed in the quarter represents not only the best operational performance since 3Q10, but it also ratifies the fourth consecutive quarter of growth in such indicator.

	Consolidated (R$ thousands)					
RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
Net Income	**39,740**	**27,861**	**42.6%**	**70,175**	**63,758**	**10.1%**
(+) Net Financial Result	31,358	13,875	126.0%	108,586	60,977	78.1%
(+) Income Tax and Social Contribution	31,307	12,810	144.4%	31,903	40,454	-21.1%
(+) Depreciation and Amortization	53,275	42,857	24.3%	150,844	100,903	49.5%
EBITDA (accordingly to CVM 527/12 Instruction methodology)	**155,680**	**97,403**	**59.8%**	**361,508**	**266,092**	**35.9%**
EBITDA Margin	18.5%	13.1%		15.4%	13.2%	
(+) Other net operating revenues (expenses) (*)	3,671	9,495	-61.3%	13,626	15,990	-14.8%
(+) Amortization of inventory surplus	-	-	-	-	5,216	-100.0%
Adjusted EBITDA	**159,351**	**106,898**	**49.1%**	**375,134**	**287,298**	**30.6%**
Adjusted EBITDA Margin	18.9%	14.3%		16.0%	14.2%	

(*) Other Net Operational is represented net of expenses with amortization and depreciation.

INVESTMENTS IN PP&E AND INTANGIBLE ASSETS

In 3Q13, the total of investments reached R$ 51.8 million, 28.9% higher than what we confirmed during the same term in 2012. The increase is due to investments in automation projects, investments related to a new product, and the purchase a software (ERP).

The Company has also applied its investments in the sustainability and modernization of its industrial park, factory infrastructure, workplace safety, and improvements in the environmental area.

	Consolidated (R$ thousands)			Consolidated (R$ thousands)		
	3Q 2013	3Q 2012	Variation	9M 2013	9M 2012	Variation
PP&E						
In capacity expansion	18,124	19,960	-9.2%	36,428	86,639	-58.0%
Maintenance and modernization of operating capacity	23,489	16,450	42.8%	55,066	41,788	31.8%
Environment	1,613	2,583	-37.6%	8,919	6,550	36.2%
Interest and financial charges	605	1,165	-48.1%	2,048	4,495	-54.4%
Intangible assets						
Software	7,936	-	-	14,889	-	-
	51,767	**40,158**	**28.9%**	**117,350**	**139,472**	**-15.9%**

DEBT

In September, 2013, total debt reached the amount of R$ 1,768.2 million. In regards to the composition by currency, 43.5% are denominated in Reais, and 56.5% in foreign currencies, especially in dollar. We highlight, as well, the extensive debt's amortization schedule, from which 9.3% are short term debts and 90.7% are long term debts.

During the term, we highlight the amortization of R$ 200.0 million in the BNDES Exim Pré-Embarque (Pre-shipment) (PSI). Other variations in the total debt are due, substantially, of currency variations.

As to the net debts in 3Q13, they have reached R$ 1,219.6 million. This amount, when divided by the Adjusted EBITDA accumulated in the last 12 months, comes up to a ratio of Net Debt/EBITDA of 2.7.

	Consolidated (R$ thousands)			
DEBT	**Sep/13**	**Jun/13**	**Mar/13**	**Dec/12**
Short term debt	161,662	287,639	537,904	530,993
Long term debt	1,601,590	1,686,803	1,405,990	1,296,668
Derivatives	4,952	2,797	1,297	13,034
Total debt	**1,768,204**	**1,977,239**	**1,945,191**	**1,840,695**
Cash and cash equivalents	529,742	657,414	677,768	660,437
Derivatives	4,250	22,092	6,519	-
Financial investments	14,627	21,042	20,731	20,437
Net Debt	**1,219,585**	**1,276,691**	**1,240,173**	**1,159,821**

CASH FLOW

The Company recorded R$ 125.6 million of cash flow from operational activities, an increase of 118.3% in comparison to the generated flow during the same term in the previous quarter. The variation can be explained by the Net income, R$ 30,4 million higher than the quarter in reference, as well as by the adjustments in the non-cash flow expenses in the accounts of operational assets and liabilities of R$37.7 million higher than 2Q13.

In regards to the cash flow from investment activities, the movement relates to the additions to the PP&E and intangible assets, as we mentioned above.

On the other hand, the negative cash flow of R$ 211.7 million from the financing activities can be explained by the amortization of R$ 200.0 million in the BNDES Exim Pré-Embarque (Pre-shipment) (PSI), with no debts acquired.

Due to the factors we have mentioned above, the Company recorded a decrease of the availability of the cash flow in the amount of R$ 127.7 million during the term, and closed September with a cash flow balance equivalent to R$ 529.7 million.

	Consolidated (R$ thousands)					
CASH FLOW SUMMARY	**3Q 2013**	**3Q 2012**	**Variation**	**9M 2013**	**9M 2012**	**Variation**
Cash and cash equivalents at the end of the period	**529,742**	**523,386**	**1.2%**	**529,742**	**523,386**	**1.2%**
Cash from operating activities	125,618	57,542	118.3%	138,131	150,835	-8.4%
Cash flow from investment activities	(41,203)	(43,208)	-4.6%	(106,786)	(938,758)	-88.6%
Cash flow from financing activities	(211,731)	(104,223)	103.2%	(182,668)	(138,092)	32.3%
Effect of exchange rate changes on cash	(356)	(775)	-54.1%	20,628	28,316	-27.2%
Increase (decrease) of cash	**(127,672)**	**(90,664)**	**40.8%**	**(130,695)**	**(897,699)**	**-85.4%**

CAPITAL MARKETS

Below, we display the volume of the negotiations, as well as the highest and lowest quotes of the stocks negotiated in the stock market, or in the over the counter market of the ordinary shares (TUPY3).

The company's shares oscillated between R$20.89 and R$16.10, recording a devaluation of 8.8% in the quarter.

	TUPY3 - ON		
	Average DTV (R$)	**Highest (R$)**	**Lowest (R$)**
3rd Quarter of 2013	2,165,765	20.89	16.10
2nd Quarter of 2013	160,738	24.09	18.50
1st Quarter of 2013	270,830	26.65	22.50
4th Quarter of 2012	186,206	25.75	23.15
3rd Quarter of 2012	274,769	25.00	19.95
2nd Quarter of 2012	872,440	21.23	13.64
1st Quarter of 2012	376,405	15.12	12.50

On August 23, 2013, Brasil Plural CCTVM started its activities as market maker for stocks issued by the Company with the goal of fomenting the asset's liquidity. The contract is valid for 12 months.

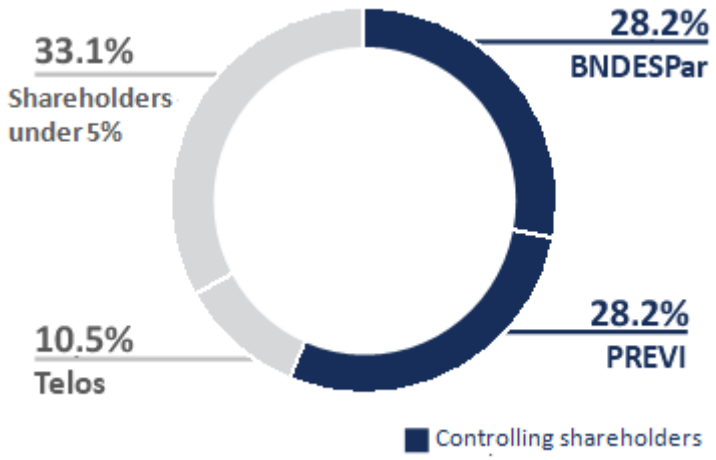
On October 17, 2013, the Company celebrated its listing in the segment with the highest requirements of corporate governance in BM&FBovespa, the Novo Mercado. With the listing, TUPY S.A. became a part of three indexes: ITAG (Index of Stocks with a Differentiated Tag Along), IGC (Index of Stocks with Differentiated Corporate Governance) and IGC-NM (Index of Stocks in Differentiated Corporate Governance in the Novo Mercado).

Accordingly to article 60 of the Bylaws, the Company is bound to the decisions of the Market Arbitration Chamber.

On November 05, 2013, the Company announced the closing of the Public Primary Offering of Ordinary Stocks, which culminated in the issuance of 29,900,000 new ordinary stocks at R$ 17.50 a share, raising R$ 516,709,375 – amount already net from the offering commissions.

With the offer, the ratio of shareholders with the position lower than 5% of the Company's share capital went from 15.6% to 33.1%. There was no change in the controlling structure of the Company.

Shareholder structure after offering



TUPY S.A. AND SUBSIDIARIES
BALANCE SHEET AT SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(All amounts in thousands of reais)
A S S E T S

		Parent		Consolidated	
	Note	9/30/2013	12/31/2012	9/30/2013	12/31/2012
CURRENT ASSETS					
Cash and cash equivalents	3	289,558	439,225	529,742	660,437
Derivative financial instruments	23	4,250	-	4,250	-
Accounts receivable	4	263,890	132,237	431,586	244,687
Inventories	5	182,290	186,499	296,102	290,835
Third-party tools		25,637	34,525	65,146	58,934
Income tax and social contribution recoverable		886	659	15,279	12,743
Other taxes recoverable	6	68,947	75,316	104,971	114,493
Related parties	7	176	-	-	-
Notes and other receivables		17,749	30,829	27,935	32,370
Total current assets		853,383	899,290	1,475,011	1,414,499
NON-CURRENT ASSETS					
Financial investments		14,627	20,437	14,627	20,437
Income tax and social contribution recoverable		52,733	50,256	52,733	50,256
Other taxes recoverable	6	113,869	117,249	115,793	119,097
Credits - Eletrobras		92,129	87,919	92,129	87,919
Judicial deposits and other		17,680	5,174	23,742	7,679
Investments in equity instruments		667	666	6,695	3,953
Investment properties		-	-	4,574	4,574
Investments	8	1,255,726	1,122,199	-	-
Property, plant and equipment	9	1,191,761	1,211,133	1,600,610	1,578,522
Intangible assets	9	14,889	-	530,642	514,318
Total non-current assets		2,754,081	2,615,033	2,441,545	2,386,755
Total assets		3,607,464	3,514,323	3,916,556	3,801,254

The accompanying notes are an integral part of this quarterly information

TUPY S.A. AND SUBSIDIARIES
BALANCE SHEET AT SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(All amounts in thousands of reais)
L I A B I L I T I E S

	Note	Parent		Consolidated	
		9/30/2013	12/31/2012	9/30/2013	12/31/2012
CURRENT LIABILITIES					
Trade payables		146,051	145,966	249,559	254,539
Borrowings	10	161,662	530,993	161,662	530,993
Derivative financial instruments	23	2,131	13,034	2,131	13,034
Financing of taxes and social security charges		-	7,491	-	7,491
Income tax and social contribution payable		11,509	-	11,509	-
Other taxes payable		7,712	3,312	34,379	16,659
Salaries, social security charges and profit sharing		117,598	80,889	138,212	98,322
Advances from customers		45,028	48,748	70,481	73,768
Related parties	7	1,313	1,476	-	-
Dividends and interest on capital		135	18,916	135	18,916
Provision for tax, civil, social security and labor contingencies	11	6,470	5,457	6,470	5,457
Notes and other payables		39,327	42,671	59,347	59,140
Total current liabilities		538,936	898,953	733,885	1,078,319
NON-CURRENT LIABILITIES					
Borrowings	10	1,601,590	1,296,668	1,601,590	1,296,668
Derivative financial instruments	23	2,821	-	2,821	-
Provision for tax, civil, social security and labor contingencies	11	95,360	93,925	95,819	94,291
Deferred income tax and social contribution	12	24,009	28,724	119,902	120,436
Retirement benefit obligations		-	-	16,986	14,212
Other long-term liabilities		7,750	10,198	8,555	11,473
Total non-current liabilities		1,731,530	1,429,515	1,845,673	1,537,080
EQUITY					
Share capital	13	537,051	537,051	537,051	537,051
Carrying value adjustments		268,399	189,415	268,399	189,415
Revenue reserves		449,933	459,389	449,933	459,389
Retained earnings		81,615	-	81,615	-
Total equity		1,336,998	1,185,855	1,336,998	1,185,855
Total liabilities and equity		3,607,464	3,514,323	3,916,556	3,801,254

The accompanying notes are an integral part of this quarterly information

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF INCOME
QUARTERS ENDED SEPTEMBER 30, 2013 AND 2012
(All amounts in thousands of reais, except for earnings per share)

	Note	Parent		Consolidated	
		7/1/2013 to 9/30/2013	7/1/2012 to 9/30/2012	7/1/2013 to 9/30/2013	7/1/2012 to 9/30/2012
REVENUES	14	594,304	517,115	843,337	745,617
Cost of products sold	15	(465,451)	(432,358)	(662,369)	(617,871)
GROSS PROFIT		128,853	84,757	180,968	127,746
Selling expenses	15	(21,722)	(21,593)	(32,417)	(31,588)
Administrative expenses	15	(17,029)	(10,938)	(23,969)	(18,907)
Management fees	7 and 15	(2,669)	(993)	(2,669)	(993)
Other net operating income (expenses)	17	(5,535)	(10,974)	(19,508)	(21,712)
Share of results of subsidiaries	8	9,754	13,297	-	-
PROFIT BEFORE FINANCE RESULT AND TAXATION		91,652	53,556	102,405	54,546
Finance costs	16	(27,961)	(26,554)	(28,434)	(28,665)
Finance income	16	11,191	6,949	11,401	12,177
Net monetary and foreign exchange variations	16	(18,675)	1,332	(14,325)	2,613
PROFIT BEFORE TAXATION		56,207	35,283	71,047	40,671
Income tax and social contribution	18	(16,467)	(7,422)	(31,307)	(12,810)
PROFIT FOR THE QUARTER		39,740	27,861	39,740	27,861
EARNINGS PER SHARE					
Basic and diluted earnings per share	19	0.35	0.24	0.35	0.24

The accompanying notes are an integral part of this quarterly information

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF INCOME
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(All amounts in thousands of reais, except for earnings per share)

		Parent		Consolidated	
	Note	9/30/2013	9/30/2012	9/30/2013	9/30/2012
REVENUES	14	1,600,825	1,569,023	2,342,538	2,020,642
Cost of products sold	15	(1,306,272)	(1,312,302)	(1,906,362)	(1,661,179)
GROSS PROFIT		294,553	256,721	436,176	359,463
Selling expenses	15	(61,258)	(65,182)	(93,945)	(91,801)
Administrative expenses	15	(47,084)	(46,121)	(68,378)	(62,350)
Management fees	7 and 15	(6,453)	(3,197)	(6,453)	(3,197)
Other net operating income (expenses)	17	(18,860)	(19,716)	(56,736)	(36,926)
Share of results of subsidiaries	8	43,103	27,019	-	-
PROFIT BEFORE FINANCE RESULT AND TAXATION		204,001	149,524	210,664	165,189
Finance costs	16	(86,250)	(85,448)	(88,766)	(86,931)
Finance income	16	31,850	56,724	32,637	58,882
Net monetary and foreign exchange variations	16	(63,034)	(36,850)	(52,457)	(32,928)
PROFIT BEFORE TAXATION		86,567	83,950	102,078	104,212
Income tax and social contribution	18	(16,392)	(20,192)	(31,903)	(40,454)
PROFIT FOR THE PERIOD		70,175	63,758	70,175	63,758
EARNINGS PER SHARE					
Basic and diluted earnings per share	19	0.61	0.56	0.61	0.56

The accompanying notes are an integral part of this quarterly information

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
QUARTERS ENDED SEPTEMBER 30, 2013 AND 2012
(All amounts in thousands of reais)

	Note	Parent		Consolidated	
		7/1/2013 to 9/30/2013	7/1/2012 to 9/30/2012	7/1/2013 to 9/30/2013	7/1/2012 to 9/30/2012
PROFIT FOR THE QUARTER		39,740	27,861	39,740	27,861
Components of other comprehensive income					
Foreign exchange variations of investees located abroad	8	6,538	28,853	6,538	28,853
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER		46,278	56,714	46,278	56,714

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(All amounts in thousands of reais)

	Note	Parent		Consolidated	
		9/30/2013	9/30/2012	9/30/2013	9/30/2012
PROFIT FOR THE PERIOD		70,175	63,758	70,175	63,758
Components of other comprehensive income					
Foreign exchange variations of investees located abroad	8	90,424	64,098	90,424	64,098
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		160,599	127,856	160,599	127,856

The accompanying notes are an integral part of this quarterly information

TUPY S.A. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(All amounts in thousands of reais)

		Parent		Consolidated	
Cash flows from operating activities:	Note	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Profit for the period before income tax and social contribution		86,567	83,950	102,078	104,212
Adjustment to reconcile profit with cash provided by operating activities:					
Depreciation and amortization	9	88,698	68,154	150,844	100,903
Share of results of subsidiaries	8	(43,103)	(27,019)	-	-
Disposals of property, plant and equipment	9	2,374	427	2,375	429
Interest accrued and foreign exchange variations		150,459	133,703	139,216	152,426
Provision for impairment of receivables		463	(360)	571	1,547
Provision for losses on inventories		(462)	241	733	538
Provision for tax, civil, social security and labor contingencies	11	11,137	3,364	11,137	3,366
Variation in the fair value of the IPI premium credit		9,042	(11,744)	9,042	(11,744)
Variation in the fair value of the Eletrobras credit		(4,210)	(328)	(4,210)	(328)
Changes in retirement benefit obligations		-	-	2,774	2,058
		300,965	250,388	414,560	353,407
Changes in operating assets and liabilities:					
Accounts receivable		(132,116)	18,706	(187,470)	(1,768)
Inventories		4,671	4,343	(6,000)	(42,511)
Customers' tools		8,888	(4,534)	(6,212)	(12,207)
Other taxes recoverable		(9,118)	(34,602)	(6,041)	(44,360)
Notes and other receivables		13,080	(12,664)	4,435	(2,202)
Judicial deposits and other		(12,508)	1,078	(16,063)	(533)
Trade payables		(4,080)	(31,545)	(9,145)	(10,083)
Other taxes payable		4,400	(1,383)	17,720	(3,930)
Salaries, social security charges and profit sharing		36,709	8,459	39,890	14,090
Advances from customers		(3,720)	(2,110)	(3,287)	(4,812)
Notes and other payables		(3,344)	14,916	207	24,615
Other long-term liabilities		(11,137)	4,994	(11,514)	5,406
Interest paid		(86,049)	(88,029)	(86,049)	(88,029)
Income tax and social contribution paid		-	(12,965)	(6,900)	(36,248)
		(194,324)	(135,336)	(276,429)	(202,572)
Cash provided by operating activities		106,641	115,052	138,131	150,835
Cash flows from investment activities					
Acquisitions of companies in Mexico - net of cash acquired		-	(913,866)	-	(803,346)
Purchases of property, plant and equipment and intangible assets	9	(77,885)	(130,208)	(107,716)	(135,560)
Cash generated on disposals of property, plant and equipment	9	930	148	930	148
Cash used in investing activities		(76,955)	(1,043,926)	(106,786)	(938,758)
Cash flows from financing activities:					
Repayment of borrowings		(546,617)	(350,239)	(546,617)	(350,239)
Repayment of tax financing		(5,010)	(7,307)	(5,010)	(7,307)
New borrowings		390,482	298,383	390,482	298,383
Subsidiaries and associates		(339)	(104)	-	-
Interest on capital and dividends paid		(28,237)	(84,358)	(28,237)	(84,358)
Long-term financial investments		6,714	5,429	6,714	5,429
Cash used in financing activities		(183,007)	(138,196)	(182,668)	(138,092)
Effect of exchange rate differences on cash for the period		3,654	20,467	20,628	28,316
Decrease in cash and cash equivalents		(149,667)	(1,046,603)	(130,695)	(897,699)
Cash and cash equivalents at the beginning of the period		439,225	1,408,433	660,437	1,421,085
Cash and cash equivalents at the end of the period		289,558	361,830	529,742	523,386

The accompanying notes are an integral part of this quarterly information

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

(All amounts in thousands of reais)

	Note	Share capital	Carrying value adjustments		Revenue reserves			Retained earnings	Total
			Exchange variation of investees	Other	Legal reserve	Reserve for investments	Proposed additional dividends		
AT DECEMBER 31, 2011		**398,395**	**-**	**132,203**	**37,453**	**499,598**	**28,982**	**-**	**1,096,631**
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	63,758	63,758
Realization of carrying value adjustments		-	-	(10,203)	-	-	-	10,203	-
Effects from subsidiaries:									
Foreign exchange variations of investees located abroad	8	-	64,098	-	-	-	-	-	64,098
Total comprehensive income for the period		-	64,098	(10,203)	-	-	-	73,961	127,856
Contributions from stockholders and distributions to stockholders									
Capital increase with reserves		138,656	-	-	-	(138,656)	-	-	-
Approval of 2011 additional dividends		-	-	-	-	-	(28,982)	-	(28,982)
Total contributions from stockholders and distributions to stockholders		138,656	-	-	-	(138,656)	(28,982)	-	(28,982)
AT SEPTEMBER 30, 2012		**537,051**	**64,098**	**122,000**	**37,453**	**360,942**	**-**	**73,961**	**1,195,505**
AT DECEMBER 31, 2012		**537,051**	**70,765**	**118,650**	**40,771**	**409,162**	**9,456**	**-**	**1,185,855**
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	70,175	70,175
Realization of carrying value adjustments		-	-	(11,440)	-	-	-	11,440	-
Effects from subsidiaries:									
Foreign exchange variations of investees located abroad	8	-	90,424	-	-	-	-	-	90,424
Total comprehensive income for the period		-	90,424	(11,440)	-	-	-	81,615	160,599
Contributions from stockholders and distributions to stockholders									
Approval of 2012 additional dividends		-	-	-	-	-	(9,456)	-	(9,456)
Total contributions from stockholders and distributions to stockholders		-	-	-	-	-	(9,456)	-	(9,456)
AT SEPTEMBER 30, 2013		**537,051**	**161,189**	**107,210**	**40,771**	**409,162**	**-**	**81,615**	**1,336,998**

The accompanying notes are an integral part of this quarterly information

TUPY S.A. AND SUBSIDIARIES
STATEMENT OF VALUE ADDED
PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(All amounts in thousands of reais)

		Parent		Consolidated	
	Note	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Origination of value added		1,788,421	1,741,533	2,530,172	2,191,348
Sale of products, net of returns and rebates	14	1,788,884	1,741,173	2,530,743	2,192,895
Provision for impairment of receivables		(463)	360	(571)	(1,547)
(-) Inputs acquired from third parties		1,113,050	1,136,187	1,622,809	1,450,010
Raw materials and processing material consumed		874,430	864,589	1,313,697	1,141,904
Materials, electricity, third-party services and other		238,620	271,598	309,112	308,106
GROSS VALUE ADDED		675,371	605,346	907,363	741,338
Retentions:		88,698	68,154	150,844	100,903
Depreciation and amortization	9	88,698	68,154	150,844	100,903
Net value added generated by the Company		586,673	537,192	756,519	640,435
Value added received through transfer		74,953	83,743	32,637	58,882
Share of results of subsidiaries	8	43,103	27,019	-	-
Finance income	16	31,850	56,724	32,637	58,882
VALUE ADDED TO DISTRIBUTE		**661,626**	**620,935**	**789,156**	**699,317**
Distribution of value added					
Personnel		397,247	372,946	517,072	433,170
Employees		267,195	262,645	382,501	317,085
Social charges - Government Severance Indemnity Fund for Employees (FGTS)		27,526	30,371	27,526	30,371
Profit sharing		28,985	16,894	30,143	17,383
Management fees		6,453	3,197	6,453	3,197
Workplace healthcare and safety		49,193	42,001	49,193	42,001
Food		7,964	8,418	7,964	8,418
Professional education, qualification and development		2,397	1,934	2,537	2,078
Other amounts		7,534	7,486	10,755	12,637
Government		44,920	61,933	60,686	82,530
Federal taxes and contributions		34,048	56,568	49,705	76,990
State taxes and rates		8,187	2,955	8,187	2,955
Municipal taxes, rates and others		2,685	2,410	2,794	2,585
Third-party capital		149,284	122,298	141,223	119,859
Finance costs	16	86,250	85,448	88,766	86,931
Net monetary and foreign exchange variations	16	63,034	36,850	52,457	32,928
Own capital		70,175	63,758	70,175	63,758
Profits reinvested		70,175	63,758	70,175	63,758
TOTAL VALUE ADDED		**661,626**	**620,935**	**789,156**	**699,317**

The accompanying notes are an integral part of this quarterly information

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1. GENERAL INFORMATION

Tupy S.A. (the "Parent company") and its subsidiaries (together the "Company" or "Consolidated") have an important position in the domestic and foreign iron casting markets, being the largest foundry in the world manufacturing cast-iron engine blocks and cylinder heads, with a diversified customer base in the Americas, Europe and Asia. They operate in the Automotive and Hydraulic segments, previously designated as automotive products, (blocks, cylinder heads and parts), industrial products, (pipe fittings, iron bars and steel shots and grits). The Company has plants in Brazil (Joinville, State of Santa Catarina, and Mauá, State of São Paulo) and in Mexico (in the cities of Saltillo and Ramos Arizpe). In addition to its plants, the Parent company has investments in companies abroad, which operate as an extension of its activities in Brazil in logistics, trading and technical assistance.

Tupy S.A. is a publicly-held corporation headquartered in Joinville, state of Santa Catarina, listed in the São Paulo Stock Exchange (BOVESPA: ticker TUPY3) and on the Novo Mercado segment of BM&FBOVESPA, and its main stockholders are Caixa de Previdência dos Funcionários do Banco do Brasil (PREVI) and BNDES Participações S.A. (BNDESPAR), which together held 71.2% of the Company's share capital at September 30, 2013.

This quarterly information was approved for issue by the Company's Board of Directors on November 13, 2013.

2. PRESENTATION AND PREPARATION OF THE QUARTERLY INFORMATION

The Company presents its Parent company quarterly information prepared in accordance with Technical Pronouncement CPC 21 – "Interim Financial Reporting" and the Consolidated quarterly information in accordance with Technical Pronouncement CPC 21 and the International Accounting Standard IAS 34 – "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR), and are identified as "Parent company" and "Consolidated", respectively.

In the Parent company quarterly information, subsidiaries are recorded based on the equity accounting method. The same adjustments are made in the Parent company and Consolidated quarterly information to reach the same profit or loss and equity for the Company. In the case of Tupy S.A., the accounting practices adopted in Brazil applicable to the Parent company quarterly information differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries based on the equity accounting method, instead of at cost or fair value in accordance with IFRS.

The quarterly information does not include all of the disclosures required in a complete set of financial statements, and should be read together with the annual financial statements for the year ended December 31, 2012. Circular Letter CVM/SNC/SEP 003 of April 28, 2011, permits

entities to present selected explanatory notes in cases of redundancy or duplication in relation to the information presented in the Company's annual financial statements. Accordingly the Company discloses below a list of the explanatory notes that are not partially or completely repeated in the quarterly information at September 30, 2013:

Not completely repeated:

- ✓ Financial investments
- ✓ Income tax and social contribution recoverable
- ✓ Credits - Eletrobras
- ✓ Investment properties
- ✓ Financing of taxes and social security charges
- ✓ Salaries, social security charges and profit sharing
- ✓ Defined benefit obligations
- ✓ Insurance
- ✓ Business combination
- ✓ Commitments.

Not partially repeated:

- ✓ Accounts receivable
- ✓ Other taxes recoverable
- ✓ Property, plant and equipment
- ✓ Intangible assets
- ✓ Borrowings
- ✓ Provision for tax, civil, social security and labor contingencies
- ✓ Defined benefit obligations; and
- ✓ Share capital.

2.1. Basis of preparation, functional and presentation currency

The quarterly information has been prepared under the historical cost convention, except for certain financial instruments which are measured at their fair values, as described in the accounting policies. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

The Company's functional currency is the Brazilian Real, except for its subsidiaries located in Mexico, whose functional currency is the U.S. Dollar. The preparation and presentation currency of the Parent company and Consolidated quarterly information is the Brazilian Real (R$).

2.2. Use of critical accounting estimates and judgments

The preparation of Parent company and Consolidated quarterly information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported for assets, liabilities, revenue and expenses.

In the preparation of this quarterly information, the decisions made by the Company regarding the application of accounting policies and in relation to the main sources of uncertainty in estimates were the same as those for the annual financial statements for the year ended

December 31, 2012. In the annual financial statements, these critical accounting estimates and judgments are disclosed in Note 2.2.

2.3. Significant accounting policies

The accounting policies used in the preparation of this quarterly information for the period ended September 30, 2013 are consistent with those used to prepare the annual financial statements for the year ended December 31, 2012. In the annual financial statements, these policies are disclosed in Note 2.3, except for the following new policies:

Leases

The Company leases intangible assets (software), through operations in which it holds substantially all the risks and rewards of ownership, and which are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges, in order to achieve a constant rate on the finance balance outstanding. The corresponding obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance expenses is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The intangible assets acquired under finance leases are amortized over their respective useful lives.

Computer software

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following recognition criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of applicable overheads. Costs also include finance costs related to the development of the software product.

Other development expenditure that does not meet these criteria is recognized as an expense as incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period.

a. Subsidiaries

There were no changes in investments in subsidiaries in the period ended September 30, 2013, in relation to those existing and disclosed in Note 2.3 (a) to the annual financial statements.

b. New standards, amendments to and interpretations of standards

The Company adopted all of the accounting pronouncements to be applied from January 1, 2013. Their impact on the quarterly information is detailed in the following table:

Standard			Date of issue	Effective date	Impact
IAS 19	CPC 33 (R1)	Employee benefits	6/16/2011	1/1/2013	None
IFRS 10	CPC 36 (R3)	Consolidated financial statements	5/12/2011	1/1/2013	None
IFRS 11	CPC 19 (R2)	Joint arrangements	5/12/2011	1/1/2013	None
IFRS 12	CPC 45	Disclosure of interests in other entities	5/12/2011	1/1/2013	The information required in the standard is included in Note 7 (d)
IFRS 13	CPC 46	Fair value measurement	5/12/2011	1/1/2013	Increase in disclosure requirements regarding fair value (Note 23)

There are no other effective IFRS or IFRIC interpretations that had a material impact on the Company. The following are the standards and interpretations already issued, but not yet effective for the current period:

Standard		Date of issue	Effective date	Estimated impact
IAS 32	Financial instruments: presentation	12/16/2011	1/1/2014	The Company is yet to assess the full impact of IAS 32
IFRS 9	Financial instruments	11/12/2009 10/28/2010	1/1/2015	The Company is yet to assess the full impact of IFRS 9

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	Sep/13	Dec/12	Sep/13	Dec/12
Cash and banks	1,874	2,171	1,897	2,397
Financial investments in Brazil	195,401	283,891	195,401	283,891
Financial investments abroad	92,283	153,163	332,444	374,149
	289,558	**439,225**	**529,742**	**660,437**

The financial investments in Brazil are remunerated at the variation of the Interbank Deposit Certificate (CDI) rate, with an average rate equivalent to 7.70% per annum (7.03% at December 31, 2012). Abroad, the investments are denominated mostly in U.S. Dollars (US$) at the average rate of 0.44% per annum (0.58% per annum in December 2012).

The exposure to interest rate risk and the sensitivity analysis for the financial assets are disclosed in the note on financial instruments (Note 23).

4. ACCOUNTS RECEIVABLE

Trade receivables by market and aging are as follows:

	Parent		Consolidated	
	Sep/13	Dec/12	Sep/13	Dec/12
Domestic market	144,819	64,059	144,819	64,059
Foreign market	121,002	69,703	290,349	183,696
Provision for impairment of trade receivables	(1,931)	(1,525)	(3,582)	(3,068)
	263,890	**132,237**	**431,586**	**244,687**

Accounts receivable in the domestic market are exclusively denominated in Reais, and in the foreign market primarily in U.S. Dollars.

The Company's accounts receivable in the foreign market include related party amounts which are eliminated in consolidation (Note 7).

The increase in the accounts receivable balance is due to the fact that the comparative period of December 31, 2012 had the impact of a lower sales volume, especially in the last month of 2012, representing the most part of the breakdown of this balance and the reduction of the receipt term. There was also the advance receipt from customers and the sale of receivables to financial institutions, without right of recourse, in the amount of R$ 38,205 in the Parent company and R$ 44,477 in the Consolidated, at December 31, 2012.

5. INVENTORIES

	Parent		Consolidated	
	Sep/13	Dec/12	Sep/13	Dec/12
Finished products	75,706	76,352	136,510	136,502
Work in progress	35,824	32,826	60,593	47,713
Raw materials	41,314	46,710	76,525	71,561
Maintenance and other materials	32,086	33,713	28,599	40,451
Provision for losses	(2,640)	(3,102)	(6,125)	(5,392)
	182,290	**186,499**	**296,102**	**290,835**

The costs of inventory recorded as expenses during the period in relation to the continuing operations totaled R$ 1,306,272 in the Parent company (R$ 1,312,302 in the same period of the previous year) and R$ 1,906,362 in the Consolidated (R$ 1,661,179 in the same period of the previous year).

The Company pledged finished product inventory as collateral for labor and social security litigation of R$ 17,447 in the Parent company and Consolidated.

6. OTHER TAXES RECOVERABLE

	Sep/13			Dec/12		
	Current	Non-current	Total	Current	Non-current	Total
Parent						
1979/1981 IPI premium credit	30,455	-	30,455	31,020	-	31,020
1988/1990 IPI premium credit	-	71,331	71,331	-	78,217	78,217
Value-added Tax on Sales and Services (ICMS) recoverable - São Paulo	-	31,043	31,043	-	27,537	27,537
ICMS recoverable - Santa Catarina	5,467	11,495	16,962	9,260	11,495	20,755
Reintegra benefit	31,752	-	31,752	32,920	-	32,920
Social Contribution on Revenues (COFINS), Social Integration Program (PIS) and Excise Tax (IPI) recoverable	1,273	-	1,273	2,116	-	2,116
	68,947	**113,869**	**182,816**	**75,316**	**117,249**	**192,565**
Subsidiaries						
Value-added tax (VAT)	36,024	1,924	37,948	39,177	1,848	41,025
Consolidated	**104,971**	**115,793**	**220,764**	**114,493**	**119,097**	**233,590**

7. RELATED-PARTY TRANSACTIONS

The main transactions of the Company with related parties are summarized as follows:

a. Subsidiaries:

Related-party transactions	Receivables		Payables	
Balance sheet	**Sep/13**	**Dec/12**	**Sep/13**	**Dec/12**
Tupy American Foundry Co.	26,622	4,444	25,573	-
Tupy American Iron & Alloys Co.	-	-	2,830	-
Tupy Europe GmbH	8,953	6,048	7,748	-
Tupy Argentina S.R.L.	2,914	2,163	-	-
Tupy Mexico Saltillo, S.A. de C.V	-	-	-	176
Tupy Agroenergética Ltda.	176	-	-	61
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	-	-	1,313	1,415
	38,665	**12,655**	**37,464**	**1,652**

	Sales revenue		Finance costs	
Statement of income	**3Q 2013**	**3Q 2012**	**3Q 2013**	**3Q 2012**
Tupy American Foundry Co.	116,625	99,462	-	-
Tupy American Iron & Alloys Co.	59	190	-	-
Tupy Europe GmbH	28,535	31,305	-	-
Tupy Argentina S.R.L.	-	318	-	-
Tupy Agroenergética Ltda.	-	-	-	(1)
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	-	-	-	-
	145,219	**131,275**	**-**	**(1)**

	Sales revenue		Finance costs	
Statement of income	**9M 2013**	**9M 2012**	**9M 2013**	**9M 2012**
Tupy American Foundry Co.	289,677	292,258	-	-
Tupy American Iron & Alloys Co.	99	1,536	-	-
Tupy Europe GmbH	89,145	99,763	-	-
Tupy Argentina S.R.L.	1,367	693	-	(1)
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	-	-	-	(4)
	380,288	**394,250**	**-**	**(5)**

The receivables and sales revenue of the Company to/from its subsidiaries mainly represent sales of merchandise from the automotive and hydraulic segments. Prices charged are in compliance with the Company's price lists, and terms range from 60 to 90 days, as established by the parties. At September 30, 2013, the Company's related parties had no overdue receivables and, therefore, the Company did not record a provision for the impairment of these receivables.

Payables to subsidiaries abroad represent advances for future delivery of products and current account between the subsidiaries and the Parent company, with an unspecified maturity.

The other operations refer to loan agreements between the subsidiaries in Brazil and the Company, with no defined maturities, which bear interest equivalent to the Referential Rate (TR).

b. Main stockholders:

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

The Company has borrowing agreements with the National Bank for Economic and Social Development (BNDES), the controlling stockholder of BNDES Participações S.A. - BNDESPAR, as detailed in Note 10.

c. Management compensation:

	Board of Directors		Executive Board	
	3Q 2013	3Q 2012	3Q 2013	3Q 2012
Fixed compensation	216	216	1,228	777
Variable compensation	-	-	1,225	-
	216	**216**	**2,453**	**777**

	Board of Directors		Executive Board	
	9M 2013	9M 2012	9M 2013	9M 2012
Fixed compensation	649	648	3,334	2,031
Variable compensation	-	-	2,470	518
	649	**648**	**5,804**	**2,549**

The overall annual compensation approved at the Extraordinary and Ordinary General Meeting was R$ 21,310 (R$ 10,311 in 2012).

Statutory management compensation is paid only at the Parent company level, and therefore, no management compensation has been recorded by the subsidiaries.

The amounts recorded as variable compensation of the Executive Board are considered a provision, according to the goals established for the period. The Company does not offer variable compensation to the Board of Directors.

Officers receive additional corporate benefits, such as company vehicles, reimbursement of vehicle-related expenses, health insurance and severance pay. At September 30, 2013, these benefits totaled R$ 73, as against R$ 586 in the same period of the previous year.

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

d. Other related parties:

The Parent company sponsors the Associação Atlética Tupy (Tupy Athletic Association), a not-for-profit foundation that offers leisure activities and sports to the Company's employees. During the period ended September 30, 2013, the Company recognized sponsorship expenses of R$ 591 (R$ 618 at September 30, 2012).

8. INVESTMENTS

a. Breakdown of investments

Parent	Total assets	Equity	Profit for the period	Interest in capital (%)	Equity in the results of investees (*)	Book value (*)
At September 30, 2013						
Investments in direct subsidiaries						
Tupy Mexico Saltillo, S.A. de C.V	555,013	581,739	16,677	100.00	16,677	581,739
Technocast, S.A. de C.V.	428,623	555,370	8,599	100.00	8,599	555,370
Tupy American Foundry Co.	101,608	48,055	8,040	100.00	9,721	46,894
Tupy American Iron & Alloys Co.	3,424	3,339	382	100.00	382	3,339
Tupy Europe GmbH	88,884	58,905	8,300	100.00	8,987	56,516
Tupy Argentina S.R.L.	2,960	(58)	(893)	100.00	(893)	(58)
Tupy Agroenergética Ltda.	10,201	10,009	(272)	100.00	(272)	10,009
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	2,408	1,917	(98)	100.00	(98)	1,917
					43,103	**1,255,726**

(*) Adjusted by unrealized profits

b. Changes in investments

Parent

	Sep/13
Opening balance	**1,122,199**
Equity in the results of subsidiaries	43,103
Exchange variation of investees located abroad	90,424
Closing balance	**1,255,726**

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Parent

	Dec/12	Additions	Disposals	Transfers	Depreciation/ Amortization	Foreign exchange variation	Sep/13
Property, plant and equipment							
Machinery, facilities and equipment	906,150	-	(3,237)	127,798	(82,871)	-	947,840
Buildings	118,181	-	-	9,285	(3,889)	-	123,577
Land	8,748	-	-	-	-	-	8,748
Vehicles	12,850	-	(54)	3,322	(1,800)	-	14,318
Furniture, fittings and other	982	-	(13)	895	(138)	-	1,726
Construction in progress	164,222	72,630	-	(141,300)	-	-	95,552
	1,211,133	**72,630**	**(3,304)**	**-**	**(88,698)**	**-**	**1,191,761**
Intangible assets							
Software	-	14,889	-	-	-	-	14,889
	-	**14,889**	**-**	**-**	**-**	**-**	**14,889**

Consolidated

	Dec/12	Additions	Disposals	Transfers	Depreciation/ Amortization	Foreign exchange variation	Sep/13
Property, plant and equipment							
Machinery, facilities and equipment	1,112,995	-	(3,238)	149,457	(101,469)	19,628	1,177,373
Buildings	219,435	-	-	10,257	(7,261)	9,316	231,747
Land	41,433	-	-	-	-	2,768	44,201
Vehicles	12,945	-	(54)	3,322	(1,850)	8	14,371
Furniture, fittings and other	4,659	-	(13)	1,250	(293)	1,039	6,642
Construction in progress	187,055	102,461	-	(164,286)	-	1,046	126,276
	1,578,522	**102,461**	**(3,305)**	**-**	**(110,873)**	**33,805**	**1,600,610**
Intangible assets							
Contractual customer relationships	470,568	-	-	-	(39,515)	41,197	472,250
Non-competition agreement	2,524	-	-	-	(456)	209	2,277
Goodwill	41,226	-	-	-	-	-	41,226
Software	-	14,889	-	-	-	-	14,889
	514,318	**14,889**	**-**	**-**	**(39,971)**	**41,406**	**530,642**

The Company pledged property, plant and equipment items as guarantees for borrowings amounting to R$ 349,809 in the Parent Company and Consolidated and R$ 3,520 in the Parent Company and Consolidated as guarantees for tax litigation.

In January 2013, the Parent company acquired a license for an integrated business management system (ERP), which is not being amortized since it is still being implemented. Additionally, the Company is capitalizing the costs incurred to acquire the software and make it ready to be used.

In the period ended September 30, 2013, the assets with indefinite useful lives and therefore not subject to amortization did not have indications of impairment.

10. BORROWINGS

			Parent company and Consolidated	
	Maturity	Average cost	Sep/13	Dec/12
Local currency			**767,506**	**907,602**
(a) Expansion project of Tupy S.A. - BNDES	July/2018	TJLP + 2.65% p.a.	213,801	236,879
(b) BNDES Exim - Pre-shipment of the Investment Sustainability Program (PSI)	Apr/2016	6.75% p.a.	405,623	654,417
(c) Export credit notes	Feb/2016	5.50% p.a.	125,406	-
(d) Finame (PSI)	May/2023	6.45% p.a.	22,676	16,306
Foreign currency			**995,746**	**920,059**
(a) Expansion project of Tupy S.A. - BNDES	July/2016	VC + 6.16% p.a.	50,038	35,833
(e) Export prepayment	Sep/2017	VC+ Libor + 3.79% p.a.	945,708	876,812
Working capital	Mar/2013	VC+ Libor + 1.90% p.a.	-	7,414
			1,763,252	**1,827,661**
Short-term portion			161,662	530,993
Long-term portion			1,601,590	1,296,668
			1,763,252	**1,827,661**

Long-term maturities are as follows:

Parent company and Consolidated		
Year	Sep/13	Dec/12
2014	67,241	175,299
2015	543,542	515,627
2016	653,304	301,140
2017	307,791	280,837
2018	21,496	23,765
Thereafter	8,216	-
	1,601,590	**1,296,668**

In the period ended September 30, 2013, the Parent company carried out the following new transactions with respect to borrowings:

c. Expansion project of Tupy S.A. - BNDES

In the period ended September 30, 2013, the Company repaid R$ 40,110 and in the same period R$ 26,389 was released from the National Bank for Economic and Social Development (BNDES), regarding a borrowing contract of the Enterprise Financing (FINEM) type, with a 4.3-year average term.

d. BNDES Exim – Pre-shipment (PSI)

In April 2013, the Company entered into BNDEX Exim - Pre-shipment of the Investment Sustainability Program (PSI) transactions with financial institutions, totaling R$ 200,000, with maturity in April 2016 and repayment of the principal at the end of the agreement. The Company repaid R$ 250,000 in June 2013, and R$ 200,000 in September 2013 with regard to the transactions of this type contracted in June 2010 and October 2011, respectively.

e. Export credit note

In February and March 2013, loans were obtained from Banco do Brasil and Itaú, amounting to R$ 125,000, with a three-year average term and repayment of principal at the end of the agreement.

f. Finame (PSI)

In February, June and August 2013, the Company entered into new Finame transactions for purchase of machinery and equipment, amounting to R$ 6,888, with a two-year grace period and repayment over eight years with monthly payments.

g. Export prepayment

In the period ended September 30, 2013, the Company did not enter into new export prepayment transactions, and their variation in the period is mainly due to the foreign exchange variation.

h. Restrictive covenants

A portion of the Company's borrowings have contractual clauses establishing the compliance with covenants based on certain financial ratios, calculated according to the consolidated financial information of the Company, as follows:

I. Net debt/Ebitda;

II. Equity / Total assets;

III. Current assets / Current liabilities;

IV. Current liabilities + Long-term liabilities/ Total assets.

The lack of compliance with these requirements by the Company would result in the anticipated maturity of the aforementioned contracts. At September 30, 2013, the Company was in compliance with all the financial ratios established in the borrowing contracts. In addition, even though internal and external factors may affect the Company's performance positively or negatively, according to internal projections, it is expected that the Company will comply with the covenants for the next twelve months.

11. PROVISION FOR TAX, CIVIL, SOCIAL SECURITY AND LABOR CONTINGENCIES

The Company is a party to ongoing litigation arising in the normal course of its business and for which provision (in the case of probable losses) were recorded based on estimates made by its legal counsel.

The changes in the provision for tax, civil, social security and labor contingencies in the period ended September 30, 2013 and the related balances are as follows:

Parent

	Civil	Tax	Labor	Social security	Judicial deposits	Total
At January 1, 2012	**71,471**	**10,154**	**13,580**	**4,484**	**(8,650)**	**91,039**
Additions	-	-	8,315	-	(1,012)	7,303
Interest	7,484	131	-	-	-	7,615
Payments	-	-	(6,903)	-	328	(6,575)
At December 31, 2012	**78,955**	**10,285**	**14,992**	**4,484**	**(9,334)**	**99,382**
Additions	180	-	7,630	2,536	(934)	9,412
Interest	710	81	-	-	-	791
Payments	-	(2,330)	(5,425)	-	-	(7,755)
At September 30, 2013	**79,845**	**8,036**	**17,197**	**7,020**	**(10,268)**	**101,830**
Short-term portion						6,470
Long-term portion						95,360
						101,830

Consolidated

	Civil	Tax	Labor	Social security	Judicial deposits	Total
At January 1, 2012	**71,930**	**10,197**	**13,641**	**4,484**	**(8,849)**	**91,403**
Additions	-	-	8,327	-	(1,022)	7,305
Interest	7,484	131	-	-	-	7,615
Payments	-	-	(6,903)	-	328	(6,575)
At December 31, 2012	**79,414**	**10,328**	**15,065**	**4,484**	**(9,543)**	**99,748**
Additions	180	-	7,630	2,536	(934)	9,412
Interest	710	81	-	-	-	791
Payments	-	(2,330)	(5,425)	-	-	(7,755)
Reductions	-	-	-	-	93	93
At September 30, 2013	**80,304**	**8,079**	**17,270**	**7,020**	**(10,384)**	**102,289**
Short-term portion						6,470
Long-term portion						95,819
						102,289

Contingencies involving a possible loss

The contingencies involving the risk of possible loss, according to the assessment made by Management and the Company's outside legal counsel, are described in the table below.

Parent company and Consolidated

	Sep/13	Dec/12
PIS, COFINS and IPI credits / IRPJ and CSLL proceedings	175,431	82,751
Debts settled through tax amnesty	64,191	63,212
ICMS credits	97,260	32,287
Expired tax debts	120,544	110,368
Customs	45,774	-
Social security	69,610	69,495
Labor	16,947	15,738
Civil	7,095	6,623
	596,852	**380,474**

- **PIS and COFINS credits/IRPJ and CSLL proceedings**

Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) proceedings: Administrative proceedings in which the Brazilian Federal Revenue Service challenged the Company as to the use of credits generated in the acquisition of inputs from 2004 to 2011 (disagreement as to the concept of inputs). The Company submitted an administrative defense showing the eligibility for the use of credits in accordance with the applicable tax legislation.

Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL): Administrative proceedings of 1994 and 2006 in which the Brazilian Federal Revenue Service challenged, respectively, the calculation of taxable income and the use of estimated IRPJ. The Company submitted a defense stating that the tax calculation was correct.

The main variations in the period ended September 30, 2013 are due to the following: (i) the Company had access to statements of the Brazilian Federal Revenue Service which permitted determining the amounts involved in certain administrative proceedings related to IRPJ and CSLL, resulting in the adjustment of the respective proceedings to R$ 20,959; and (ii) the Company received in the period ended September 30, 2013 tax assessment notices from the Brazilian Federal Revenue Service related to the credits of PIS/COFINS and IRPJ/CSLL used for offset against federal taxes totaling R$ 69,722. As regards the new tax assessment notices, the Company filed an administrative defense in which it sustained and evidenced the compliance of the tax procedures performed with the tax legislation.

- **Debts settled through tax amnesty**

Debts settled by the Company by enrolling in the tax amnesty program of Provisional Measure 470/09, for which the Brazilian Federal Revenue Service claims the debts do not qualify under the program. The Company is seeking court approval as it considers that there is full compatibility of the debts with the amnesty.

- **ICMS credits**

Administrative and legal processes filed by the tax authorities of the states of São Paulo and Santa Catarina for the years 2009 to 2011, in which the use of certain ICMS credits by the Mauá and Joinville plants are challenged. In all the cases, the Company has shown the eligibility for the use of credits in accordance with the applicable tax legislation.

In April 2013, the Company received a tax assessment notice amounting to R$ 59,640, issued by the Finance Department of the State of São Paulo, disallowing ICMS credits recorded by the Mauá plant in 2008. The Company filed an administrative defense in which it sustained and evidenced the lawfulness of the tax credit recorded.

- **Expired tax debts**

Administrative and judicial tax demands made by the Federal Government related to alleged offsets of debits with IPI premium credit. In its defense, the Company claims that the statute of limitation period of said debts has expired, in compliance with case law of higher courts.

In April 2013, the Company had access to statements of the Brazilian Federal Revenue Service which permitted determining the amounts involved in certain administrative proceedings related to this issue, which resulted in the adjustment of the contingency.

- **Customs**

Administrative proceeding filed in 2006 in which the Brazilian Federal Revenue Service requires from the Company a fine corresponding to the customs value of merchandise related to import of inputs.

- **Social security**

Administrative and legal proceedings filed by the federal tax authorities for 1998 and 2008 concerning alleged debts related to social security contributions on payroll and owed by service providers (joint responsibility). In all the cases, the Company's defense has shown that the procedures adopted are in full compliance with tax legislation.

On May 27, 2013, the Company made a judicial deposit of R$ 13,459 (recorded as judicial deposits in assets) in connection with a court claim for taxes related to social security contingency in order to replace assets that until then guaranteed the claim. In spite of the judicial deposit, the Company will continue discussing the merit of such tax litigation since it understands it has consistent arguments favorable to it.

- **Labor**

Lawsuits filed by former employees in progress at the Labor Courts, claiming compensation and payroll charges allegedly owed by the Company.

- **Civil**

Contingency in which the Company challenges an excess collection concerning an undue increase in the electricity tariff by the concessionaire during a price freeze period, from February to November 1986.

12. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION, NET

The breakdown of deferred tax assets and liabilities relating to income tax and social contribution, according to the balance sheet accounts, is as follows:

	Parent			Consolidated		
	Sep/13	Dec/12	Variation	Sep/13	Dec/12	Variation
Deferred liabilities						
Property, plant and equipment - carrying value adjustments	55,228	61,121	(5,893)	55,228	61,121	(5,893)
Depreciation rate differences	49,420	41,028	8,392	49,420	41,028	8,392
Deferred tax on intangible assets	-	-	-	142,358	141,928	430
Subtotal	**104,648**	**102,149**	**2,499**	**247,006**	**244,077**	**2,929**
Deferred assets						
Accounts receivable	3,347	1,863	1,484	3,347	1,863	1,484
Inventories	898	1,055	(157)	898	1,055	(157)
Taxes and contributions recoverable	8,666	5,592	3,074	8,666	5,592	3,074
Third party tools	4,836	3,405	1,431	4,836	3,405	1,431
Credits - Eletrobras	5,573	5,597	(24)	5,573	5,597	(24)
Unrealized profits in subsidiaries	-	-	-	1,829	3,052	(1,223)
Tax losses from prior years	-	-	-	5,399	2,454	2,945
Property, plant and equipment - tax basis (Mexico)	-	-	-	39,237	41,534	(2,297)
Other assets	9,027	7,193	1,834	9,027	7,193	1,834
Salaries, social security charges and profit sharing	7,901	6,962	939	7,901	6,962	939
Provision for tax, civil, social security and labor contingencies	38,113	36,963	1,150	38,113	40,139	(2,026)
Other liabilities	2,278	4,795	(2,517)	2,278	4,795	(2,517)
Subtotal	**80,639**	**73,425**	**7,214**	**127,104**	**123,641**	**3,463**
Total deferred liabilities, net	**24,009**	**28,724**	**(4,715)**	**119,902**	**120,436**	**(534)**

The Company prepared a technical feasibility study, approved by the Board of Directors, for the deferred income tax and social contribution assets, which indicates the full recovery of these deferred taxes. The expected future realization, based on the Company's profit projections and the expectations of the effective realization of temporary differences, is as follows:

	Parent		Consolidated	
Year	Sep/13	Dec/12	Sep/13	Dec/12
2013	24,720	23,537	35,218	35,680
2014	6,327	6,016	9,597	9,477
2015	11,900	11,613	15,170	15,074
2016	6,327	6,016	9,597	9,477
2017	6,327	6,016	9,597	9,477
Thereafter	25,038	20,227	47,925	44,456
	80,639	**73,425**	**127,104**	**123,641**

The subsidiary Sociedade Técnica de Fundições Gerais S.A. - Sofunge (in liquidation) had income tax losses of R$ 56,256 at September 30, 2013 (R$ 56,138 at December 31, 2012) and social contribution losses of R$ 61,487 at September 30, 2013 (R$ 61,370 at December 31, 2012). At the moment, management does not envisage any form of realization, and therefore the related credits are not recorded.

During the period ended September 30, 2013, changes in deferred tax assets and liabilities were as follows:

	Parent	Consolidated
At December 31, 2012	**(28,724)**	**(120,436)**
Recognized in profit (loss) for the period	4,715	8,951
Exchange rate variation	-	(8,417)
At September 30, 2013	**(24,009)**	**(119,902)**

13. SHARE CAPITAL AND DIVIDENDS

a) Share capital

	Common shares	
Share capital breakdown	**Amount**	**%**
Controlling stockholders		
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	40,693,254	35.6%
BNDES Participações S.A. – BNDESPAR	40,645,370	35.6%
Officers	8	0.0%
Non-controlling interests		
Fundação Embratel de Seguridade Social - TELOS	15,109,156	13.2%
Other stockholders	17,829,712	15.6%
Total outstanding shares	**114,277,500**	**100.0%**

The Company's stockholders approved, at the General Meeting held on February 8, 2013, the split of the Company's common shares. As a result, one common share issued by the Company was split into two common shares, and the Company's share capital was then represented by 114,277,500 registered book-entry common shares with no par value (Split), already considering the preferred shares converted into common shares.

The new shares created by the split granted their holders the same rights as the common shares they already held.

Authorized capital is limited to R$ 1,200,000, represented by registered book-entry common shares with no par value.

Of the authorized capital at September 30, 2013, R$ 537,051 was subscribed and paid up, represented by 114,277,500 common shares with voting rights.

The Company, its stockholders, management and members of the Statutory Audit Board are committed to resolve, through arbitration at the Market Arbitration Chamber, any dispute that may arise between them, relating to or originating, especially, from the application, validity, efficacy, interpretation, violation, and their effects, of the provisions of Brazilian Corporation Law, of the Company's bylaws, in the regulations issued by the National Monetary Council, the Brazilian Central Bank and the Brazilian Securities Commission, as well as other regulations applicable to the functioning of capital markets in general, besides those comprised in the Regulations of the New Market, the Market Arbitration Chamber , the Sanctions Regulation and the Contract for Participation in the New Market.

b) Dividends

On June 11, 2013, the Company paid dividends as approved by the Annual General Meeting of Stockholders held on April 12, 2013, in which the payment of mandatory minimum dividends of R$ 18,916 and additional dividends of R$ 9,456 was approved, and the total amount paid of R$ 28,372 was divided into interest on capital and dividends as shown below:

2012 Dividends and interest on capital

	Amount	Per share *
Interest on capital, gross	21,041	0.18
Dividends	7,331	0.06
	28,372	**0.25**

(*) For shares outstanding at the balance sheet date

At September 30, 2013, of the total amount approved for payment, there was a remaining balance payable of R$ 135 awaiting contact from the stockholders.

14. REVENUES

The reconciliation between gross and net sales and service revenue for the period is as follows:

	Parent		Consolidated	
	3Q 2013	3Q 2012	3Q 2013	3Q 2012
Gross revenues	667,510	587,069	922,132	822,766
Returns and rebates	(8,887)	(11,089)	(14,476)	(18,232)
Revenues net of returns and rebates	**658,623**	**575,980**	**907,656**	**804,534**
Taxes on sales	(64,319)	(58,865)	(64,319)	(58,917)
Revenues	**594,304**	**517,115**	**843,337**	**745,617**
Revenues				
Domestic market	289,752	256,906	289,731	256,862
Foreign market	304,552	260,209	553,606	488,755
	594,304	**517,115**	**843,337**	**745,617**

	Parent		Consolidated	
	9M 2013	9M 2012	9M 2013	9M 2012
Gross revenues	1,813,189	1,771,880	2,573,921	2,235,847
Returns and rebates	(24,305)	(30,707)	(43,178)	(42,952)
Revenues net of returns and rebates	**1,788,884**	**1,741,173**	**2,530,743**	**2,192,895**
Taxes on sales	(188,059)	(172,150)	(188,205)	(172,253)
Revenues	**1,600,825**	**1,569,023**	**2,342,538**	**2,020,642**
Revenues				
Domestic market	802,927	765,624	802,825	765,486
Foreign market	797,898	803,399	1,539,713	1,255,156
	1,600,825	**1,569,023**	**2,342,538**	**2,020,642**

15. COSTS AND EXPENSES BY NATURE

The breakdown of costs and expenses by nature, reconciled with costs and expenses by function presented in the statement of income, is as follows:

	Parent		Consolidated	
	3Q 2013	3Q 2012	3Q 2013	3Q 2012
Raw material and processing materials	244,157	221,525	367,822	355,793
Maintenance and consumption materials	22,367	17,225	36,520	28,547
Salaries and payroll charges	118,079	117,276	163,684	150,650
Profit sharing	10,416	8,804	11,003	9,293
Social security benefits	25,750	20,320	26,696	28,040
Electric power	26,712	28,431	35,540	28,856
Depreciation	29,576	23,672	37,439	30,640
Freight and commission on sales	17,105	18,313	24,762	24,102
Management fees	2,669	993	2,669	993
Other costs	10,040	9,323	15,289	12,445
	506,871	**465,882**	**721,424**	**669,359**
Cost of products sold	465,451	432,358	662,369	617,871
Selling expenses	21,722	21,593	32,417	31,588
Administrative expenses	17,029	10,938	23,969	18,907
Management fees	2,669	993	2,669	993
	506,871	**465,882**	**721,424**	**669,359**

	Parent		Consolidated	
	9M 2013	9M 2012	9M 2013	9M 2012
Raw material and processing materials	670,574	667,327	1,097,278	940,402
Maintenance and consumption materials	98,535	99,163	134,544	119,159
Salaries and payroll charges	320,211	351,968	435,517	400,988
Profit sharing	28,985	16,894	30,143	17,383
Social security benefits	67,088	59,839	70,449	65,134
Electric power	76,991	94,674	95,883	101,761
Depreciation	85,559	66,938	107,734	79,967
Freight and commission on sales	49,661	51,961	73,699	71,738
Management fees	6,453	3,197	6,453	3,197
Other costs	17,010	14,841	23,438	18,798
	1,421,067	**1,426,802**	**2,075,138**	**1,818,527**
Cost of products sold	1,306,272	1,312,302	1,906,362	1,661,179
Selling expenses	61,258	65,182	93,945	91,801
Administrative expenses	47,084	46,121	68,378	62,350
Management fees	6,453	3,197	6,453	3,197
	1,421,067	**1,426,802**	**2,075,138**	**1,818,527**

16. FINANCE RESULT

	Parent		Consolidated	
Finance result	**3Q 2013**	**3Q 2012**	**3Q 2013**	**3Q 2012**
Financial assets	**9,932**	**4,347**	**9,932**	**4,347**
Financial assets at fair value through profit or loss	***950***	***1,574***	***950***	***1,574***
Credits - Eletrobras	541	1,219	541	1,219
Financial investments	299	355	299	355
Investments in equity instruments	110	-	110	-
Loans and receivables	***8,982***	***2,773***	***8,982***	***2,773***
Cash and cash equivalents	8,982	2,773	8,982	2,773
Tax credits and other finance income	1,259	2,602	1,469	7,830
Finance income	**11,191**	**6,949**	**11,401**	**12,177**
Financial liabilities	**(27,227)**	**(26,668)**	**(27,228)**	**(26,672)**
Financial liabilities at amortized cost	***(27,452)***	***(26,668)***	***(27,453)***	***(26,672)***
Borrowings	(27,402)	(26,108)	(27,402)	(26,108)
Financing of taxes and social security charges	(7)	(172)	(8)	(176)
Notes payable and other financial liabilities	(43)	(388)	(43)	(388)
Derivative financial instruments				
Interest rate swaps	225	-	225	-
Other finance costs	(734)	114	(1,206)	(1,993)
Finance costs	**(27,961)**	**(26,554)**	**(28,434)**	**(28,665)**
Foreign exchange variations				
Derivative financial instruments				
Non Deliverable Forward (NDF)	11,161	1,905	11,161	1,905
Net foreign exchange variations	(29,836)	(573)	(25,486)	708
Net foreign exchange variations	**(18,675)**	**1,332**	**(14,325)**	**2,613**
Net finance result	**(35,445)**	**(18,273)**	**(31,358)**	**(13,875)**

	Parent		Consolidated	
Finance result	**9M 2013**	**9M 2012**	**9M 2013**	**9M 2012**
Financial assets	**28,174**	**46,263**	**28,174**	**46,263**
Financial assets at fair value through profit or loss	***5,042***	***5,154***	***5,042***	***5,154***
Credits - Eletrobras	4,139	3,761	4,139	3,761
Financial investments	904	1,393	904	1,393
Investments in equity instruments	(1)	-	(1)	-
Loans and receivables	***23,132***	***41,109***	***23,132***	***41,109***
Cash and cash equivalents	23,132	41,109	23,132	41,109
Tax credits and other finance income	**3,676**	**10,461**	**4,463**	**12,619**
Finance income	**31,850**	**56,724**	**32,637**	**58,882**
Financial liabilities	**(85,570)**	**(81,879)**	**(85,571)**	**(81,883)**
Financial liabilities at amortized cost	***(82,548)***	***(81,879)***	***(82,549)***	***(81,883)***
Borrowings	(82,106)	(80,588)	(82,106)	(80,588)
Financing of taxes and social security charges	(91)	(463)	(92)	(467)
Notes payable and other financial liabilities	(351)	(828)	(351)	(828)
Derivative financial instruments	***(3,022)***	***-***	***(3,022)***	***-***
Interest rate swaps	(3,022)	-	(3,022)	-
Other finance costs	**(680)**	**(3,569)**	**(3,195)**	**(5,048)**
Finance costs	**(86,250)**	**(85,448)**	**(88,766)**	**(86,931)**
Foreign exchange variations				
Derivative financial instruments				
Non Deliverable Forward (NDF)	10,539	27,158	10,539	27,158
Net Foreign exchange variations	(73,573)	(64,008)	(62,996)	(60,086)
Net foreign exchange variations	**(63,034)**	**(36,850)**	**(52,457)**	**(32,928)**
Net Finance result	**(117,434)**	**(65,574)**	**(108,586)**	**(60,977)**

17. OTHER OPERATING INCOME (EXPENSES)

	Parent		Consolidated	
	3Q 2013	**3Q 2012**	**3Q 2013**	**3Q 2012**
Constitution and restatement of provisions (Note 11)	(5,210)	(2,168)	(5,210)	(2,168)
Reversal of provisions	668	(637)	668	(637)
Depreciation of other assets	(1,501)	(385)	(1,501)	(385)
Disposals of property, plant and equipment	(299)	(412)	(300)	(412)
Termination expenses of employees	-	(5,071)	-	(5,071)
Amortization of intangible assets	-	-	(14,335)	(11,832)
Gains (losses) on the sale of unusable assets and write-off of third-party tools and other assets	807	(2,301)	1,170	(1,207)
	(5,535)	**(10,974)**	**(19,508)**	**(21,712)**

	Parent		Consolidated	
	9M 2013	9M 2012	9M 2013	9M 2012
Constitution and restatement of provisions (Note 11)	(11,137)	(9,867)	(11,137)	(9,879)
Reversal of provisions	71	11,612	71	11,612
Depreciation of other assets	(3,139)	(1,216)	(3,139)	(1,216)
Disposals of property, plant and equipment	(2,374)	(427)	(2,375)	(429)
Stoppage expenses	-	(12,496)	-	(12,496)
Termination expenses of employees	-	(5,071)	-	(5,071)
Amortization of intangible assets (Note 9)	-	-	(39,971)	(19,720)
Gains (losses) on the sale of unusable assets and write-off of third-party tools and other assets	(2,281)	(2,251)	(185)	273
	(18,860)	**(19,716)**	**(56,736)**	**(36,926)**

18. INCOME TAX AND SOCIAL CONTRIBUTION IN THE RESULTS

	Parent		Consolidated	
	3Q 2013	3Q 2012	3Q 2013	3Q 2012
Profit before tax effects	**56,207**	**35,283**	**71,047**	**40,671**
Income tax and social contribution rate	34%	34%	34%	34%
Expenses at standard rate	(19,111)	(11,996)	(24,156)	(13,828)
Tax effect of permanent (additions) exclusions:				
Equity in the results of investees	3,316	4,521	-	-
Depreciation of non-operating assets	(510)	(130)	(510)	(130)
Foreign exchange gains (losses)	-	-	(3,457)	-
Restatement of the fixed assets basis - Mexico	-	-	(646)	-
Tax surcharge on cash flow - Mexico	-	-	666	-
Other permanent (additions) exclusions	(162)	183	(3,204)	1,148
Tax effects recorded in the statement of income	**(16,467)**	**(7,422)**	**(31,307)**	**(12,810)**
Effective income tax rate	**29%**	**21%**	**44%**	**31%**

	Parent		Consolidated	
	9M 2013	9M 2012	9M 2013	9M 2012
Profit before tax effects	**86,567**	**83,950**	**102,078**	**104,212**
Income tax and social contribution rate	34%	34%	34%	34%
Expenses at standard rate	(29,433)	(28,543)	(34,707)	(35,432)
Tax effect of permanent (additions) exclusions:				
Equity in the results of investees	14,655	9,186	-	-
Depreciation of non-operating assets	(1,067)	(413)	(1,067)	(413)
Foreign exchange gains (losses)	-	-	(605)	-
Restatement of the fixed assets basis - Mexico	-	-	7,589	-
Tax surcharge on cash flow - Mexico	-	-	(1,951)	-
Other permanent (additions) exclusions	(547)	(422)	(1,162)	(4,609)
Tax effects recorded in the statement of income	**(16,392)**	**(20,192)**	**(31,903)**	**(40,454)**
Effective income tax rate	**19%**	**24%**	**31%**	**39%**

The breakdown of the tax effects recorded in the statement of income is as follows:

	Parent		Consolidated	
	3Q 2013	3Q 2012	3Q 2013	3Q 2012
Current income tax and social contribution	(21,106)	(7,266)	(29,325)	(21,780)
Deferred income tax and social contribution	4,639	(156)	(1,982)	8,970
Tax effects recorded in the statement of income	**(16,467)**	**(7,422)**	**(31,307)**	**(12,810)**

	Parent		Consolidated	
	9M 2013	9M 2012	9M 2013	9M 2012
Current income tax and social contribution	(21,107)	(11,567)	(40,854)	(32,205)
Deferred income tax and social contribution	4,715	(8,625)	8,951	(8,249)
Tax effects recorded in the statement of income	**(16,392)**	**(20,192)**	**(31,903)**	**(40,454)**

The tax effects recorded in the statement of income were calculated considering the prevailing income tax and social contribution rate (34%) and considering the effects of the temporary and permanent additions and exclusions. The Company believes that there would no material variations in the calculation of the tax effects if the calculation based on the effective rate expected for the fiscal year 2013 was adopted.

19. EARNINGS PER SHARE

The calculations of the earnings per common share and preferred share in the period are as follows:

	3Q 2013	3Q 2012	9M 2013	9M 2012
Profit attributable to the stockholders of the Company	39,740	27,861	70,175	63,758
Weighted average number of outstanding shares (*)	114,278	114,278	114,278	114,278
Basic and diluted earnings per share - R$	**0.35**	**0.24**	**0.61**	**0.56**

(*) As described in Note 13, in the first quarter of 2013, the Company split the number of shares, and consequently the basic and diluted earnings per share for the comparative periods of 2012 consider the number of outstanding shares after the split.

20. SEGMENT REPORTING

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

Automotive (formerly automotive products) - Manufacture, to order, of cast and machined products, with significant technological content, such as powertrain (blocks and cylinder heads), brake, transmission, steering, axle and suspension components for worldwide manufacturers of engines,

passenger vehicles, commercial vehicles (trucks, buses, etc.), construction machines, tractors, agricultural machines and power generators.

Hydraulic (formerly: industrial products) - Manufacture of malleable iron pipe fittings for the construction industry, iron and steel shots and grits for the marble and granite processing industry and cast-iron bars for general use.

The following is information on each reported segment:

Reconciliation of revenues, costs and expenses and profit

Consolidated	Automotive		Hydraulic		Total	
	3Q 2013	3Q 2012	3Q 2013	3Q 2012	3Q 2013	3Q 2012
Revenues (Note 14)	776,723	683,344	66,614	62,273	843,337	745,617
Costs and expenses, except depreciation (Note 15)	(637,057)	(592,913)	(46,928)	(45,806)	(683,985)	(638,719)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 17)	(3,419)	(9,167)	(253)	(328)	(3,672)	(9,495)
EBITDA (according to the methodology of CVM Instruction 527/12)	**136,247**	**81,264**	**19,433**	**16,139**	**155,680**	**97,403**
Depreciation and amortization	(50,819)	(41,217)	(2,456)	(1,640)	(53,275)	(42,857)
Profit before finance result	**85,428**	**40,047**	**16,977**	**14,499**	**102,405**	**54,546**
Finance result, net (Note 16)					(31,358)	(13,875)
Profit before taxation					**71,047**	**40,671**
Income tax and social contribution (Note 18)					(31,307)	(12,810)
Profit for the period					**39,740**	**27,861**

Consolidated	Automotive		Hydraulic		Total	
	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012
Revenues (Note 14)	2,154,538	1,842,844	188,000	177,798	2,342,538	2,020,642
Costs and expenses, except depreciation (Note 15)	(1,832,880)	(1,602,230)	(134,524)	(136,330)	(1,967,404)	(1,738,560)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 17)	(12,694)	(15,133)	(932)	(857)	(13,626)	(15,990)
EBITDA (according to the methodology of CVM Instruction 527/12)	**308,964**	**225,481**	**52,544**	**40,611**	**361,508**	**266,092**
Depreciation and amortization	(143,478)	(94,533)	(7,366)	(6,370)	(150,844)	(100,903)
Profit before finance result	**165,486**	**130,948**	**45,178**	**34,241**	**210,664**	**165,189**
Finance result, net (Note 16)					(108,586)	(60,977)
Profit before taxation					**102,078**	**104,212**
Income tax and social contribution (Note 18)					(31,903)	(40,454)
Profit for the period					**70,175**	**63,758**

Information on the countries from which the Company derives revenue

The revenue derived from customers in Brazil and from customers in each foreign country, and their respective shares in the Company's total revenue for the period, are as follows:

Consolidated

Revenues	3Q 2013	%	3Q 2012	%	9M 2013	%	9M 2012	%
Brazil - head office	289,731	34.4	256,862	34.4	802,825	34.3	765,486	37.9
USA	202,796	24.0	222,251	29.8	652,292	27.8	572,865	28.4
Mexico	153,871	18.2	127,633	17.1	456,972	19.5	288,754	14.3
Canada	50,403	6.0	21,251	2.9	59,170	5.1	44,427	6.1
United Kingdom	37,074	4.4	36,886	4.9	119,187	2.5	124,024	2.2
Italy	15,416	1.8	19,104	2.6	40,346	1.7	57,134	2.8
Thailand	12,522	1.5	3,080	0.4	28,524	1.5	4,394	1.3
Japan	12,126	1.4	11,281	1.5	22,581	1.2	37,845	1.1
Netherlands	11,286	1.3	5,079	0.7	20,926	1.2	10,629	0.2
France	11,192	1.3	4,297	0.6	13,221	1.0	10,034	1.9
South Africa	10,615	1.3	7,199	1.0	28,554	0.9	22,028	0.5
Hungary	10,550	1.3	8,077	1.1	35,842	0.6	26,685	0.7
Germany	6,609	0.8	4,533	0.6	13,722	0.6	10,671	0.5
Argentina	5,555	0.7	5,451	0.7	13,933	0.6	13,757	0.5
Other countries	13,591	1.6	12,633	1.7	34,443	1.5	31,909	1.6
Total	**843,337**	**100.0**	**745,617**	**100.0**	**2,342,538**	**100.0**	**2,020,642**	**100.0**

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

The Company has a diversified portfolio of local and foreign customers. The automotive segment has customers that individually account for more than 10% of consolidated revenues, as follows:

Consolidated - thousands of R$

Revenues	3Q 2013	%	3Q 2012	%	9M 2013	%	9M 2012	%
Automotive								
Customer A	136,190	16.1	137,722	18.5	422,163	18.0	356,565	17.6
Customer B	129,016	15.3	95,312	12.8	335,166	14.3	299,898	14.8
Other customers of the automotive segment	511,517	60.7	450,310	60.4	1,397,209	59.7	1,186,381	58.7
Total automotive	**776,723**	**92.1**	**683,344**	**91.6**	**2,154,538**	**92.0**	**1,842,844**	**91.2**
Hydraulic	66,614	7.9	62,273	8.4	188,000	8.0	177,798	8.8
Total revenues	**843,337**	**100.0**	**745,617**	**100.0**	**2,342,538**	**100.0**	**2,020,642**	**100.0**

The sales in the hydraulic segment are diversified.

Reconciliation of costs and expenses by segment

Consolidated	Automotive		Hydraulic		Total	
	3Q 2013	3Q 2012	3Q 2013	3Q 2012	3Q 2013	3Q 2012
Raw material and processing materials	347,003	333,375	20,819	22,418	367,822	355,793
Maintenance and consumption materials	34,010	26,702	2,510	1,845	36,520	28,547
Salaries and payroll charges	152,458	139,918	11,226	10,732	163,684	150,650
Profit sharing	10,248	8,599	755	694	11,003	9,293
Social security benefits	24,865	26,001	1,831	2,039	26,696	28,040
Electric power	33,103	26,909	2,437	1,947	35,540	28,856
Depreciation	34,871	28,922	2,568	1,718	37,439	30,640
Freight on sales	18,641	18,989	6,121	5,113	24,762	24,102
Management fees	2,486	925	183	68	2,669	993
Other costs	14,243	11,495	1,046	950	15,289	12,445
	671,928	**621,835**	**49,496**	**47,524**	**721,424**	**669,359**

Consolidated	Automotive		Hydraulic		Total	
	9M 2013	9M 2012	9M 2013	9M 2012	9M 2013	9M 2012
Raw material and processing materials	1,034,164	875,929	63,114	64,473	1,097,278	940,402
Maintenance and consumption materials	125,344	109,809	9,200	9,350	134,544	119,159
Salaries and payroll charges	405,738	369,522	29,779	31,466	435,517	400,988
Profit sharing	28,082	16,019	2,061	1,364	30,143	17,383
Social security benefits	65,632	60,023	4,817	5,111	70,449	65,134
Electric power	89,327	93,776	6,556	7,985	95,883	101,761
Depreciation	100,368	73,597	7,366	6,370	107,734	79,967
Freight and commission on sales	56,746	56,884	16,953	14,854	73,699	71,738
Management fees	6,012	2,946	441	251	6,453	3,197
Other costs	21,835	17,322	1,603	1,476	23,438	18,798
	1,933,248	**1,675,827**	**141,890**	**142,700**	**2,075,138**	**1,818,527**

Reconciliation of assets and liabilities

Consolidated	Automotive		Hydraulic		Total	
ASSETS	Sep/13	Dec/12	Sep/13	Dec/12	Sep/13	Dec/12
Accounts receivable, net (Note 4)	379,464	215,734	52,122	28,953	431,586	244,687
Inventory (Note 5)	244,706	243,916	51,396	46,919	296,102	290,835
Third-party tools	64,551	58,875	595	59	65,146	58,934
Notes and other receivables	24,720	27,202	3,215	5,168	27,935	32,370
Property, plant and equipment (Note 9)	1,559,487	1,539,821	41,123	38,701	1,600,610	1,578,522
Intangible assets (Note 9)	530,642	514,318	-	-	530,642	514,318
Other assets not allocated					964,535	1,081,588
Total consolidated assets	**2,803,570**	**2,599,866**	**148,451**	**119,800**	**3,916,556**	**3,801,254**

Consolidated	Automotive		Hydraulic		Total	
LIABILITIES	Sep/13	Dec/12	Sep/13	Dec/12	Sep/13	Dec/12
Trade payables	228,372	230,176	21,187	24,363	249,559	254,539
Taxes and contributions	30,500	16,021	3,879	638	34,379	16,659
Salaries, social security charges and profit sharing	127,716	90,781	10,496	7,541	138,212	98,322
Advances from customers	65,489	64,114	4,992	9,654	70,481	73,768
Notes and other payables	55,028	52,617	4,319	6,523	59,347	59,140
Deferred tax on intangible assets (Note 12)	142,358	141,928	-	-	142,358	141,928
Other liabilities not allocated					1,885,222	1,971,043
Equity					1,336,998	1,185,855
Total consolidated liabilities	**649,463**	**595,637**	**44,873**	**48,719**	**3,916,556**	**3,801,254**

Segment-specific assets and liabilities are allocated directly to each segment, and criteria relating to the applicability and origin are used for common assets and liabilities. The Company does not allocate cash and cash equivalents, recoverable and deferred taxes, judicial and other deposits, and investments in companies to the reporting segments, as they are not directly related to the operations. For the same reason, borrowings, tax financing and social charges, dividends, provisions, deferred taxes and other long-term liabilities are also not allocated to reporting segments.

21. NON-CASH TRANSACTIONS

The Company carried out investment transactions that did not affect cash, and which, therefore, were not recorded in the statement of cash flows. These transactions totaled R$ 9,634 at September 30, 2013 (R$ 2,657 at December 31, 2012).

22. FINANCIAL INSTRUMENTS BY CATEGORY

Consolidated		Parent		Consolidated	
	Note	Sep/13	Dec/12	Sep/13	Dec/12
Loans and receivables		**588,877**	**607,465**	**1,013,005**	**945,173**
Cash and cash equivalents	3	289,558	439,225	529,742	660,437
Accounts receivable	4	263,890	132,237	431,586	244,687
Notes and other financial assets		35,429	36,003	51,677	40,049
Impact on results (*)		*22,669*	*41,469*	*22,561*	*39,562*
Financial assets at fair value through profit or loss		**107,423**	**109,022**	**113,451**	**112,309**
Financial investments		14,627	20,437	14,627	20,437
Credits - Eletrobras		92,129	87,919	92,129	87,919
Investments in equity instruments		667	666	6,695	3,953
Impact on results		*5,042*	*5,154*	*5,042*	*5,154*
Financial liabilities at amortized cost		**1,956,515**	**2,052,903**	**2,080,848**	**2,179,220**
Trade payables		146,051	145,966	249,559	254,539
Borrowings	10	1,763,252	1,827,661	1,763,252	1,827,661
Financing of taxes and social security charges		-	7,491	-	7,491
Dividends and interest on capital		135	18,916	135	18,916
Notes payable and other financial liabilities		47,077	52,869	67,902	70,613
Impact on results		*(82,548)*	*(81,879)*	*(82,549)*	*(81,883)*
Derivative financial instruments		**702**	**13,034**	**702**	**13,034**
Derivative financial instruments	23	702	13,034	702	13,034
Impact on results		*7,517*	*27,158*	*7,517*	*27,158*

(*) Includes the provision for losses on receivables

23. FINANCIAL RISK MANAGEMENT

23.1 Financial risk factors

The Company is exposed to financial risks arising from its operations, related to credit, liquidity, market and operating risks. This exposure is monitored by internal controls and may require the contracting of derivative financial instruments to mitigate risks.

i. Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and financial investments, as well as from credit exposure to customers, including outstanding trade receivables. Credit risk is managed on a consolidated basis.

The Company sets exposure limits for each customer to limit the credit risk of trade receivables and risks are managed according to specific credit rating criteria, which include a careful analysis of selection of customers in accordance with their payment ability, indebtedness level and balance sheet.

The Company established a provision for impairment of R$ 3,474 at September 30, 2013 (R$ 3,068 at December 31, 2012), representing 0.8% of the consolidated balance of outstanding receivables at that date (1.2% at December 31, 2012), reflecting the estimated losses related to the trade receivables.

The Company does not hold any credit guarantee to cover credit risks related to its financial assets.

j. Liquidity risk

Liquidity risk is the risk that the Company will have difficulty complying with its obligations associated with financial liabilities that are settled in cash or other financial assets. The Company's approach to managing this risk is to ensure that it has sufficient liquidity to settle its obligations without incurring losses or affecting its operations.

At September 30, 2013, the Company had cash and cash equivalents equivalent to 327.7% of its short-term bank commitments. Moreover, the Company manages its investment portfolio using criteria for concentration in financial institutions, in addition to global ratings.

The contractual maturities of financial liabilities are as follows:

Consolidated	Contractual cash flows					
FINANCIAL LIABILITIES	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total flow
Borrowings	82,014	154,063	606,644	1,125,682	9,835	1,978,238
Derivative financial instruments	1,695	436	2,821	-	-	4,952
Trade payables and notes and other payables	308,906	-	-	-	-	308,906
Dividends payable	135	-	-	-	-	135
	392,750	**154,499**	**609,465**	**1,125,682**	**9,835**	**2,292,231**

The Company does not expect that the cash outflows, included in its maturity analyses, will occur significantly sooner or in amounts significantly different. Moreover, the Company generates sufficient cash to cover future payment obligations.

k. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates, will affect the Company's results or the value of its financial instruments. The objective of market risk management is to keep exposure to market risks within acceptable levels, while optimizing returns.

Currency risk

The Company and its subsidiaries, except the operations in Mexico, are exposed to currency risk on sales, purchases and borrowings denominated in currencies other than the Company's functional currency, the Brazilian Real. The main currency in which these transactions are denominated is the U.S. Dollar.

The Company manages its exposure to exchange rates through a combination of debts, financial investments, accounts receivable and export revenues in foreign currency and derivative transactions. The Company has as policy the exposure to exchange risk of at most the equivalent to an average of four months of exports, and the effectiveness is tested monthly.

The Company's exposure to foreign currency risk is as follows:

Consolidated

ASSETS	Note	Sep/13	Dec/12
Cash and cash equivalents abroad (*)		121,247	183,753
Customers in the foreign market (*)		147,684	106,032
Derivative financial instruments - notional	23	446,000	449,570
		714,931	**739,355**

LIABILITIES	Note	Sep/13	Dec/12
Borrowings in foreign currency	10	(995,746)	(920,059)
Other amounts		(27,095)	(22,549)
		(1,022,841)	**(942,608)**

Net exposure impacting profit (loss)	Sep/13	Dec/12
In thousands of R$	(307,910)	(203,253)
In thousands of US$	(138,076)	(99,463)

(*) Net of cash and cash equivalents and accounts receivable from operations in Mexico.

The Company's net liability exposure in foreign currency, whose impacts of exchange variations are allocated to profit (loss) amounting to US$ 138,076 thousand at September 30, 2013, is lower than four months of the Company's exports, as defined in the Company's foreign exchange exposure policy.

In addition, the functional currency of the Company's operations in Mexico is the U.S. Dollar, and these operations have a limited exposure to the Mexican Peso. For purposes of presentation of the Company's consolidated position, the financial assets and liabilities of subsidiaries in Mexico are not considered to reduce or increase the Company's exposure, since the exchange variation impacts of these assets and liabilities are recorded in other comprehensive income (equity), not in the statement of income. The Company's policy is to hedge against impacts of exchange variations on profit (loss).

Consolidated

Net exposure impacting comprehensive income	Sep/13	Dec/12
In thousands of R$	1,137,109	649,020
In thousands of US$	509,914	317,602

Total net exposure	Sep/13	Dec/12
In thousands of R$	829,199	445,767
In thousands of US$	371,838	218,139

Sensitivity analysis of foreign exchange exposure

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

Consolidated

			Scenarios - CVM Normative Instruction 475			
	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate	**2.23**	**2.25**	**2.81**	**3.38**	**1.69**	**1.13**
Asset position	714,931	721,343	900,877	1,083,617	541,809	362,274
Liability position	(1,022,841)	(1,032,014)	(1,288,871)	(1,550,315)	(775,158)	(518,301)
Net exposure (thousands of R$)	(307,910)	(310,671)	(387,994)	(466,698)	(233,349)	(156,027)
Net exposure (thousands of US$)	(138,076)	(138,076)	(138,076)	(138,076)	(138,076)	(138,077)
Potential impact (thousands of R$)	**-**	**(2,761)**	**(80,084)**	**(158,788)**	**74,561**	**151,883**

The simulation considered a devaluation of the Brazilian Real in relation to the U.S. Dollar compared to the probable scenario indicated by the Company.

Interest rate risk

This risk refers to the Company's exposure to changes in the interest rates on its investments and bank borrowings with a direct impact on profit or loss. To mitigate this risk, the Company seeks to diversify its borrowings and allocation of funds, as follows:

Consolidated

	Note	Sep/13	Dec/12
Floating-rate instruments		**(949,481)**	**(852,610)**
Financial assets		210,028	304,328
Financial liabilities	10	(1,159,509)	(1,156,938)
Fixed-rate instruments		**(71,299)**	**(296,574)**
Financial assets		332,444	374,149
Financial liabilities	10	(603,743)	(670,723)
Derivative financial instruments - notional	23	200,000	-

The Company's interest rate risk arises from long-term borrowings. Borrowings at variable rates expose the Company to cash flow interest rate risk. Borrowings at fixed rates expose the Company to fair value interest rate risk. The Company may use interest rate swaps, as presented in Note 23.2.

Sensitivity analysis of the variations in fixed and floating interest rates

In Reais, the Company has cash and cash equivalents exposed to the Interbank Deposit Certificate (CDI) rate, as well as borrowings linked to the Long-term Interest Rate (TJLP). The Company also has borrowings exposed to the Libor variation mainly indexed to the U.S. dollar.

The fluctuation in the interest rate may affect the Company's future results. Presented below are the impacts that would have been generated by changes in interest rates to which the Company is exposed.

Interest rate risk							Consolidated
			Scenarios - Normative Instruction 475				
Floating-rate instruments	Risk	Disclosed	Probable	+25%	+50%	-25%	-50%
In Reais							
Investments	**Interest rate (CDI - % p.a.)**	**8.71**	**8.71**	**10.89**	**13.07**	**6.53**	**4.36**
Financial assets		210,028	210,028	210,028	210,028	210,028	210,028
Potential impact		-	-	4,207	8,414	(4,293)	(8,765)
Borrowings	**Interest rate (TJLP - % p.a.)**	**5.00**	**5.00**	**6.25**	**7.50**	**3.75**	**2.50**
Financial liabilities		213,801	213,801	213,801	213,801	213,801	213,801
Potential impact		-	-	(2,545)	(5,090)	2,576	5,215
In U.S. dollars							
Borrowings	**Interest rate (Libor - %)**	**0.37**	**0.37**	**0.46**	**0.55**	**0.28**	**0.18**
Financial liabilities		945,708	945,708	945,708	945,708	945,708	945,708
Potential impact		-	-	(868)	(1,736)	869	1,739

Price risk

This risk relates to the possibility of fluctuations in the market prices of the inputs used in the manufacturing process, especially scrap, pig iron, metal alloys, coke and electricity. These price fluctuations could have an impact on the Company's costs. The Company has a policy of monitoring these prices to pass on to customers any changes in its input prices.

I. Operating risk

This risk arises from all of the Company's operations and can cause direct or indirect losses associated with a variety of factors, such as processes, personnel, technology, infrastructure and external factors.

The Company's objective is to manage the operating risk to avoid losses and damages to its reputation, and to seek cost efficiency.

The primary responsibility for developing and implementing operating risk controls is with a centralized area of internal controls reporting to senior management.

23.2 Derivative financial instruments

The Company operates with financial instruments and monitors its financial obligations to manage market risks. All of these transactions are carried out in accordance with the guidelines established under the risk management structure.

The Company and its subsidiaries do not enter into speculative financial transactions, but they do use some derivative financial instruments to hedge certain assets and/or liabilities against fluctuations, mainly exchange rate fluctuations and financial indexes

Parent company and Consolidated

	Characteristic of the transaction		Notional		Fair value	
Identification	Exposure of the principal	Hedge	value	Maturity	Sep/13	Dec/12
Transactions at fair value through profit or loss						
Non Deliverable Forward (NDF)	U.S. dollar	Reais	446,000	Oct/13	4,250	(13,034)
Non Deliverable Forward (NDF)	U.S. dollar	Reais	446,000	Nov/13	(1,930)	-
Interest rate swaps	Fixed rate (contractual)	CDI	200,000	Jul/15	(3,022)	-
					(702)	**(13,034)**
Current assets					4,250	-
Current liabilities					(2,131)	(13,034)
Non-current liabilities					(2,821)	-
					(702)	**(13,034)**

At September 30, 2013, the Company entered into NDF purchase transactions of U.S. Dollars, whose notional value totaled US$ 200,000 (R$ 446,000), contracted with financial institutions and registered with the Clearing House for the Custody and Financial Settlement of Securities (CETIP), maturing on October 1, 2013 and with a fair value receivable of R$ 4,250.

Moreover, in connection with its foreign exchange exposure, the Company contracted NDF purchase transactions of U.S. Dollars, whose notional value totaled US$ 200,000 at September 30, 2013, with a fair value payable of R$ 1,930 and maturity on November 1, 2013.

The Company has loans from BNDES (Note 10) with a fixed rate of 8% p.a. To mitigate the risk due to the fixed rates, the Company contracted on June 15, 2013 a swap transaction, through which it receives 8% p.a. and pays the equivalent to 86.55% of the CDI rate. The notional value of the transaction is R$ 200,000, with maturity on July 15, 2015. At September 30, 2013, this transaction had a fair value payable of R$ 3,022.

No guarantees were given for these derivative transactions.

23.3 Capital management

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, management can make, or may propose to the stockholders, when their approval is required, adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

The Company's management monitors the relation between the Company's own capital (equity) and third-party capital that the Company uses to finance its operations. To mitigate liquidity risks and

optimize the average cost of capital, the Company monitors the compliance with financial ratios required under its borrowing agreements.

The relation of own capital versus third-party capital, at the end of each period, is as follows:

Consolidated

	Sep/13	Dec/12
Own capital	**1,336,998**	**1,185,855**
Equity	1,336,998	1,185,855
Third-party capital	**2,049,816**	**1,954,962**
Total current and non-current liabilities	2,579,558	2,615,399
Cash and cash equivalents	(529,742)	(660,437)
Own capital versus third-party capital ratio	**0.65**	**0.61**

23.4 Fair value

The carrying values of cash and cash equivalents and trade receivables and payables, less impairment provision in the case of trade receivables, are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes and the recorded amount of derivative financial instruments is calculated by discounting the future contractual cash flow at the current market interest rate that is available to the Company for similar financial instruments.

At September 30, 2013, the fair value of borrowings was R$ 1,876,731 (R$ 1,867,662 at December 31, 2012).

The Company adopted CPC 40/IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This standard requires the disclosure of fair value measurements according to the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The carrying values of the financial instruments recorded in the Consolidated quarterly information are substantially similar to those that would have been obtained if traded in the market. However, since they do not have an active market, variations could occur if the Company and its subsidiaries were to decide to realize them in advance of their maturity.

The financial investments, derivative financial instruments and borrowings disclosed are measured at fair value according to Level 2.

23.5 Credit quality of financial assets

The credit quality of financial assets is assessed by reference to external credit ratings (if available) or according to historical information about counterparty default rates.

	Parent		Consolidated	
	Sep/13	Dec/12	Sep/13	Dec/12
Counterparties with external credit rating (Standard & Poor's)				
Cash and cash equivalents				
AAA	215,689	54,014	376,029	248,152
AA+	73,869	385,211	113,005	410,612
AA			13,350	
AA-			-	
Other		-	27,358	1,673
	289,558	439,225	529,742	660,437
Financial investments				
AA+	14,627	20,437	14,627	20,437
Derivative financial assets				
AAA	4,250	-	4,250	-
Credits - Eletrobras				
A-	92,796	88,585	92,796	88,585
Counterparties without external credit rating				
Accounts receivable				
Low risk	243,270	116,310	404,138	228,760
Moderate risk	18,996	14,678	25,824	14,678
High risk	1,624	1,249	1,624	1,249
	263,890	132,237	431,586	244,687
Other financial assets	17,749	30,829	33,963	35,657
Total	**682,870**	**711,313**	**1,106,964**	**1,049,803**

The risk assessment of trade receivables is as follows:

- Low risk - automotive segment customers, except those customers with a history of losses.
- Moderate risk - industrial customers, except those customers with a history of losses.
- High risk - customers with provisioned balances and historical losses.

The other financial assets held by the Company are considered of high quality and do not present indications of losses.

24. EVENTS AFTER THE REPORTING PERIOD

m. Primary offering of shares issued by the Company ("Offering")

On February 13, 2013, the Company's Board of Directors approved the terms and conditions of the Offering. On October 16, 2013, the Company's Board of Directors approved, in connection with the Offering, the effective increase of the Company's capital, from R$ 537,051, divided into 114,277,500 common shares, to R$ 992,051, divided into 140,277,500 common shares, representing, therefore, an increase of R$ 455,000 (R$ 449,313 net of commissions), through the issue of 26,000,000 new common shares, at the price of R$ 17.50 per share, with the exclusion of the preference rights of the Company's stockholders. On October 17, 2013, the start of the Offering was communicated, which was carried out in Brazil, on the over-the-counter market, in conformity with CVM Instruction 400, and placement of shares abroad. Due to the full exercise by Banco BTG Pactual S.A. of the option for the distribution of an additional batch of up to 15% of the total amount of shares initially offered, on October 30, 2013, the Company's Board of Directors approved, in connection with the Offering, a new capital increase, in the amount of R$ 68,250 (R$ 67,396 net of commissions), through the issue of 3,900,000 new common shares, at the price of R$ 17.50 per share, with the exclusion of the preference rights of the Company's stockholders. Therefore, the Company's capital totaled R$ 1,060,301, divided into 144,177,500 common shares. On November 5, 2013, the Offering was terminated.

After the aforementioned capital increases, the main stockholders of the Company, PREVI – Caixa de Previdência dos Funcionários do Banco do Brasil and BNDES Participações S.A. – BNDESPAR, started to hold 56.4% of capital, as follows.

	Common shares	
Share capital breakdown	**Amount**	**%**
Controlling stockholders		
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	40,693,254	28.2%
BNDES Participações S.A. – BNDESPAR	40,645,370	28.2%
Officers	8	0.0%
Non-controlling interests		
Fundação Embratel de Seguridade Social - TELOS	15,109,156	10.5%
Other stockholders	47,729,712	33.1%
Total outstanding shares	**144,177,500**	**100.0%**

n. Derivative financial instruments

In October 2013, the Company renewed the following operations: NDF purchases, in the total notional amount of US$ 200 million, divided into 4 contracts, all maturing on December 2, 2013.

o. Tax reform in Mexico

The Company has industrial plants in Mexico, which are subject to Mexican tax legislation. On October 31, 2013, the Mexican Congress approved an economic plan effective as from 2014 along with a tax reform.

The most important points, which may affect the operations in Mexico, are the new income tax law (*LISR – Ley del Impuesto sobre la Renta*) and the end of the tax surcharge on cash flows (*IETU – Impuesto Empresarial a Tasa Única*).

The Company is assessing the impacts of the changes in Mexico to measure the effects on its financial statements.

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Tupy S.A.

Quarterly Information (ITR) at September 30, 2013 and report on review of quarterly information

Report on review of quarterly information

To the Board of Directors and Stockholders

Tupy S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Tupy S.A., included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2013, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the nine-month period ended September 30, 2013. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Florianópolis, November 13, 2013

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 "F" SC

Carlos Biedermann

Contador CRC 1RS029321/O-4 "S" SC