TUPY. Global reference in castings

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Quartely Financial Report

Semptember 30, 2016

TUPY

Release
Financial Information
Explanatory Notes
Independent auditor's report

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TUPY - Global market leader in castings

A free translation of the original in Portuguese



TUPY

Conference Call

Date: 11/08/2016

Portuguese/English

12:00 PM (Brasília)/ **09:00 AM** (EST)

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3Q16 Highlights

Additional Payment of Interest on Equity and Margin Recovery

- **Interest on Equity:** Additional payment of R$25.0 million, in addition to R$75 million previously announced, i.e., we paid a total of R$100.0 million (FY 2016), corresponding to a dividend yield of approximately 5.3%.

- **Sales Volume:** 118.6 thousand tons, down 2.4% from 3Q15. In 9M16, we sold 367.8 thousand tons, down 6.2% year-over-year.

- **Revenue:** R$763.0 million in 3Q16, a year-over-year decrease of 10.9% mainly due to the rise of the BRL against the USD. In 9M16, revenues totaled R$2,473.6 million, 3.2% down on 9M15.

- **Adjusted EBITDA:** R$99.6 million, equivalent to 13.1% of revenues in 3Q16. EBITDA margin and Adjusted EBITDA margin picked up 280 and 170 percentage points respectively against 2Q16.

- **Net Income:** R$9.0 million, or 1.2% of revenues. The R$2.5 million net loss in 9M16 was caused mainly by the R$28.8 million loss in 2Q16.

***Except where recorded otherwise, the comparisons with percentage changes are based on the same periods of 2015 (3Q16 vs. 3Q15 and 9M16 vs. 9M15)**

MAIN INDICATORS

Consolidated (R$ thousand)						
SUMMARY	**3Q16**	**3Q15**	**Var. [%]**	**9M16**	**9M15**	**Var. [%]**
Revenues	**763,047**	**855,915**	**-10.9%**	**2,473,571**	**2,555,074**	**-3.2%**
Cost of goods sold	(655,917)	(703,998)	-6.8%	(2,108,930)	(2,057,269)	2.5%
Gross profit	**107,130**	**151,917**	**-29.5%**	**364,641**	**497,805**	**-26.8%**
% on revenues	14.0%	17.7%		14.7%	19.5%	
Operating expenses	(61,798)	(64,191)	-3.7%	(198,880)	(183,715)	8.3%
Other net operating expenses	(23,492)	(26,481)	-11.3%	(85,521)	(61,722)	38.6%
Income before financial results	**21,840**	**61,245**	**-64.3%**	**80,240**	**252,368**	**-68.2%**
% on revenues	2.9%	7.2%		3.2%	9.9%	
Net financial result	(10,970)	15,809		(45,677)	36,856	
Net income before income taxes	**10,870**	**77,054**	**-85.9%**	**34,563**	**289,224**	**-88.0%**
% on revenues	1.4%	9.0%		1.4%	11.3%	
Income tax and social contribution	(1,869)	(16,686)	-88.8%	(37,034)	(106,857)	-65.3%
Net income	**9,001**	**60,368**	**-85.1%**	**(2,471)**	**182,367**	
% on revenues	1.2%	7.1%		-0.1%	7.1%	
EBITDA (according to Inst. CVM 527/12)	**93,599**	**131,493**	**-28.8%**	**301,731**	**451,892**	**-33.2%**
% on revenues	12.3%	15.4%		12.2%	17.7%	
Adjusted EBITDA	**99,632**	**136,956**	**-27.3%**	**330,176**	**457,822**	**-27.9%**
% on revenues	13.1%	16.0%		13.3%	17.9%	
Average exchange rate (R$ /US$)	**3.242**	**3.671**	**-11.7%**	**3.507**	**3.226**	**8.7%**
Average exchange rate (R$ /EUR)	**3.626**	**4.087**	**-11.3%**	**3.904**	**3.582**	**9.0%**

SALES VOLUME

Consolidated (tons)

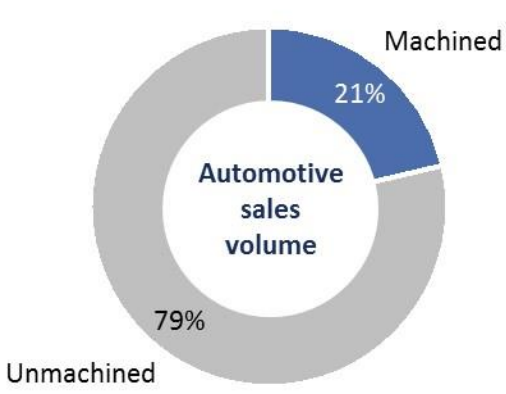
	3Q16	3Q15	Var. [%]	9M16	9M15	Var. [%]
Domestic market	**26,274**	**27,892**	**-5.8%**	**76,248**	**95,212**	**-19.9%**
Automotive	21,966	24,182	-9.2%	62,998	80,758	-22.0%
Hydraulics	4,308	3,710	16.1%	13,250	14,454	-8.3%
Foreign market	**92,370**	**93,666**	**-1.4%**	**291,571**	**297,003**	**-1.8%**
Automotive	88,569	90,595	-2.2%	281,350	285,793	-1.6%
Hydraulics	3,801	3,071	23.8%	10,221	11,210	-8.8%
Total sales volume	**118,644**	**121,558**	**-2.4%**	**367,819**	**392,215**	**-6.2%**

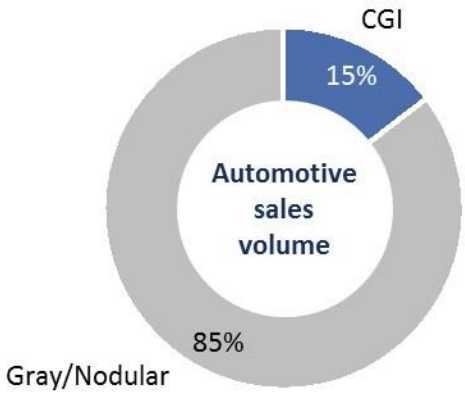
Our sales volume shrank by 2.4% year-over-year in 3Q16, mainly due to the following factors:

- Decrease of automotive sales in the domestic market;
- Changes in inventories due to customer´s scheduled downtime and;
- Deterioration of the global market for off-road equipment.

In contrast, sales of components for passenger cars rose in the foreign market, driven by the ramp-up of new projects.

The automotive product portfolio was comprised of 21% of partly/fully machined products (vs. 18% in 3Q15). The breakdown of automotive products by type of material shows CGI (Compacted Graphite Iron) accounted for 15% of total sales (vs. 17% in 3Q15). Sales fell year-over-year mainly because customers built inventories in 2015.





REVENUE

Revenues dropped by 10.9% year-over-year in 3Q16.

Domestic sales increased by 2.2% due to specific sales opportunities and early purchases by some customers.

On the other hand, revenues declined by 13.4% in the foreign market, primarily owing to:

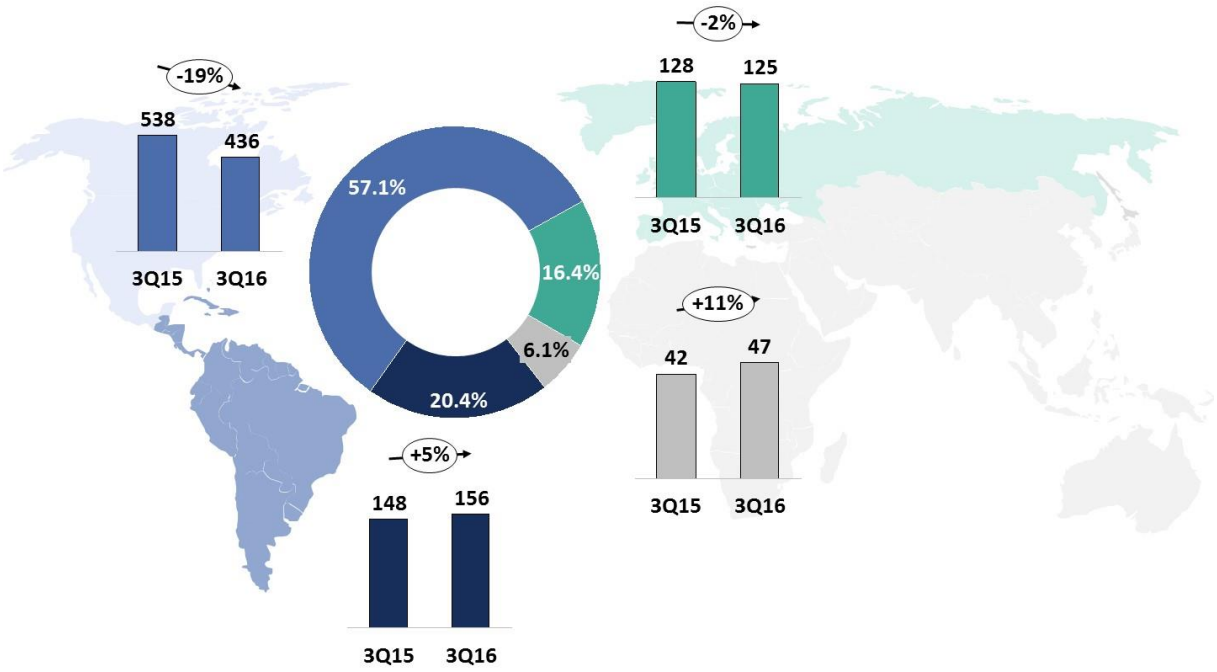
- A 1.4% fall in the sales volume due to the performance of the segments of light commercial vehicles and medium and heavy trucks, and
- An 11.7% rise of the BRL against the USD (R$3.242/US$ on average in 3Q16 vs. R$3.671/US$ in 3Q15), with a negative impact on the foreign market.

Consolidated (R$ thousand)

	3Q16	3Q15	Var. [%]	9M16	9M15	Var. [%]
Revenues by market	**763,047**	**855,915**	**-10.9%**	**2,473,571**	**2,555,074**	**-3.2%**
Domestic market	144,849	141,701	2.2%	423,895	498,726	-15.0%
% share	19.0%	16.6%		17.1%	19.5%	
Foreign market	618,198	714,214	-13.4%	2,049,676	2,056,348	-0.3%
% share	81.0%	83.4%		82.9%	80.5%	
Revenue by segment						
Automotive	713,282	813,256	-12.3%	2,324,354	2,398,473	-3.1%
% share	93.5%	95.0%		94.0%	93.9%	
Hydraulics	49,765	42,659	16.7%	149,217	156,601	-4.7%
% share	6.5%	5.0%		6.0%	6.1%	

Revenues by market and performance in the period

In the reporting period, 57.1% of revenues came from North America. In turn, South and Central America accounted for 20.4% and Europe for 16.4% whereas the remaining 6.1% came from Asia, Africa and Oceania.



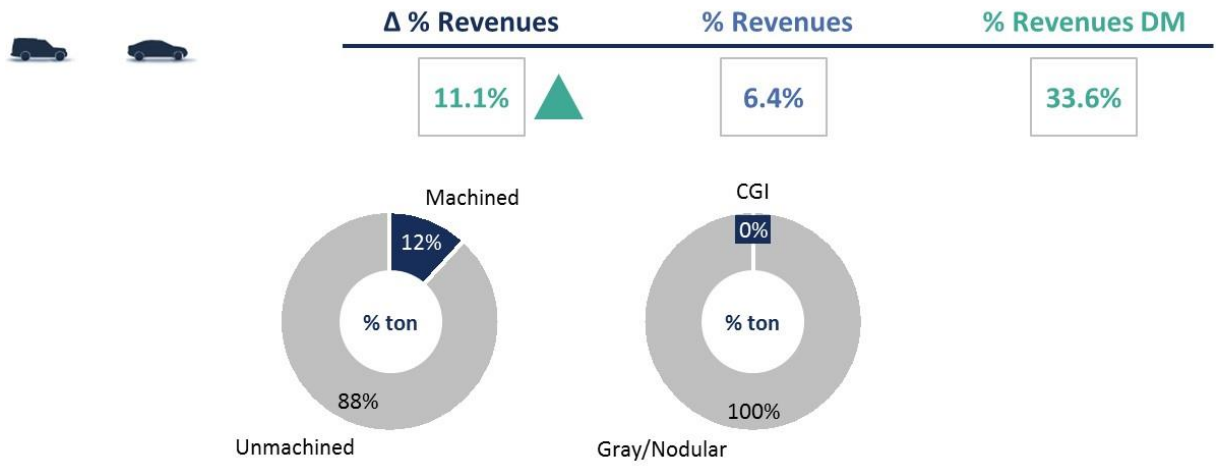
Consolidated (R$ thousand)

	3Q16	3Q15	Var. [%]	9M16	9M15	Var. [%]
Revenues	**763,047**	**855,915**	**-10.9%**	**2,473,571**	**2,555,074**	**-3.2%**
Domestic market	**144,850**	**141,701**	**2.2%**	**423,896**	**498,726**	**-15.0%**
Automotive	**115,717**	**115,513**	**0.2%**	**332,558**	**400,464**	**-17.0%**
Passenger car	48,621	43,782	11.1%	118,621	148,610	-20.2%
Commercial vehicles	52,214	59,142	-11.7%	170,541	207,579	-17.8%
Off-road	14,882	12,589	18.2%	43,396	44,275	-2.0%
Hydraulics	**29,133**	**26,188**	**11.2%**	**91,338**	**98,262**	**-7.0%**
Foreign market	**618,197**	**714,214**	**-13.4%**	**2,049,675**	**2,056,348**	**-0.3%**
Automotive	**597,564**	**697,743**	**-14.4%**	**1,991,795**	**1,998,009**	**-0.3%**
Passenger car	122,548	115,257	6.3%	406,188	346,838	17.1%
Light commercial vehicles	213,005	261,609	-18.6%	717,666	689,138	4.1%
Medium and heavy commercial vehicles	105,529	152,147	-30.6%	352,093	390,767	-9.9%
Off-road	156,481	168,730	-7.3%	515,849	571,266	-9.7%
Hydraulics	**20,633**	**16,471**	**25.3%**	**57,880**	**58,339**	**-0.8%**

Note: in some cases, the same Tupy product is used in passenger cars and commercial vehicles, or off-road; therefore, it is not possible to measure their application precisely. Thus, we adopt assumptions of division between applications, considering our best inference.

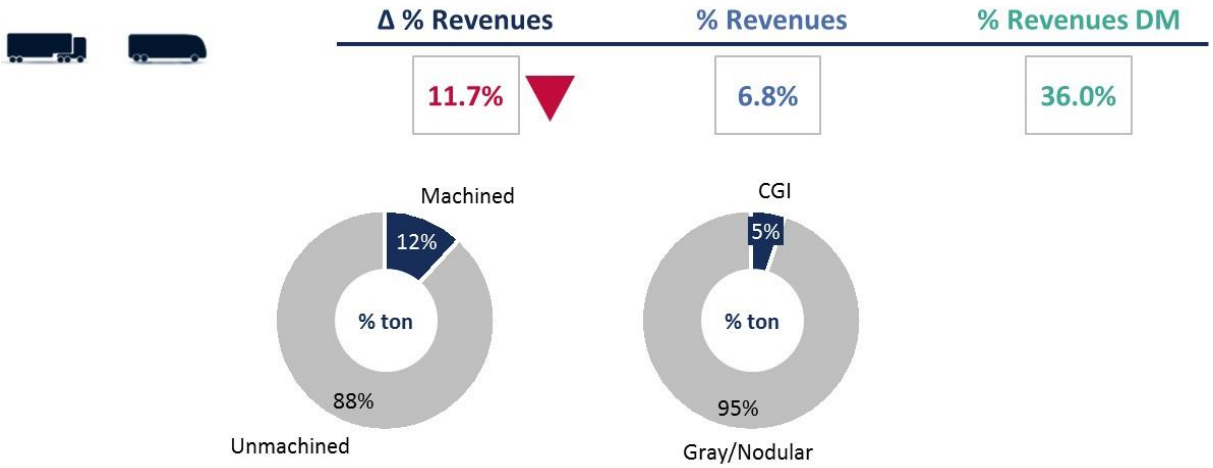
DOMESTIC MARKET (DM)

Passenger cars



Even though the market shrank, revenues from sales of components for passenger cars rose by 11.1% year-over-year in 3Q16. This increase resulted from specific sales opportunities (indirect exports) and early purchases by some customers.

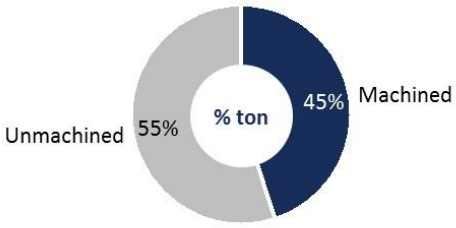
Commercial Vehicles

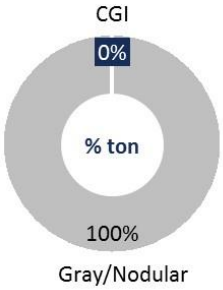


The retraction of freight demanding sectors (retail, manufacturing, civil construction and agriculture) hurt the sales of commercial vehicles in Brazil. In addition, some of our major customers scheduled shutdowns for the period. As a result, sales revenues in the commercial vehicle segment dropped by 11.7% year-over-year in 3Q16.

Off-road

Δ % Revenues	% Revenues	% Revenues DM
18.2% ▲	2.0%	10.3%

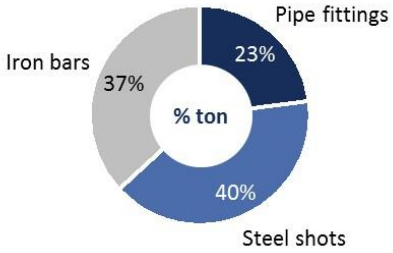




The farming machinery market remains weak in Brazil. However, Tupy's revenues grew 18.2% in 3Q16, driven by our product mix and new businesses.

Hydraulics

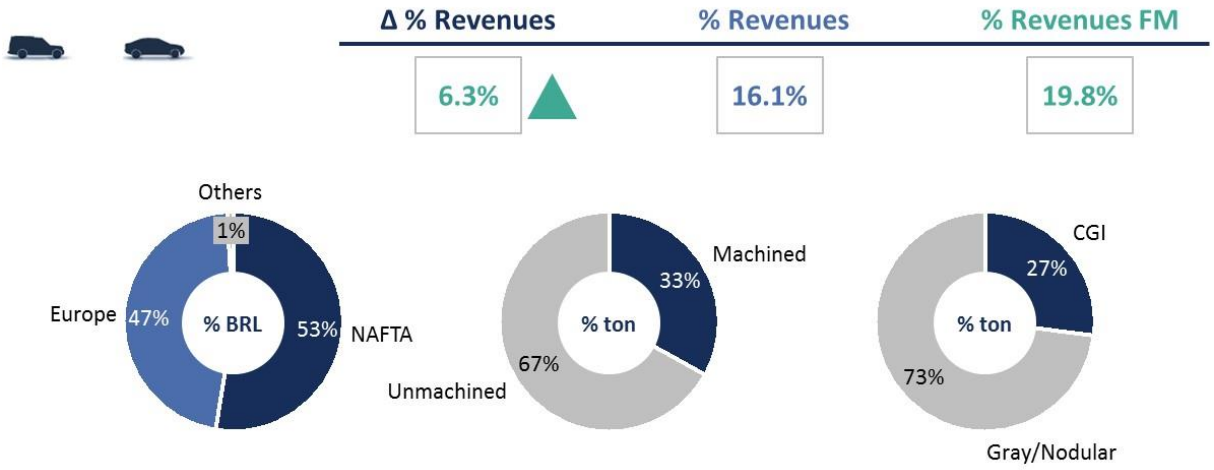
Δ % Revenues	% Revenues	% Revenues DM
11.2% ▲	3.8%	20.1%



Sales revenues in the segment of hydraulic products climbed by 11.2% in 3Q16 against 3Q15. It is worth noting this comparison is based on a weaker year-ago quarter since some customers accelerated their orders in 2Q15 due to the implementation of the new ERP platform.

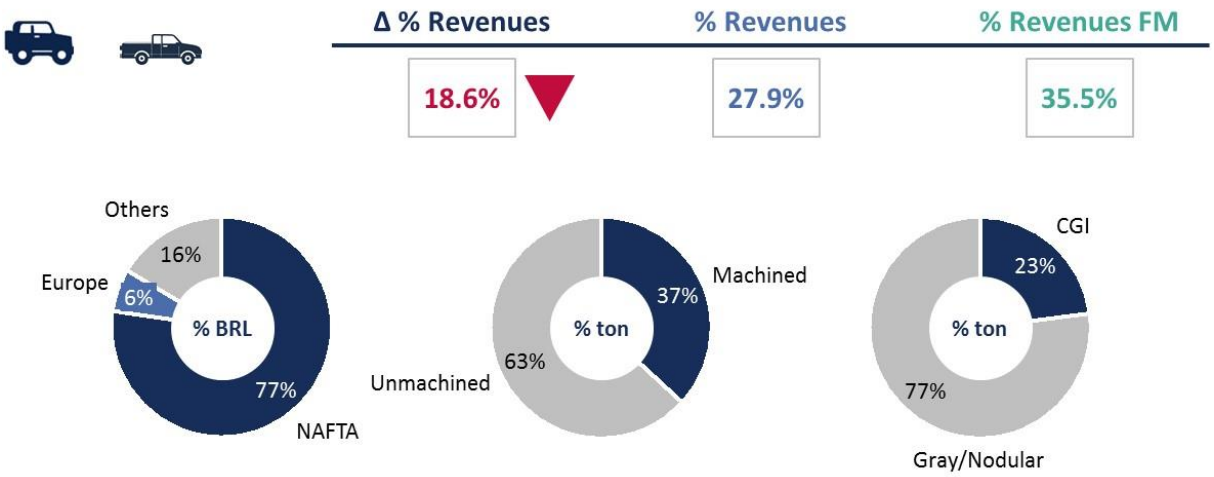
FOREIGN MARKETS (FM)

Passenger Cars



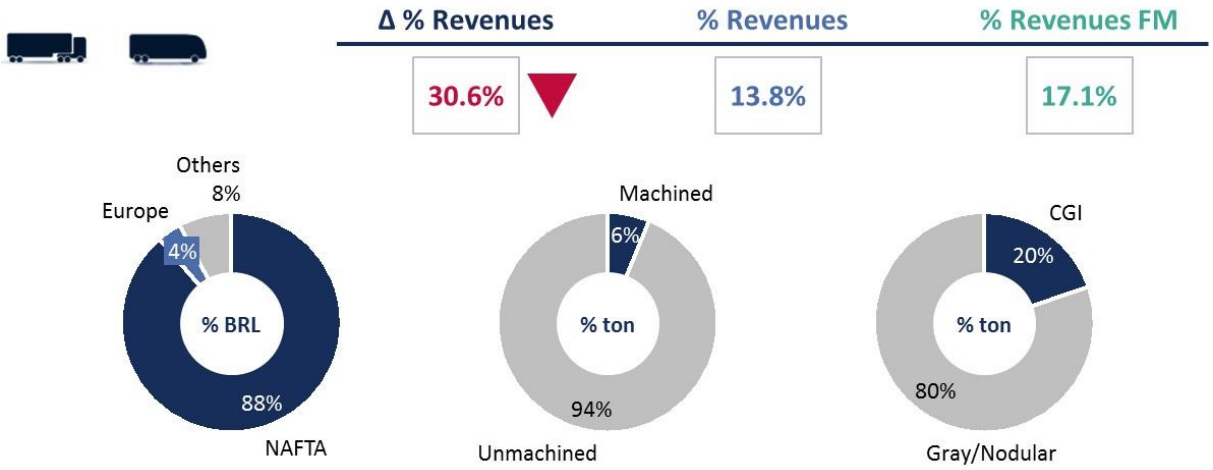
Even though passenger car sales declined, revenues from sales of components for this type of vehicle climbed by 6.3% primarily due to the ramp-up of new projects.

Light Commercial Vehicles



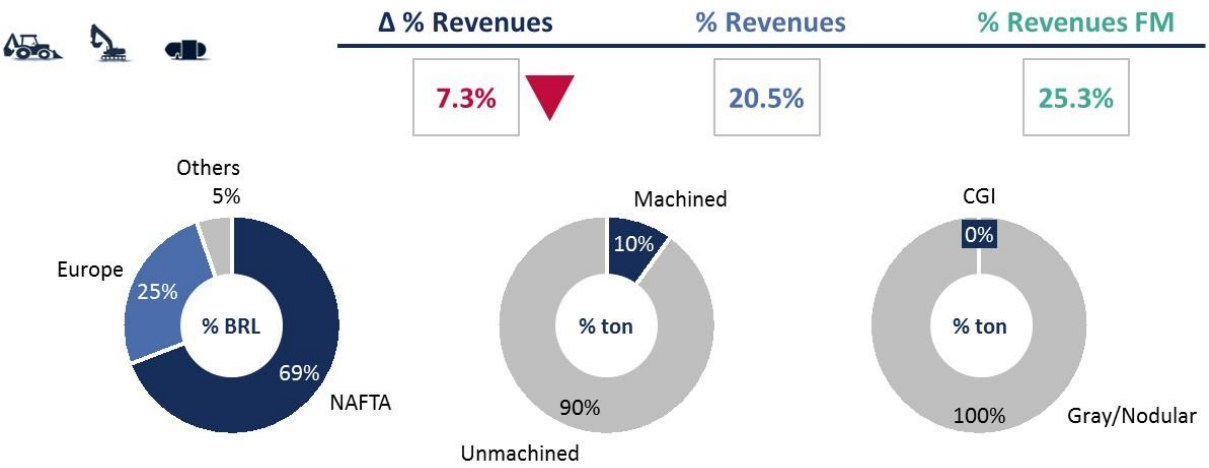
Revenues in this segment slumped by 18.6% because of scheduled shutdowns at some customers and a less favorable basis for comparison since some clients built inventory.

Medium and Heavy Commercial Vehicles



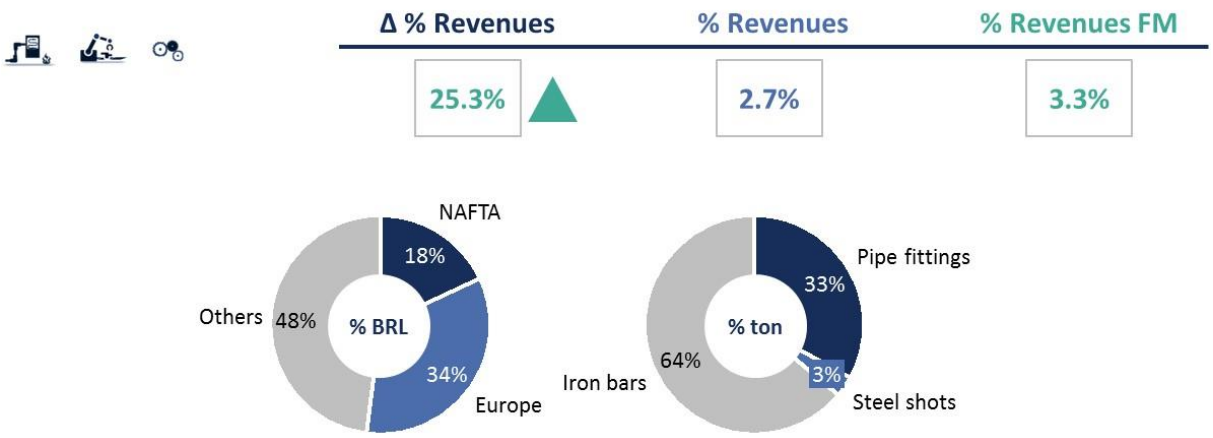
Despite positive sales performance of Class 4-7 trucks in North America markets, revenues plummeted 30.6% year-over-year during the quarter. Just as in the case of light commercial vehicles, comparison basis was affected by customers adjusting their inventories during 3Q15 and scheduled shutdowns in 3Q16.

Off-road



The long-term demand and current main commodity prices helped make customers cautious about investing in heavy machinery – especially in the mining, oil & gas and heavy construction industries. Although the farming industry uses equipment intensively, there are still no signs farmers will start renewing their fleets any time soon. In addition, dealerships have a large number of semi-new and inventory vehicles, and this slows the recovery of demand. Therefore, revenues from sales of Tupy's products in the off-road segment fell by 7.3% year-over-year in 3Q16.

Hydraulics



In 3Q16, revenues from sales of pipe fittings, steel shots iron bars in foreign markets soared by 25.3%, mainly due to a more favorable basis for comparison since deliveries of connections were accelerated in 2Q15 due to the implementation of the ERP.

COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (CoGS) amounted to R$655.9 million in 3Q16, 6.8% down on 3Q15, with gross margin of 14.0%. In 9M16, CoGS totaled R$2,109.0 million, with 14.7% gross margin.

Consolidated (R$ thousand)

	3Q16	3Q15	Var. [%]	9M16	9M15	Var. [%]
Revenues	**763,047**	**855,915**	**-10.9%**	**2,473,571**	**2,555,074**	**-3.2%**
Cost of goods sold	**(655,917)**	**(703,998)**	**-6.8%**	**(2,108,930)**	**(2,057,269)**	**2.5%**
Raw material*	(321,431)	(357,991)	-10.2%	(1,035,013)	(1,044,798)	-0.9%
Labor	(138,589)	(164,228)	-15.6%	(457,481)	(474,688)	-3.6%
Energy*	(47,876)	(49,162)	-2.6%	(153,959)	(141,547)	8.8%
Maintenance materials*	(65,817)	(55,770)	18.0%	(214,573)	(167,349)	28.2%
Depreciation	(51,361)	(48,151)	6.7%	(155,401)	(140,688)	10.5%
Others	(30,843)	(28,696)	7.5%	(92,503)	(88,199)	4.9%
Gross profit	**107,130**	**151,917**	**-29.5%**	**364,641**	**497,805**	**-26.8%**
% on revenues	*14.0%*	*17.7%*		*14.7%*	*19.5%*	
Operating expenses	**(61,798)**	**(64,191)**	**-3.7%**	**(198,880)**	**(183,715)**	**8.3%**

**We reclassified some costs among the* raw materials*,* energy *and* maintenance materials *accounts so they would accurately describe the different production processes.*

The 3T16 COGS variation versus the same quarter of 2015 is explained by the following:

- A 10.2% drop in raw material costs owing to a decrease in production, newly introduced cost reduction measures and the rise of the BRL against the USD;

- A 15.6% drop in labor costs – mainly resulting from the decrease in production, from initiatives we developed to optimize our structure and changes in our profit sharing program. As of this quarter, we will be reporting labor and profit sharing costs jointly so personnel costs can be compared more effectively;
- A 2.6% decline in energy expenses due to lower production and lower energy prices in Mexico;
- Maintenance material costs and consumption rose by 18.0% mainly due to increased production of more complex blocks in Mexico, which required us to make specific adjustments in finishing and machining equipment;
- 6.7% higher depreciation costs (non-cash) due to new equipment going into service;
- Other costs climbed by 7.5% owing to the effect of inflation on service expenses and outsourced production activities.

Operating expenses fell by 3.7% primarily due to lower personnel expenses. In 9M16, expenses totaled R$198.8 million, up 8.3% year-over-year.

OTHER NET OPERATING EXPENSES

Other net operating expenses amounted to R$23.5 million in 3Q16, a year-over-year decrease of 11.3% resulting from a decrease in amortization of intangible assets.

Consolidated (R$ thousand)

	3Q16	3Q15	Var. [%]	9M16	9M15	Var. [%]
Depreciation of non-operating assets	(188)	(500)	-62.4%	(1,027)	(1,702)	-39.7%
Amortization of intangible assets	(17,271)	(20,518)	-15.8%	(56,049)	(54,090)	3.6%
Other	(6,033)	(5,463)	10.4%	(28,445)	(5,930)	379.7%
Other net operating expenses	**(23,492)**	**(26,481)**	**-11.3%**	**(85,521)**	**(61,722)**	**38.6%**

In 9M16, net operating expenses totaled R$85.5 million, 38.6% higher than in 9M15. This rise is primarily connected with unserviceable fixed assets written off, as well as the difference between the book value and the sale price of assets sold, both effects recorded mainly in 2Q16.

NET FINANCIAL INCOME/LOSS

The Company recorded a net financial loss of R$ 11.0 million in 3Q16, vs. net financial income of R$ 15.8 million in 3Q15.

Consolidated (R$ thousand)

	3Q16	3Q15	Var. [%]	9M16	9M15	Var. [%]
Financial expenses	(36,401)	(37,134)	-2.0%	(119,817)	(109,833)	9.1%
Financial income	32,219	26,060	23.6%	103,813	87,013	19.3%
Net monetary and Exchange variation	(6,788)	26,883		(29,673)	59,676	
Net financial result	**(10,970)**	**15,809**		**(45,677)**	**36,856**	

Despite higher financial income owing to an increase in cash in BRL, the year-over-year comparison was impacted by monetary and exchange rate changes from 3Q15 – R$26.9 million – resulting mainly from the depreciation of the BRL during that period. In contrast, we recorded a net financial loss of R$6.8

million in 3Q16, owing to the effect of the rise of the BRL against the USD and other currencies on the net exposure of the operating items on our balance sheet.

EARNINGS BEFORE TAXES AND NET INCOME

Consolidated (R$ thousand)

	3Q16	3Q15	Var. [%]	9M16	9M15	Var. [%]
Net income before income taxes	**10,870**	**77,054**	**-85.9%**	**34,563**	**289,224**	**-88.0%**
Tax effects before foreign exchange impacts	4,796	1,296	-104.4%	(17,665)	(78,103)	-77.4%
Tax rate before foreign exchange effetcs	*44%*	*2%*		*-51%*	*-27%*	
Net income before foreign exchange effects on tax base	**15,666**	**78,350**	**-80.0%**	**16,898**	**211,121**	**-92.0%**
Foreign exchange effects on tax base	(6,665)	(17,982)	-62.9%	(19,369)	(28,754)	-32.6%
Net income	**9,001**	**60,368**	**-85.1%**	**(2,471)**	**182,367**	
% on revenues	*1.2%*	*7.1%*		*-0.1%*	*7.1%*	

Tax effects before exchange rate impacts on the tax base came to R$4.8 million in 3Q16, resulting from the difference between expenses at statutory rate (34%) and tax effect of permanent additions/exclusions, highlighting the effect of the distribution of interest on equity in August, 2016.

The effect of exchange rate changes on the tax base (deferred income tax in Mexican operations) is calculated in Mexican pesos (MXN.) There was a decrease of R$6.7 million in the translation into the functional currency (USD) due to the depreciation of the MXN against the USD during 3Q16.

The net income resulting from the previously mentioned effects was R$9.0 million in 3Q16, corresponding to 1.2% of the Company's revenues. In 9M16, Tupy recorded a net loss of R$2.5 million, or 0.1% of its total revenues in the period.

EBITDA

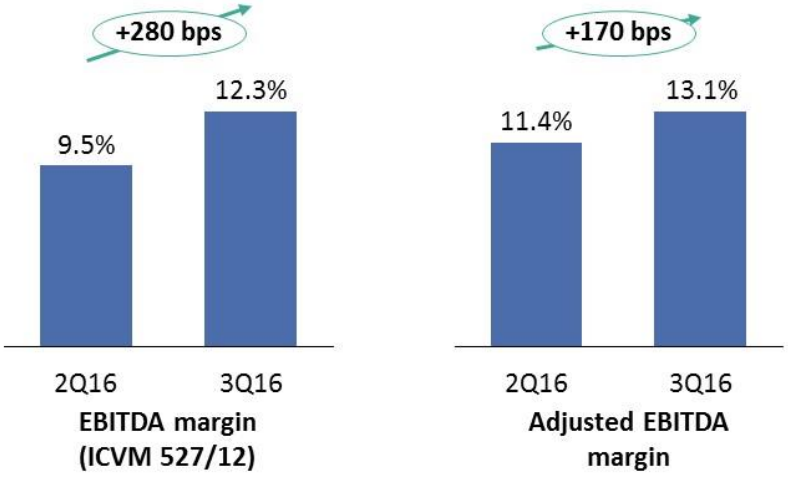
The combination of the factors described above resulted in adjusted EBITDA of R$99.6 million in 3Q16, with 13.1% margin on revenue. Adjusted EBITDA in 9M16 amounted to R$330.2 million, 27.9% down on 9M15.

Consolidated (R$ thousand)

RECONCILIATION OF NET INCOME TO EBITDA	3Q16	3Q15	Var. [%]	9M16	9M15	Var. [%]
Net income	**9,001**	**60,368**	**-85.1%**	**(2,471)**	**182,367**	
(+) Net financial result	10,970	(15,809)		45,677	(36,856)	
(+) Income tax and social contribution	1,869	16,686	-88.8%	37,034	106,857	-65.3%
(+) Depreciation and amortization	71,759	70,248	2.2%	221,491	199,524	11.0%
EBITDA (according to CVM 527/12)	**93,599**	**131,493**	**-28.8%**	**301,731**	**451,892**	**-33.2%**
% on revenues	12.3%	15.4%		12.2%	17.7%	
(+) Other net operating expenses*	6,033	5,463	10.4%	28,445	5,930	379.7%
Adjusted EBITDA	**99,632**	**136,956**	**-27.3%**	**330,176**	**457,822**	**-27.9%**
% on revenues	13.1%	16.0%		13.3%	17.9%	

(*) Other net operating expenses are reported net of amortization and depreciation expenses.

Nevertheless, our EBITDA margin and Adjusted EBITDA margin rose by 280 and 170 p.p., respectively, from 2Q16. This rebound resulted from the gradual pass-through of costs that we incurred in 2Q16 – raw materials and the effect of exchange rate changes – and will be fully recovered by 4Q16.



INVESTMENTS IN PP&E AND INTANGIBLE ASSETS

Total investments in PP&E and intangible assets reached R$34.9 million in 3Q16, up 8.0% year-over-year.

Consolidated (R$ thousand)						
	3Q16	**3Q15**	**Var. [%]**	**9M16**	**9M15**	**Var. [%]**
PP&E						
Strategic investments	5,268	8,993	-41.4%	15,549	38,612	-59.7%
Maintenance and sustenance	27,867	14,172	96.6%	77,336	49,809	55.3%
Environment	643	869	-26.0%	2,797	10,849	-74.2%
Interest and financial expenses	858	1,412	-39.2%	2,317	1,885	22.9%
Intangible assets						
Software	295	6,892	-95.7%	2,858	15,753	-80.0%
Total	**34,931**	**32,338**	**8.0%**	**101,152**	**116,908**	**-13.5%**

In 9M16, investments totaled R$101.2 million, 13.5% down on 9M15, in line with our investment plan and strategy to increase our return on invested capital.

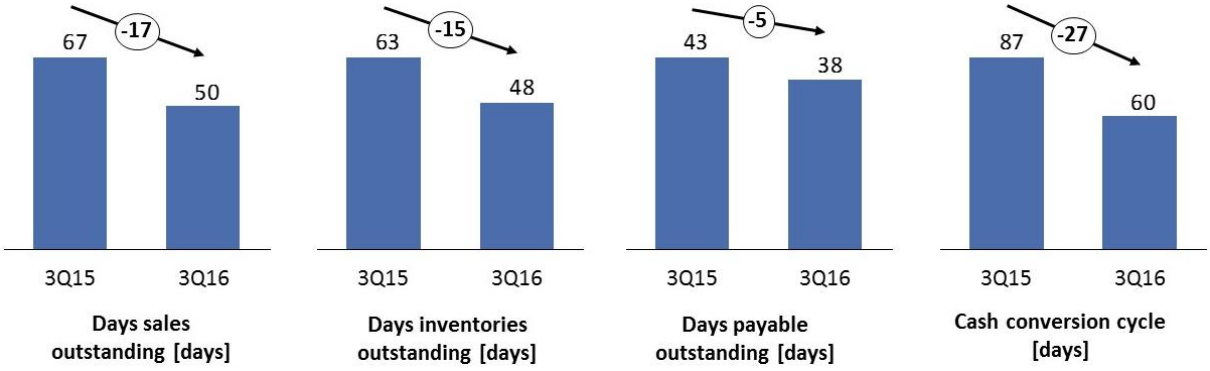
WORKING CAPITAL

Consolidated (R$ thousand)	3Q16	2Q16	1Q16
Balance sheet			
Accounts receivable	455,013	445,242	464,365
Inventories	371,830	311,663	349,851
Accounts payable	301,855	315,768	303,610
Cash flow variation			
Accounts receivable	(10,117)	(1,962)	44,697
Inventories	(61,294)	31,368	31,394
Accounts payable	(14,358)	28,021	18,155
Days sales outstanding [days]	50	47	48
Days inventories outstanding [days]	48	40	45
Days payable outstanding [days]	38	41	39
Cash conversion cycle [days]	**60**	**46**	**54**

The main components of working capital performed as follows in relation to 2Q16:

- There was a rise of R$9.8 million (corresponding to 3 days' sales in accounts receivable) mainly due to receivables from customers tooling, which has longer terms of payment;
- Inventories increased by R$60.2 million (8 days' sales), mainly due to the replenishment of the inventory of finished goods in our Mexican operations. We had extraordinary maintenance expenses in 2Q16 – consequently, our inventories decreased during that period – owing to increased production of more complex blocks in those plants, and;
- Our payable period decreased by 3 days owing to a drop in purchases in September since we had replenished inventories in July and August.

Despite the weaker performance as compared with 2Q16, working capital continued to show an improved trend, as shown below:



CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	3Q16	3Q15	Var [%]	9M16	9M15	Var [%]
Cash and equivalents at the beginning of the period	**1,237,064**	**1,367,837**	**-9.4%**	**1,524,622**	**1,336,916**	**14.0%**
Cash flow from operating activities	(9,189)	154,946		162,004	276,746	-41.5%
Cash flow from investment activities	(29,436)	(36,983)	-20.4%	(95,215)	(116,340)	-18.2%
Cash flow from financing activities	(13,439)	(326,124)	-95.9%	(318,298)	(411,185)	-22.6%
Effect of Exchange variation on cash	4,883	144,585	-96.6%	(83,230)	218,124	
Increase (decrease) in cash	**(47,181)**	**(63,576)**	**-23.3%**	**(334,739)**	**(32,655)**	**925.1%**
Cash and equivalents at the end of the period	**1,189,883**	**1,304,261**	**-8.8%**	**1,189,883**	**1,304,261**	**-8.8%**

Cash flow from operating activities consumed R$9.2 million in 3Q16 whereas they provided R$154.9 million in 3Q15. This performance is mainly connected with the replenishment of the inventory of finished goods in some segments (non-recurring effect), as well as the year-over-year drop in operating income before the payment of income tax and social contribution in 3Q16, when compared with 3Q15. Investing activities used R$29.4 million in 3Q16, the net balance of investing R$35.3 million in PP&E and intangible assets, and selling unusable assets worth R$5.8 million during the period.

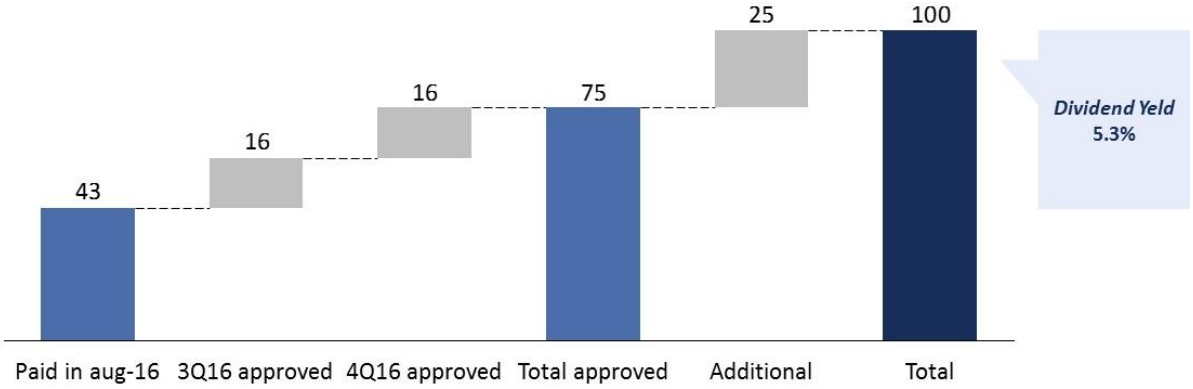
In turn, cash from financing activities decreased by R$13.5 million in 3Q16, considering a net R$30.0 million raised and R$43.5 million paid as interest on equity.

The combination of those factors and the effect of exchange rate changes resulted in R$47.2 million decrease in cash and cash equivalents, which stood at R$ 1,189.9 million on 09/30/2016.

PAYMENT OF INTEREST ON EQUITY

Despite the non-recurring impact on operating cash flow mentioned above, given the Company's consistent cash generation, on 7th November 2016, the Board of Directors approved paying R$25.0 million as interest on equity.

This amount adds to the R$43 million paid in August, as well as R$32 million previously announced. As a result, payouts in the form of interest on equity for FY 2016 will total R$100.0 million, corresponding to a dividend yield of approximately 5.3%.



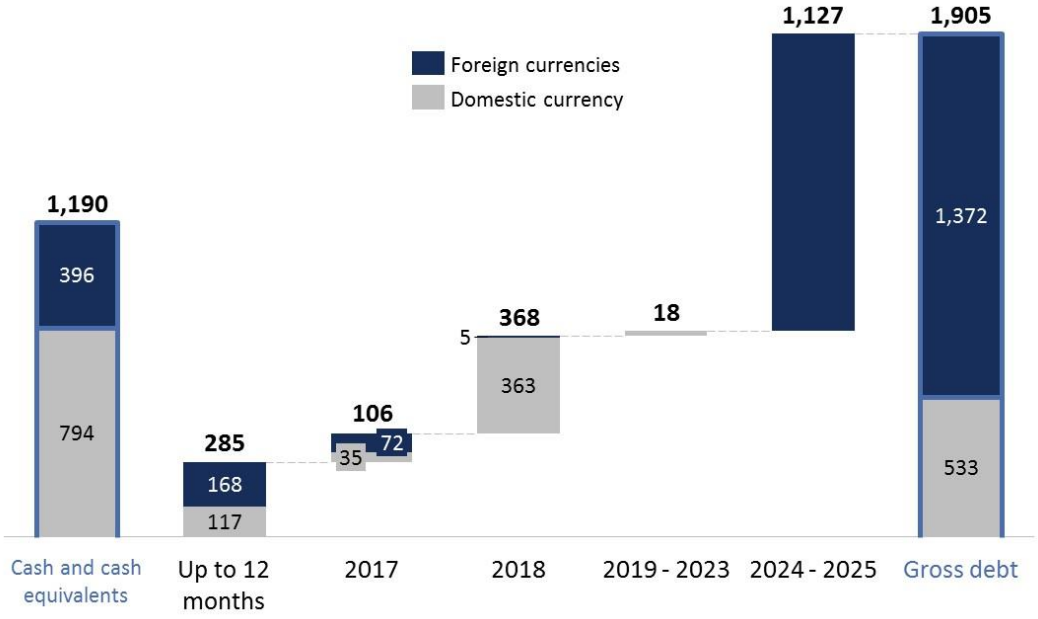
INDEBTEDNESS

The Company ended 3Q16 with a net debt amounted to R$714.7 million; in other words, the net debt/adjusted EBITDA ratio in the last 12 months stood at 1.53. Debts in foreign currency accounted for 72% of total debt (12% of which is short-term debt and 88% is long-term debt) whereas 28% of our debt is denominated in BRL (22% of which is short-term and 78% is long-term debt). Regarding the cash balance, 67% of it is denominated in BRL and 33% in foreign currencies.

Consolidated (R$ thousand)

INDEBTEDNESS	3Q16	2Q16	1Q16
Short term	284,989	227,648	442,540
Long term	1,619,571	1,647,103	1,864,662
Gross debt	**1,904,560**	**1,874,751**	**2,307,202**
Cash and cash equivalents	1,189,883	1,237,064	1,511,959
Financial investments	-	-	11,799
Net debt	**714,677**	**637,687**	**783,444**
Gross debt/Adjusted EBITDA	4.05x	3.71x	3.90x
Net debt/Adjusted EBITDA	**1.52x**	**1.26x**	**1.33x**

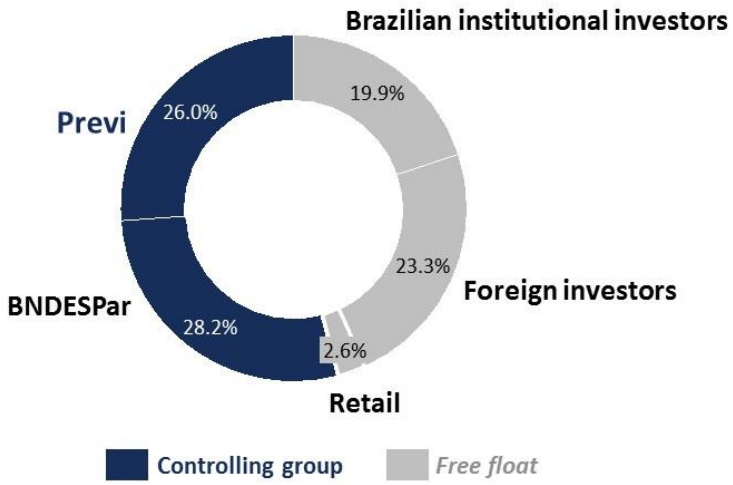
Our current indebtedness profile is as follows:



All amounts in BRL million (*) Not including current liabilities

OWNERSHIP STRUCTURE

On September 30, 2016, Tupy's shareholder structure was broken down as follows:



The Company is subject to the rules of the Novo Mercado Arbitration Chamber, pursuant to Article 60 of its Bylaws.

* * *

Attachment I – Light vehicles production and sales in Brazil

(Units)

	3Q16	3Q15	Var. (%)	9M16	9M15	Var. (%)
Production						
Passenger cars	436,223	527,329	-17.3%	1,268,973	1,580,743	-19.7%
Light commercial	81,834	66,675	22.7%	224,049	247,637	-9.5%
Light vehicles	**518,057**	**594,004**	**-12.8%**	**1,493,022**	**1,828,380**	**-18.3%**
Sales						
Passenger cars	373,742	441,661	-15.4%	1,079,929	1,344,301	-19.7%
Light commercial	65,531	67,941	-3.5%	173,078	222,652	-22.3%
Light vehicles	**439,273**	**509,602**	**-13.8%**	**1,253,007**	**1,566,953**	**-20.0%**
Exports						
Passenger cars	91,000	72,050	26.3%	270,393	225,426	19.9%
Light commercial	24,499	17,045	43.7%	58,541	48,668	20.3%
Light vehicles	**115,499**	**89,095**	**29.6%**	**328,934**	**274,094**	**20.0%**

Source: ANFAVEA

Attachment II – Commercial vehicles production and sales in Brazil

(Units)

	3Q16	3Q15	Var. (%)	9M16	9M15	Var. (%)
Production						
Trucks						
Semi-light	431	510	-15.5%	1,748	1,303	34.2%
Light	4,130	4,565	-9.5%	12,321	15,503	-20.5%
Medium	685	811	-15.5%	2,818	3,432	-17.9%
Semi-heavy	4,881	6,267	-22.1%	13,586	22,778	-40.4%
Heavy	5,021	5,548	-9.5%	15,974	16,315	-2.1%
Total trucks	**15,148**	**17,701**	**-14.4%**	**46,447**	**59,331**	**-21.7%**
Buses	5,243	4,815	8.9%	14,482	18,680	-22.5%
Commercial vehicles	**20,391**	**22,516**	**-9.4%**	**60,929**	**78,011**	**-21.9%**
Sales						
Trucks						
Semi-light	596	687	-13.2%	1,496	2,028	-26.2%
Light	3,531	4,851	-27.2%	10,080	15,128	-33.4%
Medium	1,031	1,828	-43.6%	3,224	5,463	-41.0%
Semi-heavy	3,785	5,803	-34.8%	10,990	18,090	-39.2%
Heavy	3,846	4,677	-17.8%	11,700	13,767	-15.0%
Total trucks	**12,789**	**17,846**	**-28.3%**	**37,490**	**54,476**	**-31.2%**
Buses	3,614	4,056	-10.9%	9,295	13,714	-32.2%
Commercial vehicles	**16,403**	**21,902**	**-25.1%**	**46,785**	**68,190**	**-31.4%**
Exports						
Trucks						
Semi-light	166	468	-64.5%	507	1,234	-58.9%
Light	1,478	960	54.0%	3,758	3,066	22.6%
Medium	303	156	94.2%	672	704	-4.5%
Semi-heavy	1,579	1,592	-0.8%	4,390	4,914	-10.7%
Heavy	2,355	2,004	17.5%	5,930	5,454	8.7%
Total trucks	**5,881**	**5,180**	**13.5%**	**15,257**	**15,372**	**-0.7%**
Buses	3,142	1,954	60.8%	6,984	5,218	33.8%
Commercial vehicles	**9,023**	**7,134**	**26.5%**	**22,241**	**20,590**	**8.0%**

Source: ANFAVEA

Attachment III –Sales of light and commercial vehicles in foreign markets

(Units)

	3Q16	3Q15	Var. (%)	9M16	9M15	Var. (%)
United States						
Sales						
Passenger cars	1,723,046	1,930,531	-10.7%	5,273,392	5,796,364	-9.0%
Light commercial vehicles – Class 1-3	2,735,956	2,600,514	5.2%	7,827,894	7,260,420	7.8%
Light Duty - Class 4-5	30,752	29,133	5.6%	92,009	82,078	12.1%
Medium Duty - Class 6-7	31,058	29,682	4.6%	92,310	83,263	10.9%
Heavy Duty - Class 8	45,336	66,378	-31.7%	149,557	189,612	-21.1%
Medium & Heavy Duty[1]	**107,146**	**125,193**	**-14.4%**	**333,876**	**354,953**	**-5.9%**
Europe						
Sales						
Passenger cars	3,400,298	3,242,559	4.9%	11,243,263	10,413,745	8.0%

Source: Automotive News; Bloomberg; ACEA

[1]The amount of medium and heavy duty comprises the vehicles of classes 4-8.

Attachment IV – Production and sales of agricultural machinery in global markets

(Units)

	3Q16	3Q15	Var. (%)	9M16	9M15	Var. (%)
Production						
Americas						
Brazil	15,885	15,197	4.5%	35,773	45,658	-21.7%
Sales						
Americas						
Brazil	13,329	12,099	10.2%	30,385	36,786	-17.4%
United States and Canada	60,729	61,636	-1.5%	182,342	181,834	0.3%
Europe						
Germany	11,768	10,045	17.2%	30,867	30,347	1.7%
France	7,229	7,944	-9.0%	23,393	22,204	5.4%
United Kingdom[1]	1,895	2,822	-32.8%	7,277	8,792	-17.2%

Source: ANFAVEA; Bloomberg; AEM; AXEMA

[1]Date for September 2016 had not been disclosed until the publication of this document.

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT SEPTEMBER 30, 2016 AND DECEMBER 31, 2015
(All amounts in thousands of reais)

A S S E T S

		Parent company		Consolidated	
	Note	09/30/16	12/31/15	09/30/16	12/31/15
CURRENT ASSETS					
Cash and cash equivalents	3	917,374	1,139,653	1,189,883	1,524,622
Derivative financial instruments	24	2	-	2	-
Trade receivables	4	227,373	299,791	455,013	542,099
Inventory	5	234,616	247,718	371,830	388,248
Third party tools		30,233	34,202	140,088	160,294
Income tax and social contribution recoverable	6	29,987	13,795	36,091	15,105
Other taxes recoverable	7	66,005	52,231	89,353	82,890
Related parties	8	4,659	4,128	-	-
Notes and other receivables		24,934	36,130	34,782	28,055
Total current assets		1,535,183	1,827,648	2,317,042	2,741,313
NON-CURRENT ASSETS					
Financial investments		-	11,484	-	11,484
Income tax and social contribution recoverable	6	140,821	93,829	140,821	93,829
Other taxes recoverable	7	145,017	162,778	145,017	162,778
Deferred income tax and social contribution	14	42,440	146,523	-	18,715
Credits - Eletrobrás	9	102,170	102,170	102,170	102,170
Judicial deposits and other		45,549	44,204	46,554	45,202
Investments in equity instruments		1,516	663	6,575	6,656
Investment properties		-	-	6,544	6,544
Investments	10	1,544,900	1,845,339	-	-
Property, plant and equipment	11	1,054,373	1,121,151	1,710,709	1,921,632
Intangible assets	11	57,597	60,674	489,975	640,857
Total non-current assets		3,134,383	3,588,815	2,648,365	3,009,867
Total assets		4,669,566	5,416,463	4,965,407	5,751,180

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT SEPTEMBER 30, 2016 AND DECEMBER 31, 2015
(All amounts in thousands of reais)

L I A B I L I T I E S

	Note	Parent company		Consolidated	
		09/30/16	12/31/15	09/30/16	12/31/15
CURRENT LIABILITIES					
Trade payables		169,522	155,614	301,855	295,080
Borrowings	12	286,157	487,480	284,989	485,101
Derivative financial instruments	24	1,609	-	1,609	-
Income taxes payable		-	-	17,061	56,542
Other taxes payable		2,563	1,822	16,517	32,538
Salaries, social security charges and profit sharing		98,245	96,651	119,688	121,429
Advances from customers		36,005	26,489	93,009	130,891
Related parties	8	994	922	-	-
Dividends and interest on capital		41	158	41	158
Provision for tax, civil, social security and labor contingencies	13	23,510	11,386	23,649	11,487
Notes and other payables		103,020	119,550	69,589	76,179
Total current liabilities		721,666	900,072	928,007	1,209,405
NON-CURRENT LIABILITIES					
Borrowings	12	1,625,404	2,020,939	1,619,571	2,013,145
Provision for tax, civil, social security and labor contingencies	13	72,159	79,195	74,821	79,693
Deferred income tax and social contribution	14	-	-	65,975	-
Retirement benefit obligations		-	-	26,696	32,680
Other long term liabilities		3,747	6,592	3,747	6,592
Total non-current liabilities		1,701,310	2,106,726	1,790,810	2,132,110
EQUITY					
Share capital	15	1,060,301	1,060,301	1,060,301	1,060,301
Share issue costs		(6,541)	(6,541)	(6,541)	(6,541)
Share-based payments		5,923	3,745	5,923	3,745
Carrying value adjustments		489,803	618,761	489,803	618,761
Revenue reserves		690,041	733,399	690,041	733,399
Retained earnings		7,063	-	7,063	-
Total equity		2,246,590	2,409,665	2,246,590	2,409,665
Total liabilities and equity		4,669,566	5,416,463	4,965,407	5,751,180

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(All amounts in thousands of reais, except earnings per share)

	Note	Parent company		Consolidated	
		09/30/16	09/30/15	09/30/16	09/30/15
NET REVENUE	16	1,534,354	1,602,965	2,473,571	2,555,074
Cost of products sold	17	(1,340,395)	(1,315,415)	(2,108,930)	(2,057,269)
GROSS PROFIT		193,959	287,550	364,641	497,805
Selling expenses	17	(60,218)	(56,356)	(101,333)	(96,990)
Administrative expenses	17	(65,040)	(54,281)	(89,767)	(77,756)
Management fees	8	(7,780)	(8,969)	(7,780)	(8,969)
Other operating expenses, net	19	(30,726)	(15,653)	(85,521)	(61,722)
Share of results of subsidiaries	10	(3,833)	20,903	-	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		26,362	173,194	80,240	252,368
Finance costs	18	(119,357)	(109,196)	(119,817)	(109,833)
Finance income	18	101,793	81,787	103,813	87,013
Monetary and foreign exchange variations, net	18	(28,749)	58,341	(29,673)	59,676
PROFIT BEFORE TAXATION		(19,951)	204,126	34,563	289,224
Income tax and social contribution	20	17,480	(21,759)	(37,034)	(106,857)
NET INCOME FOR THE PERIOD		(2,471)	182,367	(2,471)	182,367
EARNINGS PER SHARE					
Basic earnings per share	21	(0.01714)	1.26488	(0.01714)	1.26488
Diluted earnings per share	21	(0.01707)	1.26180	(0.01707)	1.26180

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
QUARTERS ENDED SEPTEMBER 30, 2016 AND 2015
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	01/07/16 09/30/16	01/07/15 09/30/15	01/07/16 09/30/16	01/07/15 09/30/15
NET REVENUE	16	477,832	503,536	763,047	855,915
Cost of products sold	17	(422,912)	(421,475)	(655,917)	(703,998)
GROSS PROFIT		54,920	82,061	107,130	151,917
Selling expenses	17	(19,090)	(16,345)	(30,665)	(33,287)
Administrative expenses	17	(21,595)	(19,088)	(29,506)	(27,306)
Management fees	8	(1,627)	(3,598)	(1,627)	(3,598)
Other operating expenses, net	19	(7,189)	(9,743)	(23,492)	(26,481)
Share of results of subsidiaries	10	(666)	(7,580)	-	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		4,753	25,707	21,840	61,245
Finance costs	18	(36,213)	(36,901)	(36,401)	(37,134)
Finance income	18	31,550	22,370	32,219	26,060
Monetary and foreign exchange variations, net	18	(6,836)	26,636	(6,788)	26,883
PROFIT BEFORE TAXATION		(6,746)	37,812	10,870	77,054
Income tax and social contribution	20	15,747	22,556	(1,869)	(16,686)
NET INCOME FOR THE PERIOD		9,001	60,368	9,001	60,368
EARNINGS PER SHARE					
Basic earnings per share	21	0.06243	0.41871	0.06243	0.41871
Diluted earnings per share	21	0.06218	0.41769	0.06218	0.41769

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	09/30/16	09/30/15	09/30/16	09/30/15
NET INCOME FOR THE PERIOD		(2,471)	182,367	(2,471)	182,367
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	10	(296,606)	688,266	(296,606)	688,266
Hedge of net investment abroad	24	268,457	(609,856)	268,457	(609,856)
Tax effect on hedge of net investment abroad	14	(91,275)	207,351	(91,275)	207,351
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(121,895)	468,128	(121,895)	468,128

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
QUARTERS ENDED SEPTEMBER 30, 2016 AND 2015
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
		01/07/16	01/07/15	01/07/16	01/07/15
	Note	09/30/16	09/30/15	09/30/16	09/30/15
NET INCOME FOR THE PERIOD		9,001	60,368	9,001	60,368
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	10	(161,955)	463,900	(161,955)	463,900
Hedge of net investment abroad	24	141,678	(396,981)	141,678	(396,981)
Tax effect on hedge of net investment abroad	14	(48,171)	134,974	(48,171)	134,974
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(59,447)	262,261	(59,447)	262,261

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
(All amounts in thousands of reais)

					Carrying value adjustments		Revenue reserves			
	Note	Share capital	Share issue cost	Shared based payments	Exchange variation of investees	Deemed cost of fixed assets	legal reserve	Reserve for investments	Retained earnings	Total
AT DECEMBER 31, 2014		**1,060,301**	**(6,541)**	**1,196**	**283,840**	**89,336**	**49,547**	**554,695**	**-**	**2,032,374**
Comprehensive income for the period										
Profit for the period		-	-	-	-	-	-	-	182,367	182,367
Realization of carrying value adjustments		-	-	-	-	(13,320)	-	-	13,320	-
Foreign exchange variation of investees located abroad		-	-	-	688,266	-	-	-	-	688,266
Hedge of net investment abroad	24	-	-	-	(609,856)	-	-	-	-	(609,856)
Tax impact on hedge of net investment abroad		-	-	-	207,351	-	-	-	-	207,351
Total comprehensive income for the period		-	-	-	285,761	(13,320)	-	-	195,687	468,128
Contributions from stockholders and distributions to stockholders										
Management share option plan	15	-	-	1,778	-	-	-	-	-	1,778
Interest on capital		-	-	-	-	-	-	-	(107,010)	(107,010)
		-	-	1,778	-	-	-	-	(107,010)	(105,232)
AT SEPTEMBER 30, 2015		**1,060,301**	**(6,541)**	**2,974**	**569,601**	**76,016**	**49,547**	**554,695**	**88,677**	**2,395,270**
AT DECEMBER 31, 2015		**1,060,301**	**(6,541)**	**3,745**	**545,466**	**73,295**	**60,553**	**672,846**	**-**	**2,409,665**
Comprehensive income for the period										
Profit for the period		-	-	-	-	-	-	-	(2,471)	(2,471)
Realization of carrying value adjustments		-	-	-	-	(9,534)	-	-	9,534	-
Foreign exchange variation of investees located abroad		-	-	-	(296,606)	-	-	-	-	(296,606)
Hedge of net investment abroad	24	-	-	-	268,457	-	-	-	-	268,457
Tax impact on hedge of net investment abroad		-	-	-	(91,275)	-	-	-	-	(91,275)
Total comprehensive income for the period		-	-	-	(119,424)	(9,534)	-	-	7,063	(121,895)
Contributions from stockholders and distributions to stockholders										
Management share option plan	8	-	-	2,178	-	-	-	-	-	2,178
Interest on capital	8	-	-	-	-	-	-	(43,358)	-	(43,358)
Total contributions from stockholders and distributions to stockholc		-	-	2,178	-	-	-	(43,358)	-	(41,180)
AT SEPTEMBER 30, 2016		**1,060,301**	**(6,541)**	**5,923**	**426,042**	**63,761**	**60,553**	**629,488**	**7,063**	**2,246,590**

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOW
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
Cash flow from operating activities:	Note	09/30/16	09/30/15	09/30/16	09/30/15
Profit for the period before income tax and social contribution		(19,951)	204,126	34,563	289,224
Adjustment to reconcile profit with cash provided by operating activities:					
Depreciation and amortization	11	114,949	104,811	221,491	199,524
Share of results of subsidiaries	10	3,833	(20,903)	-	-
Disposals of property, plant and equipment		17,857	(27)	17,891	(292)
Interest accrued and foreign exchange variations		139,065	49,604	138,489	46,916
Provision for impairment of trade receivables		(210)	325	49	41
Provision for losses on inventory		(1,120)	(3,037)	(1,250)	(513)
Provision for tax, civil, social security and labor contingencies	13	17,439	23,435	19,599	23,657
Stock option plan		2,178	1,778	2,178	1,778
Change in fair value - IPI premium credit		17,301	7,638	8,887	7,638
Change in fair value - Eletrobrás credit		(853)	(2,879)	(853)	(2,879)
		290,488	364,871	441,044	565,094
Changes in operating assets and liabilities:					
Trade receivables		44,356	(1,437)	32,618	(63,337)
Inventories		14,222	(50,195)	1,468	(34,241)
Third party' tools		3,969	11,062	(3,160)	4,261
Other taxes recoverable		(46,210)	(70,359)	(39,234)	(68,408)
Notes and other receivables		11,196	(6,573)	(6,812)	8,329
Judicial deposits and other		(1,345)	(4,297)	(1,352)	(4,298)
Trade payables		9,742	16,583	31,818	9,816
Other taxes payable		741	(5,125)	(13,997)	(17,881)
Salaries, social security charges and profit sharing		1,594	7,665	2,502	7,497
Advances from customers		9,516	23,710	(24,679)	28,426
Notes and other payables		(11,202)	62,299	(4,960)	(1,313)
Retirement benefit obligations		-	-	(11,362)	20,418
Other long term liabilities		(15,196)	(12,747)	(15,154)	(14,122)
Cash provided by operations		**311,871**	**335,457**	**388,740**	**440,241**
Interest paid		(136,376)	(123,771)	(132,748)	(120,895)
Income tax and social contribution paid		-	-	(93,988)	(42,600)
Net cash generated from operating activities		**175,495**	**211,686**	**162,004**	**276,746**
Cash flow from investment activities:					
Additions to fixed assets or intangibles		(59,425)	(65,904)	(98,437)	(125,033)
Cash generated on PPE disposals		2,957	8,428	3,222	8,693
Subsidiaries and associates		(459)	(961)	-	-
Cash used in investment activities		**(56,927)**	**(58,437)**	**(95,215)**	**(116,340)**
Cash flow from financing activities:					
Payment of borrowing		(331,655)	(322,699)	(331,655)	(322,699)
New borrowing		44,828	18,506	44,828	18,506
Interest on capital and dividends paid		(43,475)	(106,992)	(43,475)	(106,992)
Long term investment		12,004	-	12,004	-
Cash (used in) financing activities		**(318,298)**	**(411,185)**	**(318,298)**	**(411,185)**
Effect of exchange rate differences on cash for the period		(22,549)	26,781	(83,230)	218,124
Increase (decrease) in cash and cash equivalents		**(222,279)**	**(231,155)**	**(334,739)**	**(32,655)**
Cash and cash equivalents at the beginning of the period		1,139,653	948,978	1,524,622	1,336,916
Cash and cash equivalents at the end of the period		**917,374**	**717,823**	**1,189,883**	**1,304,261**

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TUPY S.A. AND SUBSIDIARIES

STATEMENT OF VALUE ADDED
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	09/30/16	09/30/15	09/30/16	09/30/15
Origination of value added		1,665,079	1,735,351	2,604,037	2,687,744
Sale of products, net of returns and rebates	16	1,664,869	1,735,676	2,604,086	2,687,785
Provision for impairment of trade receivables		210	(325)	(49)	(41)
(-) Inputs acquired from third parties		1,085,688	1,029,533	1,699,674	1,629,817
Raw materials and processing material consumed		773,422	799,538	1,182,732	1,254,018
Materials, energy, third party services and other		312,266	229,995	516,942	375,799
GROSS VALUE ADDED		579,391	705,818	904,363	1,057,927
Retentions:		114,949	104,811	221,491	199,524
Depreciation and amortization	11	114,949	104,811	221,491	199,524
Net value added generated by the Company		464,442	601,007	682,872	858,403
Value added received through transfer		97,960	102,690	103,813	87,013
Share of results of subsidiaries	10	(3,833)	20,903	-	-
Finance income	18	101,793	81,787	103,813	87,013
VALUE ADDED TO DISTRIBUTE		**562,402**	**703,697**	**786,685**	**945,416**
Distribution of value added					
Personnel		407,427	439,064	575,617	596,459
Employees		275,110	274,054	434,892	421,350
Social charges - Government Severance Indemnity Fund for Emplo		29,645	37,699	29,645	37,699
Profit sharing		17,034	35,044	23,772	41,452
Management fees		7,780	8,969	7,780	8,969
Workplace healthcare and safety		60,854	65,367	60,854	65,367
Food		7,361	8,603	7,361	10,699
Professional education, qualification and development		971	1,174	1,384	1,438
Other amounts		8,672	8,154	9,929	9,485
Government		9,340	31,411	64,049	116,433
Federal taxes and contributions		18,883	29,946	73,592	115,044
State taxes and rates		(13,402)	- 1,853	(13,402)	- 1,853
Municipal taxes, rates and other		3,859	3,318	3,859	3,242
Third party capital		148,106	50,855	149,490	50,157
Finance costs	18	119,357	109,196	119,817	109,833
Monetary and foreign exchange variations, net	18	28,749	(58,341)	29,673	(59,676)
Own capital		(2,471)	182,367	(2,471)	182,367
Capital interest		-	107,010	-	107,010
Retained earnings		(2,471)	75,357	(2,471)	75,357
TOTAL VALUE ADDED		**562,402**	**703,697**	**786,685**	**945,416**

(A free translation of the original in Portuguese)

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1. GENERAL INFORMATION

Tupy S.A. (the "Parent company") and its subsidiaries (together the "Company" or "Consolidated") have significant position in the domestic and foreign iron casting markets, the largest foundry in the West, manufacturing cast-iron engine blocks and cylinder heads, with a diversified customer base in the Americas, Europe and Asia. The Company also operate in the automotive (blocks, cylinder heads and parts) and hydraulics (pipe fittings, steel shots and iron bar) segments. The Company has plants in Brazil, at Joinville and Maua, and Mexico, at Saltillo and Ramos Arizpe. In addition to its plants, the Parent Company has investments in companies abroad that operate in logistics, trading and technical assistance.

Tupy S.A. is a publicly-held corporation headquartered in Joinville, State of Santa Catarina, listed on the São Paulo Stock Exchange (BOVESPA: ticker TUPY3) and in the Novo Mercado segment of BM&FBOVESPA.

This quarterly information was approved for issue by the Company's Board of Directors on November 7, 2016.

2. PRESENTATION AND PREPARATION OF THE QUARTERLY INFORMATION

The parent company quarterly information, has been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), since, from 2014, the IFRS applicable to separate quarterly information allowed the use of the equity method of accounting for subsidiaries in quarterly information. This parent company quarterly information is disclosed together with the consolidated quarterly information.

The consolidated quarterly information, which has been prepared in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Company presents the 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 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.

Circular Letter CVM/SNC/SEP 003, of April 28, 2011, permits entities to present selected explanatory notes in cases of redundancy or duplication relative to the information already presented in the Company's annual financial statements. 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, 2015.

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, 2016:

Not completely repeated	***Not partially repeated***
Financial investments	Trade receivables
Income tax and social contribution recoverable	Other taxes recoverable
Investment properties	Property, plant and equipment
Salaries, social security charges and profit sharing	Intangible assets
Defined benefit obligations	Borrowings
Insurance	Provision for tax, civil, social security and labor contingencies
Business combination	
Commitments	Share capital

2.1. Basis of preparation

The quarterly information has been prepared based on 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 functional and presentation currency are with the same as those for the annual financial statements for the year ended December 31, 2015.

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 the main sources of uncertainty in estimates were the same as those for the annual financial statements for the year ended December 31, 2015. In the annual financial statements, these critical accounting estimates and judgments are disclosed in Note 2.4.

2.3. Significant accounting policies

The accounting policies used in the preparation of this quarterly information for the period ended September 30, 2016 are consistent with those used to prepare the annual financial statements for the year ended December 31, 2015. In the annual financial statements, these policies are disclosed in Note 2, except for derivative financial instruments police added as disclosure next.

(i) Derivative financial instruments

In order to mitigate its exposure to exchange rates, the Company uses derivative financial instruments such as ZCC – zero cost collar and net investment hedges.

a. Cash flow Hedge

In order to mitigate its exposure to exchange rates in net reveneu, the Company uses derivative financial instruments such as ZCC – zero cost collar and net investment hedges.

At the beginning of each transaction the Company documents:

- the relationship between the hedge object and the hedge instruments;
- the risk management objectives;
- the hedge accounting strategy; and,
- the assessment of the hedging instruments used in the transactions are highly effective in offsetting changes in fair value of hedged items.

Adjustments (gain or losses) from the hedge accounting, which are designated as cash flow hedge are recognized directly as net revenue and the ineffective portion of the instrument is recognized as financial results

3. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	Sep/16	Dec/15	Sep/16	Dec/15
Cash and banks	789	998	847	1,221
Financial investments in Brazil	792,798	1,074,229	792,998	1,074,229
Financial investments abroad	123,787	64,426	396,038	449,172
	917,374	**1,139,653**	**1,189,883**	**1,524,622**

Those investments in Brazil are remunerated based on the variation of the Interbank Deposit Certificate (CDI) rate, with an average rate equivalent to 14.44% per annum (13.63% at December 31, 2015). The investments abroad are denominated mostly in US Dollars (US$) at the average rate of 0.72% per annum (0.52% per annum in December 2015). The financial investments disclosed as cash and cash equivalents are highly-liquid securities with an immaterial risk of changes in value.

4. TRADE RECEIVABLES

The composition of trade receivables from clients by market is as follows:

	Parent company		Consolidated	
	Sep/16	Dec/15	Sep/16	Dec/15
Domestic market	97,703	81,119	97,703	81,119
Foreign market	129,702	219,647	358,205	463,362
Provision for impairment of trade receivables	(32)	(975)	(895)	(2,382)
	227,373	**299,791**	**455,013**	**542,099**

Trade receivable in the domestic market are denominated in Brazilian Reais and in the foreign market primarily in US Dollars.

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

The reduce in foreign market trade receivables reflected the evaluation of Brazilian currency rate (R$3.9048/US$ in December 31, 2015 versus R$3.2462/US$ in September 30, 2016). Additionally, during this period there was a significant receipt balances with related parties.

	Parent company		Consolidated	
	Sep/16	Dec/15	Sep/16	Dec/15
Falling due in up to 30 days	117,442	105,637	268,790	309,834
Falling due within 31 to 60 days	75,968	91,170	133,047	98,481
Falling due in more than 61 days	25,688	52,711	5,726	9,124
Total falling due	**219,098**	**249,518**	**407,563**	**417,439**
Overdue for up to 30 days	6,355	19,113	29,408	71,654
Overdue for 31 to 60 days	1,114	10,796	9,642	15,354
Overdue for more than 61 days	838	21,339	9,295	40,034
Total overdue	**8,307**	**51,248**	**48,345**	**127,042**
Provision for impairment of trade receivables	(32)	(975)	(895)	(2,382)
Total	**227,373**	**299,791**	**455,013**	**542,099**

5. INVENTORY

	Parent company		Consolidated	
	Sep/16	Dec/15	Sep/16	Dec/15
Finished products	98,419	114,939	155,049	176,441
Work in progress	56,226	40,714	83,279	60,500
Raw materials	52,279	66,563	113,129	133,254
Maintenance and other materials	35,024	33,954	35,024	33,954
Provision for losses	(7,332)	(8,452)	(14,651)	(15,901)
	234,616	**247,718**	**371,830**	**388,248**

Inventory is carried at the average acquisition and/or production cost, considering the full manufacturing costs absorption method, adjusted to the net realizable value, when applicable.

In September 30, 2016 the Company offered finished product inventory as collateral for labor and social security litigation amounting to R$5,641 (R$10,689 as at December 31, 2015) in the Parent company and Consolidated.

6. INCOME TAX AND SOCIAL CONTRIBUTION RECOVERABLE

	Sep/16			Dec/15		
	Current	Non-current	Total	Current	Non-current	Total
Parent Company	**29,987**	**140,821**	**170,808**	**13,795**	**93,829**	**107,624**
Income tax	26,837	52,750	79,587	13,795	78,907	92,702
Social contribution	3,150	10,467	13,617	-	14,922	14,922
Subsidiaries income tax	-	57,062	57,062	-	-	-
Subsidiaries social contribution	-	20,542	20,542	-	-	-
Subsidiaries	**6,104**	**-**	**6,104**	**1,310**	**-**	**1,310**
Income tax	6,104	-	6,104	1,310	-	1,310
Consolidated	**36,091**	**140,821**	**176,912**	**15,105**	**93,829**	**108,934**

In July 2016 the Company delivery the tax forms to government (ECF – Escrituração Contábil Fiscal). This procedure formalized the right to offset taxes paid by subsidiaries referring 2015 year. Which could not be used due to the generation of tax loss in the Company. The amounting of R$77.604, disclosure as deferred income tax and social contribution, net at December 31, 2015, was transferred to this account (note 14).

7. OTHER TAXES RECOVERABLE

	Sep/16			Dec/15		
	Current	Non-current	Total	Current	Non-current	Total
Parent company	**66,005**	**145,017**	**211,022**	**52,231**	**162,778**	**215,009**
1988/1990 IPI premium credit	-	36,564	36,564	-	51,710	51,710
ICMS recoverable - São Paulo	14,382	25,146	39,528	16,878	25,341	42,219
ICMS recoverable - Santa Catarina	25,511	64,942	90,453	3,600	63,501	67,101
Reintegra benefit	6,573	-	6,573	28,671	-	28,671
COFINS, PIS and IPI recoverable	19,539	18,365	37,904	3,082	22,226	25,308
Subsidiaries	**23,348**	**-**	**23,348**	**30,659**	**-**	**30,659**
Value-added tax (VAT)	23,348	-	23,348	30,659	-	30,659
Consolidated	**89,353**	**145,017**	**234,370**	**82,890**	**162,778**	**245,668**

8. RELATED PARTY TRANSACTIONS

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

a. Subsidiaries:

Assets	Sep/16	Dec/15
Trade receivables	**29,530**	**66,667**
Tupy American Foundry Corporation	3,538	63,173
Tupy Europe GmbH	14,651	2,278
Technocast, S.A. de C.V.	2,343	1,043
Tupy Mexico Saltillo, S.A. de C.V	8,998	173
Related parties – loans	**4,659**	**4,128**
Tupy Agroenergética Ltda.	4,659	4,128
	34,189	**70,795**

Liabilities	Sep/16	Dec/15
Borrowings	**1,149,355**	**1,406,150**
Tupy Overseas S.A	1,149,355	1,406,150
Advances from customers	**15,181**	**6,924**
Tupy American Iron & Alloys Corporation	2,906	3,495
Tupy Europe GmbH	12,275	3,429
Notes and other payables	**74,742**	**76,023**
Tupy American Foundry Co.	18,039	15,505
Tupy Europe GmbH	55,490	59,058
Tupy American Iron & Alloys Corporation	1,213	1,460
Related parties – loans	**994**	**922**
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	994	922
	1,240,272	**1,490,019**

Statement of income	3Q16	3Q15	9M16	9M15
Revenues	**139,506**	**148,681**	**477,222**	**554,083**
Tupy American Foundry Corporation	100,112	121,989	379,628	439,753
Tupy Europe GmbH	29,489	26,692	85,702	114,317
Tupy Mexico Saltillo, S.A. de C.V	8,971	-	8,971	-
Technocast, S.A. de C.V.	934	-	2,921	-
Tupy American Iron & Alloys Corporation	-	-	-	13
Other operating expenses, net	**1,023**	**6,446**	**1,587**	**6,446**
Technocast, S.A. de C.V.	1,023	6,446	1,587	6,446
Finance costs	**(19,587)**	**(22,163)**	**(63,090)**	**(57,905)**
Tupy Overseas S.A.	(19,607)	(22,181)	(63,142)	(57,940)
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	(6)	(6)	(15)	(12)
Tupy Agroenergética Ltda.	26	24	67	47
	120,942	**132,964**	**415,719**	**502,624**

The receivables and sales revenue of the Company with its subsidiaries mainly represent sales of products 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, 2016, the Company's related parties had no overdue receivables and, therefore, the Company did not record a provision for the impairment of these receivables.

Advances from customers correspond to amounts sent by the subsidiaries abroad for the future delivery of goods.

Notes and other payables to subsidiaries abroad represent the current accounts between the subsidiaries and the Parent company. Refersmainly, to quality assistance for automotive products. With an unspecified maturity.

The loan conditions granted by Tupy Overseas S.A. to the Parent company are disclosed in Note 15 to the annual financial statements for the year ended December 31, 2015.

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).

Transfer by sale of fixed assets of the machining line to Technocast S.A. de C.V. subsidiary.

b. Main stockholders:

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

The Parent company had a financing agreement with BNDES (the controlling shareholder of BNDES Participações S.A. - BNDESPAR), the residual amount as at September 30, 2016 is R$64,750, as detailed in Note 12.

c. Management remuneration:

	Board of Directors		Board of Officers		Total	
	3Q16	3Q15	3Q16	3Q15	3Q16	3Q15
Fixed remuneration	4,407	905	359	3,480	4,766	4,385
Variable remuneration	-	-	836	2,806	836	2,806
Stock option plan	684	559	1,494	1,219	2,178	1,778
	5,091	**1,464**	**2,689**	**7,505**	**7,780**	**8,969**

The overall amount of the annual remuneration for the current year approved by the Extraordinary and Ordinary General Meeting was R$20,089.

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

The amounts recorded as variable remuneration of the Board of Officers are considered as a provision, based on to the goals established for the period.

Information about the Stock option plan for the Company´s statutory board members and the current Chairman of the Board of Directors (the "Plan") , approved in November 24, 2014, are presented in the annual financial statements from the year ended December 31, 2015. (Note 20). . As this plan was issued three grants in April 11, 2014, April 11, 2015 and April 11, 2016. Officers receive additional corporate benefits, such as company vehicles, reimbursement of vehicle-related expenses, health insurance, pension plan and severance pay. In the quarter ended September 30, 2016, these benefits totaled R$1,329 (R$951 in the same period of the previous year).

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

d. Payment of interest on capital

The Board of Directors, approved on August 4, 2016 the payment of interest on capital at the gross amount of R$43,358 (R$0.30 per share). The Company paid R$39,794, net of taxes, on August 24, 2016. In addition, at the same meeting, deliberated and approved two other payments of R$16.000. One payment will occur in 2016 and the another will schedule the payment to 2017 after Annual General Meeting.

The approved amount is support by Revenue reserves.

e. 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, 2016, the Company recognized sponsorship expenses of R$560 (R$371 in the same period of the previous year).

9. CREDITS – ELETROBRÁS

Refer to credits arising from the right to additional inflation adjustment of the Eletrobrás compulsory loan and related interest, based on a final and unappealable court decision.

In December 2011, the Federal Regional Court of the 4th Region ("TRF4")confirmed the calculation made by the Company, based on a report signed by a professional expert, regarding the enforcement of the sentence. The Company and Eletrobrás lodged appeals with the Superior Court of Justice ("STJ") and the Federal Supreme Court ("STF").

While the special resource of Eletrobrás, at the STJ, was not admitted (decision which is the subject of another resource of Eletrobrás), the extraordinary appeal of the Company, at the STF, was returned to TRF4 for consideration of the admissibility requirement (existence of "general repercussion") according with the court.

In October 2015, considering the pending proceedings (STJ/STF) does not suspending the proceeding progress. The Company filed petition, requiring compliance with the verdict, meaning that Eletrobrás is summoned to deposit the executed value with the court or submitted a defense about the amount calculated by the Company.

In March 2016, the 6th Federal Court in Joinville Subsection summoned Eletrobrás to deposit the executed value or submitted a defense about the amount calculated by the Company (Eletrobrás did not submit a defense).

In September 2016, the 6th Civil Court in Joinville retained monies, on Eletrobras´ checking accounts (online seizure), in the full amount claimed by the Company in the respective lawsuit. Until the court final decision is published, such amount will remain retained, by the judicial authority, in order to garantee the Company´s credit..

The Company estimates that the credit will be effectively received in a period between 24 to 36 monthsSince the initial recognition of the assets in 2003, there are just pro Company effects in the Court, including a receive of a small part in 2008 and the Company has the right of receive this amount (TRF4 decision at December 2011) and the blocking of the total amount of the Company´s right, in September 2016.

10. INVESTMENTS

a. Composition of investments

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT SEPTEMBER 30, 2016							
Investimentos em Controladas							
Tupy Mexico Saltillo, S.A. de C.V	1,056,857	708,066	30,513	28,219	100,00	28,219	738,579
Technocast, S.A. de C.V.	737,813	587,282	10,713	(34,426)	100,00	(34,426)	597,995
Servicios Industriales Technocast, S.A. de C.V.	12,228	8,387	-	1,592	100,00	1,592	8,387
Tupy Overseas	1,155,141	11,499	-	805	100,00	805	11,499
Tupy American Foundry Co.	131,607	82,497	-	1,477	100,00	(2,789)	78,714
Tupy American Iron & Alloys Co.	4,627	4,544	-	(100)	100,00	(100)	4,544
Tupy Europe GmbH	127,248	102,334	-	4,160	100,00	5,437	99,875
Tupy Argentina S.R.L.	-	-	-	-	100,00	-	-
Tupy Agroenergética Ltda.	10,599	5,769	-	(478)	100,00	(478)	5,769
Sociedade Técnica de Fundições Gerais SA. - Sofunge "in liquidation"	2,203	(462)	-	(2,093)	100,00	(2,093)	(462)
						(3,833)	**1,544,900**

(*) Adjusted by unrealized profits

b. Changes in investments

Parent company	
AT DECEMBER 31, 2015	**1,845,339**
Share in the results of subsidiaries	(3,833)
Exchange variations of investees located abroad	(296,606)
AT SEPTEMBER 30, 2016	**1,544,900**

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Parent company

	Dec/15	Additions	Disposals	Transfers	Depreciation/ Amortization	Sep/16	Historical Cost	Accumulated Depreciation
Property, plant and equipment	**1,121,151**	**62,909**	**(20,814)**	**-**	**(108,873)**	**1,054,373**	**2,120,482**	**(1,066,109)**
Machinery, facilities and equipment	831,951	-	(18,945)	45,327	(96,253)	762,080	1,689,726	(927,646)
Buildings	189,134	-	(1,662)	18,405	(10,428)	195,449	317,862	(122,413)
Land	8,956	-	-	-	-	8,956	8,956	-
Vehicles	12,711	-	(206)	1,182	(1,810)	11,877	24,816	(12,939)
Furniture, fittings and other	2,680	-	(1)	208	(382)	2,505	5,616	(3,111)
Construction in progress	75,719	62,909	-	(65,122)	-	73,506	73,506	-
Intangible assets	**60,674**	**2,999**	**-**	**-**	**(6,076)**	**57,597**	**66,749**	**(9,152)**
Software	60,674	2,999	-	-	(6,076)	57,597	66,749	(9,152)

Consolidated

	Dec/15	Additions	Disposals	Transfers	Amortization	Exchange variation	Sep/16	Historical Cost	Accumulated Depreciation
Property, plant and equipment	**1,921,632**	**97,999**	**(20,215)**	**-**	**(154,587)**	**(134,120)**	**1,710,709**	**4,083,088**	**(2,372,379)**
Machinery, facilities and equipment	1,234,026	-	(18,181)	89,065	(135,744)	(66,578)	1,102,588	3,137,983	(2,035,395)
Buildings	375,678	-	(1,662)	27,362	(15,783)	(30,994)	354,601	666,493	(311,892)
Land	67,319	-	-	-	-	(9,776)	57,543	57,543	-
Vehicles	12,787	-	(206)	1,182	(1,821)	(12)	11,930	25,721	(13,791)
Furniture, fittings and other	8,741	-	(166)	1,498	(1,239)	(446)	8,388	19,689	(11,301)
Construction in progress	223,081	97,999	-	(119,107)	-	(26,314)	175,659	175,659	-
Intangible assets	**640,857**	**3,153**	**(898)**	**-**	**(66,904)**	**(86,233)**	**489,975**	**930,701**	**(440,726)**
Contractual customer relationships	519,949	-	-	-	(55,299)	(83,585)	381,065	800,916	(419,851)
Non-competition agreement	1,484	-	-	-	(750)	(195)	539	4,626	(4,087)
Goodwill	41,226	-	-	-	-	-	41,226	41,226	-
Software	78,198	3,153	(898)	-	(10,855)	(2,453)	67,145	83,933	(16,788)

The Company offered property, plant and equipment items amounting to R$202,600 (R$225,691 as at December 31, 2015) as collateral for borrowing issue between 2009 and 2012. And R$5,892 (R$3,520 as at December 31, 2015) as collateral for tax litigation (Parent Company and Consolidated).

Construction in progress mainly comprises the transfer and expansion of a machining capacity in México plants, projects of job safety program, environment and maintenance and modernization of the operating capacity.

12. BORROWINGS

Parent company

	Maturity	Effective rate	Sep/16	Dec/15
Local currency			**532,749**	**732,796**
(a) Expansion project of Tupy S.A. - BNDES	Jul/2018	TJLP* + 2.46% p.a.	48,802	86,180
BNDES Exim - Pre-shipment of the Investment Sus	Nov/2017	8%p.a. / TJLP* + 3,3%pa	145,545	302,980
Export credit notes	Dec/2018	10.85% p.a.	309,532	311,807
Government Agency for Machinery and Equipment	Jan/2025	6% p.a.	28,870	31,829
Foreign currency			**1,378,812**	**1,775,623**
(a) Expansion project of Tupy S.A. - BNDES	Jul/2016	VC* + 6.41% p.a.	15,948	31,450
(b) Export prepayment	Sep/2017	VC* + Libor + 4% p.a.	213,509	338,023
(c) Export prepayment - Tupy Overseas	Jul/2024	VC* +6.76% p.a.	1,149,355	1,406,150
Current portion			286,157	487,480
Non-current portion			1,625,404	2,020,939
			1,911,561	**2,508,419**

**VC = Foreign exchange variation*
**TJLP = Long-term Interest Rate*

Consolidated

	Maturity	Effective rate	Sep/16	Dec/15
Local currency			**532,749**	**732,796**
(a) Expansion project of Tupy S.A. - BNDES	Jul/2018	TJLP* + 2.46% p.a.	48,802	86,180
BNDES Exim - Pre-shipment of the Investment Sus	Nov/2017	8%p.a. / TJLP* + 3,3%pa	145,545	302,980
Export credit notes	Dec/2018	10.85% p.a.	309,532	311,807
Government Agency for Machinery and Equipment	Jan/2025	6% p.a.	28,870	31,829
Foreign currency			**1,371,811**	**1,765,450**
(a) Expansion project of Tupy S.A. - BNDES	Jul/2016	VC* + 6.41% p.a.	15,948	31,450
(b) Export prepayment	Sep/2017	VC* + Libor + 4% p.a.	213,509	338,023
(d) *Senior Unsecured Notes* - US$350.000	Jul/2024	VC+6,76% a.a.	1,142,354	1,395,977
Current portion			284,989	485,101
Non-current portion			1,619,571	2,013,145
			1,904,560	**2,498,246**

**VC = Foreign exchange variation*
**TJLP = Long-term Interest Rate*

Long term maturities are as follow:

	Parent company		Consolidated	
Ano	Sep/16	Dec/15	Sep/16	Dec/15
2017	106,469	316,124	106,469	316,124
2018	367,719	323,748	367,719	323,748
2019-2023	17,709	17,709	17,709	17,709
2024	1,133,470	1,363,321	1,127,637	1,355,527
2025	37	37	37	37
	1,625,404	**2,020,939**	**1,619,571**	**2,013,145**

The fair value of the Company's borrowing (classified at Level 2 of the fair value hierarchy) is calculated through the discounting of the future payment flows based on the curves, interest rates and currencies observable in the financial market. At September 30, 2016, the fair value of borrowings was R$1,697,921 (R$2,338,453 at December 31, 2015).

In September 30, 2016, The Company is in compliance with the Covenant terms. These are presented in annual financial statements for the year ended December 31, 2015, Note 15.

a. Expansion project of Tupy S.A. (BNDES)

The variations in the period are substantially due to the amortization of R$37,928 in Finem modality in Brazilian Reais. In US Dollars the amortization was R$11,194, decreased due to foreign exchange variations of R$4,267.

b. BNDES Exim – pre-shipment of the investment sustainability Program (PSI)

In April 2016, there is amortization of the contract from April 2013, amounting R$200,000.

In September 2016, obtained new borrowing of R$44.828, maturing in September 2018, with rate of 3,3%p.a plus TJLP – Long term interest rate .

c. Export prepayments

The variation in the period reflects the amortization of R$75,870 occurred in April 2016 and the evaluation of the Brazilian currency exchange variation, resulting in gain of R$50,876.

d. Export Prepayments – Tupy Overseas S.A.

Substantially, the decrease reflects the impact of foreign exchange variation, amounting R$231,650. In January 2016, was payed interest of R$48,679. Interest payments occur in January and July.

e. Senior Unsecured Notes

The foreign exchange variations reduction recognized in the period from senior unsecured notes in the period amounted to R$230,605. Interest payments occur in January and July.

13. PROVISIONS 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 provisions (in the case of probable losses) were constituted based on estimates made by its legal counsel.

The changes in the provisions for tax, civil, social security and labor contingencies in the period ended September 30, 2016 and the related judicial deposits were as follows:

Parent company

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2014	**51,327**	**12,626**	**25,497**	**7,020**	**(12,057)**	**84,413**
Additions	466	7,475	15,425	-	(3,580)	19,786
Restatements	516	537	-	1,538	(454)	2,137
Payments	(180)	(4,025)	(11,550)	-	-	(15,755)
AT DECEMBER 31, 2015	**52,129**	**16,613**	**29,372**	**8,558**	**(16,091)**	**90,581**
Additions	-	3,247	17,139	-	(6,910)	13,476
Restatements	(3,472)	-	-	525	2,209	(738)
Payments	(398)	(2,995)	(4,257)	-	-	(7,650)
AT SEPTEMBER 30, 2016	**48,259**	**16,865**	**42,254**	**9,083**	**(20,792)**	**95,669**

Current	23,510
Non-current	72,159
	95,669

Consolidated

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2014	**51,786**	**12,669**	**26,478**	**7,020**	**(12,266)**	**85,687**
Additions	466	7,475	15,583	-	(3,580)	19,944
Restatements	516	537	-	1,538	(454)	2,137
Payments	(180)	(4,025)	(12,383)	-	-	(16,588)
AT DECEMBER 31, 2015	**52,588**	**16,656**	**29,678**	**8,558**	**(16,300)**	**91,180**
Additions	-	3,247	19,342	-	(6,867)	15,722
Restatements	(3,472)	(43)	-	525	2,209	(781)
Payments	(398)	(2,995)	(4,258)	-	-	(7,651)
AT SEPTEMBER 30, 2016	**48,718**	**16,865**	**44,762**	**9,083**	**(20,958)**	**98,470**

Current	23,649
Non-current	74,821
	98,470

The aforementioned provisions are adjusted mainly based on the Special System for Settlement and Custody (SELIC) rate and the General Market Price Index (IGPM), the impact of which on profit or loss for the period is described in Note 18.

Generally, the Company's provisions for contingencies are long term provisions. Considering the period necessary to conclude judicial proceedings in the Brazilian judicial system, making accurate estimates about the specific year in which a certain lawsuit will be concluded is difficult. For this reason, the Company does not disclose the settlement flows of these liabilities.

Contingencies involving possible losses

	Parent company		Consolidated	
	Sep/16	Dec/15	Sep/16	Dec/15
IRPJ and CSLL processes (a)	183,076	143,504	183,982	144,101
PIS, COFINS and IPI credits	115,864	61,483	115,864	61,483
ICMS credits	109,626	99,424	109,626	99,424
Expired tax debts	135,866	131,415	135,866	131,415
Customs	53,624	52,489	53,624	52,489
Social security (b)	90,967	79,133	104,204	92,527
Labor lawsuits	66,161	33,993	68,543	35,320
Civil and other	31,716	29,966	34,088	32,868
	786,900	**631,407**	**805,797**	**649,627**

Except for "IRPJ and CSLL processes" and "Social security" which is explained as follow. The contingencies involving a risk of loss deemed "possible" are, substantially, the same as those disclosed in Nota 18 to the annual financial statements for the year ended in December 31, 2015.

a. IRPJ and CSLL processes

The increase at possible contingence related to IRPJ and CSLL reflects, substantially, the adjust of loss deemed categorization. The previous risk of loss deemed was remote and at this quarter is considered as possible.

b. PIS, COFINS and IPI credits

The variation reflects a new assessment issued by Federal Government questioning compensation made by the Company in 2011 and 2012 with fiscal credits. Also, there is COFINS from other operation income from 1999 to 2004.

c. Social security

The variation in Social security reflects mainly debits charged by Federal Government due to non-appropriation of judicial deposit made by Company. Except for expired tax debts and financing of taxes.

d. Labor lawsuits

The variation of labor lawsuits accrued reflects the exchange of loss probability from remote to possible.

14. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION, NET

The composition of deferred tax assets and liabilities relating to income tax and social contribution is as follows:

	Parent company		Consolidated	
	Sep/16	Dec/15	Sep/16	Dec/15
Deferred assets				
Income tax and social contribution losses (*)	44,563	144,175	44,563	144,175
Provisions for contingencies	39,597	36,266	24,663	41,068
Salaries, social security charges and profit sharing	6,302	19,008	24,086	38,404
Taxes and contribution recoverable	24,569	17,819	24,569	17,819
Credits – Eletrobrás	6,653	6,653	6,653	6,653
Provision for inventory losses	2,493	5,580	2,493	5,580
Provision for impairment of trade receivables	1,983	2,663	1,983	2,663
Tools	2,158	1,280	2,158	1,280
Other items	8,837	7,143	8,837	7,143
Unrealized profits in subsidiaries	-	-	3,216	4,424
Subtotal	**137,155**	**240,587**	**143,221**	**269,209**
Deferred liabilities				
Depreciation rate differences (*)	61,868	56,305	61,868	56,305
Property, plant and equipment - carrying value adjustments	32,847	37,759	32,847	37,759
Deferred tax on intangible assets	-	-	114,481	156,430
Subtotal	**94,715**	**94,064**	**209,196**	**250,494**
Total deferred liabilities, net	**42,440**	**146,523**	**(65,975)**	**18,715**

(*) In order to provide a better comparable basis, it was adjust an amount of R$33.086, in December 31, 2015.

In July 2016 the Company delivery the tax forms to government (ECF – Escrituração Contábil Fiscal). This procedure formalized the right to offset taxes paid by subsidiaries referring 2015 year. Which could not be used due to the generation of tax loss in the Company. The amounting of R$77.604, disclosure as deferred income tax and social contribution, net at December 31, 2015, was transferred to this account (note 6).

The Company estimates that the balance as at September 30, 2016, relating to deferred tax assets, will be recovered through future income tax.

During the period ended September 30, 2016, the changes in deferred tax assets and liabilities were as follow:

	Parent company		Consolidated	
	Sep/16	Dec/15	Sep/16	Dec/15
Opening balance	**(146,523)**	**22,790**	**(18,715)**	**99,060**
Recognized in profit (loss)				
Recognized in profit (loss) for the year	(64,796)	25,769	(64,981)	39,352
Recognized in comprehensive income for the year	91,275	(195,082)	91,275	(195,082)
Effects of currency translation into presentation currency			(19,208)	37,955
Recognized in assets				
Transfer to income tax and social contribution recoverable	77,604	-	77,604	-
Closing balance	**(42,440)**	**(146,523)**	**65,975**	**(18,715)**

15. SHARE CAPITAL

	Sep/16		Dec/15	
Share capital breakdown in number of shares	**Number**	**%**	**Number**	**%**
Controlling stockholders				
BNDES Participações S.A. – BNDESPAR	40,645,370	28.2%	40,645,370	28.2%
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	37,536,454	26.0%	37,758,154	26.2%
Officers	4	0.0%	4	0.0%
Non-controlling interests				
Fundação Embratel de Seguridade Social - TELOS	9,816,056	6.8%	9,816,056	6.8%
Other stockholders	56,179,616	39.0%	55,957,916	38.8%
Total outstanding shares	**144,177,500**	**100.0%**	**144,177,500**	**100.0%**

16. REVENUE

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

	Parent company		Consolidated	
	3Q16	**3Q15**	**3Q16**	**3Q15**
Gross revenue	534,959	561,334	825,228	921,510
Returns and rebates	(14,005)	(12,786)	(19,059)	(20,583)
Revenue net of returns and rebates	**520,954**	**548,548**	**806,169**	**900,927**
Sales taxes	(43,122)	(45,012)	(43,122)	(45,012)
Net revenue	**477,832**	**503,536**	**763,047**	**855,915**
Net revenue				
Domestic market	144,849	141,701	144,849	141,701
Foreign market	332,983	361,835	618,198	714,214
	477,832	**503,536**	**763,047**	**855,915**

	Parent company		Consolidated	
	9M16	**9M15**	**9M16**	**9M15**
Gross revenue	1,707,014	1,767,598	2,670,172	2,740,412
Returns and rebates	(42,145)	(31,922)	(66,086)	(52,627)
Revenue net of returns and rebates	**1,664,869**	**1,735,676**	**2,604,086**	**2,687,785**
Sales taxes	(130,515)	(132,711)	(130,515)	(132,711)
Net revenue	**1,534,354**	**1,602,965**	**2,473,571**	**2,555,074**
Net revenue				
Domestic market	423,895	498,726	423,895	498,726
Foreign market	1,110,459	1,104,239	2,049,676	2,056,348
	1,534,354	**1,602,965**	**2,473,571**	**2,555,074**

17. COSTS AND EXPENSES BY NATURE

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

	Parent company		Consolidated	
	3Q16	3Q15	3Q16	3Q15
Raw and processing materials	204,349	185,005	321,431	357,991
Maintenance and consumption materials	35,584	34,007	72,407	61,292
Salaries, payroll taxes and profit sharing	101,881	126,290	153,932	182,584
Social benefits	23,913	27,882	27,357	29,282
Electricity	33,628	32,088	48,001	49,289
Freight and commission on sales	14,838	11,362	22,069	22,845
Management fees	1,627	3,598	1,627	3,598
Other costs	10,692	6,250	16,591	12,078
	426,512	***426,482***	***663,415***	***718,959***
Depreciation	38,712	34,024	54,300	49,230
	465,224	**460,506**	**717,715**	**768,189**
Cost of products sold	422,912	421,475	655,917	703,998
Selling expenses	19,090	16,345	30,665	33,287
Administrative expenses	21,595	19,088	29,506	27,306
Management fees	1,627	3,598	1,627	3,598
	465,224	**460,506**	**717,715**	**768,189**

(*) In order to provide a better comparability, reclassification was made among maintenance and consumption materials and electricity accounts from raw and processing materials account. The amouting of R$16.085 in the comparative balances for the 2015 third quarter.

	Parent company		Consolidated	
	9M16	9M15	9M16	9M15
Raw and processing materials	625,703	607,696	1,035,013	1,044,798
Maintenance and consumption materials	123,106	107,239	232,390	183,657
Salaries, payroll taxes and profit sharing	342,953	368,547	509,473	522,251
Social benefits	78,221	83,230	85,742	86,921
Electricity	110,393	92,191	154,359	141,942
Freight and commission on sales	46,269	42,195	73,728	70,031
Management fees	7,780	8,969	7,780	8,969
Other costs	25,084	21,840	44,910	38,683
	1,359,509	***1,331,907***	***2,143,395***	***2,097,252***
Depreciation	113,924	103,114	164,415	143,732
	1,473,433	**1,435,021**	**2,307,810**	**2,240,984**
Cost of products sold	1,340,395	1,315,415	2,108,930	2,057,269
Selling expenses	60,218	56,356	101,333	96,990
Administrative expenses	65,040	54,281	89,767	77,756
Management fees	7,780	8,969	7,780	8,969
	1,473,433	**1,435,021**	**2,307,810**	**2,240,984**

18. FINANCE RESULTS

	Parent company		Consolidated	
Finance results	**3Q16**	**3Q15**	**3Q16**	**3Q15**
Financial liabilities at amortized cost	***(33,624)***	***(37,499)***	***(32,999)***	***(36,743)***
Borrowing	(33,602)	(37,456)	(32,977)	(36,700)
Notes payable and other financial liabilities	(22)	(43)	(22)	(43)
Derivative financial instruments	***-***	***(5)***	***-***	***(5)***
Interest rate swaps	-	(5)	-	(5)
Other finance costs	***(2,589)***	***603***	***(3,402)***	***(386)***
Finance costs	**(36,213)**	**(36,901)**	**(36,401)**	**(37,134)**
Financial assets at fair value through profit or loss	***398***	***337***	***398***	***337***
Financial investments	-	319	-	319
Investments in equity instruments	398	18	398	18
Loans and receivables	***29,168***	***23,788***	***29,168***	***23,788***
Cash and cash equivalents	29,168	23,788	29,168	23,788
Tax credits and other finance income	***1,984***	***(1,755)***	***2,653***	***1,935***
Finance income	**31,550**	**22,370**	**32,219**	**26,060**
Derivative financial instruments				
Foreign exchange variations	(6,304)	26,636	(6,256)	26,883
Derivative financial instruments	(532)	-	(532)	-
Foreign exchange variations, net	**(6,836)**	**26,636**	**(6,788)**	**26,883**
Finance results	**(11,499)**	**12,105**	**(10,970)**	**15,809**

	Parent company		Consolidated	
Finance results	**9M16**	**9M15**	**9M16**	**9M15**
Financial liabilities at amortized cost	***(110,967)***	***(108,797)***	***(109,467)***	***(107,445)***
Borrowing	(110,836)	(108,663)	(109,336)	(107,311)
Notes payable and other financial liabilities	(131)	(134)	(131)	(134)
Derivative financial instruments	***-***	***(112)***	***-***	***(112)***
Interest rate swaps	-	(112)	-	(112)
Other finance costs	***(8,390)***	***(287)***	***(10,350)***	***(2,276)***
Finance costs	**(119,357)**	**(109,196)**	**(119,817)**	**(109,833)**
Financial assets at fair value through profit or loss	***1,373***	***4,982***	***1,373***	***4,982***
Credits - Eletrobrás	-	4,116	-	4,116
Financial investments	520	830	520	830
Investments in equity instruments	853	36	853	36
Loans and receivables	***93,390***	***72,569***	***93,390***	***72,569***
Cash and cash equivalents	93,390	72,569	93,390	72,569
Tax credits and other finance income	***7,030***	***4,236***	***9,050***	***9,462***
Finance income	**101,793**	**81,787**	**103,813**	**87,013**
Derivative financial instruments				
Foreign exchange variations	(28,217)	58,341	(29,141)	59,676
Derivative financial instruments	(532)	-	(532)	-
Foreign exchange variations, net	**(28,749)**	**58,341**	**(29,673)**	**59,676**
Finance results	**(46,313)**	**30,932**	**(45,677)**	**36,856**

19. OTHER OPERATING INCOME (EXPENSES)

	Parent company		Consolidated	
	3Q16	3Q15	3Q16	3Q15
Constitution and restatement of provision	(3,550)	(4,800)	(3,573)	(4,898)
Disposals of property, plant and equipment	(932)	(605)	(6,851)	(605)
Loss on the sale of unusable assets and write-off of third party tools and other assets	(2,520)	(3,838)	4,391	40
	(7,002)	***(9,243)***	***(6,033)***	***(5,463)***
Depreciation of non-operating assets	(187)	(500)	(188)	(500)
Amortization of intangible assets	-	-	(17,271)	(20,518)
Total other operating expenses, net	**(7,189)**	**(9,743)**	**(23,492)**	**(26,481)**

	Parent company		Consolidated	
	9M16	9M15	9M16	9M15
Constitution and restatement of provision	(17,439)	(18,407)	(19,599)	(18,629)
Disposals of property, plant and equipment	(17,857)	27	(24,070)	292
Loss on the sale of unusable assets and write-off of third party tools and other assets	5,595	4,424	15,224	12,407
	(29,701)	***(13,956)***	***(28,445)***	***(5,930)***
Depreciation of non-operating assets	(1,025)	(1,697)	(1,027)	(1,702)
Amortization of intangible assets	-	-	(56,049)	(54,090)
Total other operating expenses, net	**(30,726)**	**(15,653)**	**(85,521)**	**(61,722)**

20. INCOME TAX AND SOCIAL CONTRIBUTION IN THE RESULTS

	Parent company		Consolidated	
	3Q16	3Q15	3Q16	3Q15
Profit before tax effects	**(6,746)**	**37,812**	**10,870**	**77,054**
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	2,294	(12,856)	(3,696)	(26,198)
Tax effect of permanent (additions) exclusions:				
Share of results of subsidiaries	(226)	(2,577)	-	-
Depreciation of non-operating assets	(64)	(170)	(64)	(170)
Interests on capital	14,742	36,384	14,742	36,384
Additional income tax (Services Companies – Mexico)	-	-	(1,085)	(1,297)
Effect of correction of fixed assets	-	-	462	(988)
Reintegra – benefit	(103)	1,115	(103)	1,115
Other permanent (additions) exclusions	(896)	660	(5,460)	(7,550)
Tax effects recorded in the statement of income before exchange effects	**15,747**	**22,556**	**4,796**	**1,296**
Effective rate of income tax before exchange effects	**233%**	**-60%**	**-44%**	**-2%**
Effect of functional currency on tax base (a)	-	-	(6,665)	(17,982)
Tax effects recorded in the statement of income	**15,747**	**22,556**	**(1,869)**	**(16,686)**
Effective rate of income tax	**233%**	**-60%**	**17%**	**22%**

	Parent company		Consolidated	
	9M16	9M15	1T16	1T15
Profit before tax effects	**(19,951)**	**204,126**	**34,563**	**289,224**
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	6,783	(69,403)	(11,751)	(98,336)
Tax effect of permanent (additions) exclusions:				
Share of results of subsidiaries	(1,303)	7,107	-	-
Depreciation of non-operating assets	(349)	(577)	(349)	(577)
Interests on capital	14,742	36,384	14,742	36,384
Additional income tax (Services Companies – Mexico)	-	-	(6,004)	(4,292)
Effect of correction of fixed assets	-	-	1,200	(3,391)
Reintegra – benefit	62	4,847	62	4,847
Other permanent (additions) exclusions	(2,455)	(117)	(15,565)	(12,738)
Tax effects recorded in the statement of income before exchange effects	**17,480**	**(21,759)**	**(17,665)**	**(78,103)**
Effective rate of income tax before exchange effects	**88%**	**11%**	**51%**	**27%**
Effect of functional currency on tax base (a)	-	-	(19,369)	(28,754)
Tax effects recorded in the statement of income	**17,480**	**(21,759)**	**(37,034)**	**(106,857)**
Effective rate of income tax	**88%**	**11%**	**107%**	**37%**

a) Effect of Functional currency on tax

The tax bases of assets and liabilities of the companies located in Mexico, where the functional currency is the US Dollars, are held in Mexican Pesos at their historical values. Fluctuations in exchange rates change the tax bases and consequently exchange effects are recognized as revenues and / or expenses for deferred income tax.

b) Composition of the tax effects recorded in the statement of income:

	Parent company		Consolidated	
	3Q16	3Q15	3Q16	3Q15
Tax effects recorded in the statement of income				
Current income tax and social contribution	(23,414)	-	(40,996)	(27,130)
Deferred income tax and social contribution	30,886	22,556	20,328	10,444
	7,472	**22,556**	**(20,668)**	**(16,686)**

	Parent company		Consolidated	
	9M16	9M15	9M16	1T15
Tax effects recorded in the statement of income				
Tax effects recorded in the statement of income	(47,316)	-	(102,015)	(61,578)
Current income tax and social contribution	64,796	(21,759)	64,981	(45,279)
Deferred income tax and social contribution	**17,480**	**(21,759)**	**(37,034)**	**(106,857)**

21. EARNINGS PER SHARE

a) Basic:

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. (note 15)

	3Q16	3Q15	9M16	9M15
Profit attributable to the stockholders of the Company	9,001	60,368	(2,471)	182,367
Outstanding shares	144,177,500	144,177,500	144,177,500	144,177,500
Basic earnings per share - R$	**0.06243**	**0.41871**	**(0.01714)**	**1.26488**

b) Diluted:

Diluted earnings per share is measured by the weighted average number of ordinary shares outstanding, with the addition of the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares. The Company issue a potential convertible stock option plan. The number of ordinary shares that would be issued is determined from fair value, based on market price. The number of ordinary shares are compare with outstanding shares considering the potential dilutive shares would be exercised.

	3Q16	3Q15	9M16	9M15
Profit attributable to the stockholders of the Company	9,001	60,368	(2,471)	182,367
Outstanding shares	144,754,937	144,529,784	144,754,937	144,529,784
Diluted earnings per share - R$	**0.06218**	**0.41769**	**(0.01707)**	**1.26180**

22. SEGMENT REPORTING

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

Automotive - 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 global manufacturers of engines, passenger vehicles, commercial vehicles (trucks, buses, etc.), construction machines, tractors, agricultural machines and power generators.

Hydraulics - Manufacture of flexible iron connections for the construction industry, iron and steel grits for the marble and granite processing industry and cast-iron shapes for general use.

The following is the information on each reported segment:

a) Reconciliation of revenue, costs, expenses and profit

Consolidated	Automotive		Hydraulics		Total	
	3Q16	3Q15	3Q16	3Q15	3Q16	3Q15
Net revenue (Note 15)	713,282	813,256	49,765	42,659	763,047	855,915
Costs and expenses, except depreciation (Note 16)	(618,252)	(686,101)	(45,163)	(32,858)	(663,415)	(718,959)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 18)	(4,911)	(5,150)	(1,122)	(313)	(6,033)	(5,463)
EBITDA (according to the methodology of CVM Instruction (527/12)	**90,119**	**122,005**	**3,480**	**9,488**	**93,599**	**131,493**
Depreciation and amortization	(69,205)	(67,785)	(2,554)	(2,463)	(71,759)	(70,248)
Profit before finance results	**20,914**	**54,220**	**926**	**7,025**	**21,840**	**61,245**
Finance results (Note 17)					(10,970)	15,809
Profit before taxation					**10,870**	**77,054**
Income tax and social contribution (Note 19)					(1,869)	(16,686)
Profit for the period					**9,001**	**60,368**

Consolidated	Automotive		Hydraulics		Total	
	9M16	9M15	9M16	9M15	9M16	9M15
Net revenue (Note 15)	2,324,354	2,398,473	149,217	156,601	2,473,571	2,555,074
Costs and expenses, except depreciation (Note 16)	(2,013,465)	(1,974,870)	(129,930)	(122,382)	(2,143,395)	(2,097,252)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 18)	(26,721)	(5,587)	(1,724)	(343)	(28,445)	(5,930)
EBITDA (according to the methodology of CVM Instruction (527/12)	**284,168**	**418,016**	**17,563**	**33,876**	**301,731**	**451,892**
Depreciation and amortization	(213,754)	(192,214)	(7,737)	(7,310)	(221,491)	(199,524)
Profit before finance results	**70,414**	**225,802**	**9,826**	**26,566**	**80,240**	**252,368**
Finance results (Note 17)					(45,677)	36,856
Profit before taxation					**34,563**	**289,224**
Income tax and social contribution (Note 19)					(37,034)	(106,857)
Profit for the period					**(2,471)**	**182,367**

b) Reconciliation of costs and expenses by segment

Consolidated	Automotive		Hydraulics		Total	
	3Q16	3Q15	3Q16	3Q15	3Q16	3Q15
Raw and processing materials	303,467	360,411	17,964	14,395	321,431	374,806
Maintenance and consumption materials	68,457	52,991	3,950	2,449	72,407	55,440
Salaries and payroll taxes	142,392	171,719	11,540	10,865	153,932	182,584
Social benefits	24,666	27,452	2,691	1,830	27,357	29,282
Electricity	44,268	35,719	3,733	2,607	48,001	38,326
Depreciation	51,746	46,767	2,554	2,463	54,300	49,230
Freight and commissions on sales	17,856	18,792	4,213	4,053	22,069	22,845
Management fees	1,446	3,358	181	240	1,627	3,598
Other costs	15,700	11,159	891	919	16,591	12,078
	669,998	**728,368**	**47,717**	**39,821**	**717,715**	**768,189**

Consolidated	Automotive		Hydraulics		Total	
	9M16	9M15	9M16	9M15	9M16	9M15
Raw and processing materials	985,656	992,291	49,357	52,507	1,035,013	1,044,798
Maintenance and consumption materials	220,122	173,367	12,268	10,290	232,390	183,657
Salaries and payroll taxes	474,883	488,658	34,590	33,593	509,473	522,251
Social benefits	79,132	81,398	6,610	5,523	85,742	86,921
Electricity	144,074	133,398	10,285	8,544	154,359	141,942
Depreciation	156,678	136,422	7,737	7,310	164,415	143,732
Freight and commissions on sales	60,035	56,815	13,693	13,216	73,728	70,031
Management fees	7,138	8,385	642	584	7,780	8,969
Other costs	42,425	36,058	2,485	2,625	44,910	38,683
	2,170,143	**2,106,792**	**137,667**	**134,192**	**2,307,810**	**2,240,984**

c) Reconciliation of assets and liabilities

Consolidated	Automotive		Hydraulics		Total	
ASSETS	Sep/16	Dec/15	Sep/16	Dec/15	Sep/16	Dec/15
Trade receivables (Note 4)	419,127	507,528	35,886	34,571	455,013	542,099
Inventory (Note 5)	313,631	323,395	58,199	64,853	371,830	388,248
Third party tools	140,088	160,294	-	-	140,088	160,294
Notes and other receivables	32,239	24,398	2,543	3,657	34,782	28,055
Property, plant and equipment (Note 11)	1,667,420	1,873,229	43,289	48,403	1,710,709	1,921,632
Intangible assets (Note 11)	489,975	640,857	-	-	489,975	640,857
Other assets not allocated	-	-	-	-	1,763,010	2,069,995
Total ativo consolidado	**3,062,480**	**3,529,701**	**139,917**	**151,484**	**4,965,407**	**5,751,180**

Consolidated	Automotive		Hydraulics		Total	
LIABILITIES	Sep/16	Dec/15	Sep/16	Dec/15	Sep/16	Dec/15
Trade payables	275,322	270,040	26,533	25,040	301,855	295,080
Income taxes payable	16,235	32,338	282	200	16,517	32,538
Salaries, social security charges and profit sharing	111,828	113,697	7,860	7,732	119,688	121,429
Advances from customers	92,735	123,328	274	7,563	93,009	130,891
Notes and other payables	65,630	72,556	3,959	3,623	69,589	76,179
Deferred tax on intangible assets (Note 14)	114,481	156,430	-	-	114,481	156,430
Other liabilities not allocated	-	-	-	-	2,003,678	2,528,968
Equity (Note 15)	-	-	-	-	2,246,590	2,409,665
Total passivo consolidado	**676,231**	**768,389**	**38,908**	**44,158**	**4,965,407**	**5,751,180**

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, borrowing, dividends, provisions, deferred taxes and other long term liabilities are also not allocated to the segments.

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

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 revenue, as follows:

Consolidated								
Revenue	3Q16	%	3Q15	%	9M16	%	9M15	%
Automotive	**713,282**	**93.5**	**813,256**	**95.0**	**2,324,354**	**93.9**	**2,398,473**	**93.9**
Customer A	165,826	21.7	202,133	23.6	568,730	23.0	540,071	21.1
Customer B	109,188	14.3	177,160	20.7	373,351	15.0	489,441	19.2
Customer C	87,502	11.5	86,613	10.1	277,107	11.2	240,657	9.4
Other customers	350,766	46.0	347,350	40.6	1,105,166	44.7	1,128,304	44.2
Hydraulics	**49,765**	**6.5**	**42,659**	**5.0**	**149,217**	**6.0**	**156,601**	**6.1**
Total Revenue	**763,047**	**100.0**	**855,915**	**100.0**	**2,473,571**	**100**	**2,555,074**	**100**

The sales in the Hydraulics segment are diversified.

e) 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 follow:

Consolidated

	3Q16	%	3Q15	%	9M16	%	9M15	%
North America	**435,860**	**57.1**	**538,268**	**62.9**	**1,467,458**	**59.3**	**1,497,296**	**58.5**
United States	206,898	27.1	323,635	37.8	717,118	29.0	912,483	35.7
Mexico	216,491	28.4	194,881	22.8	708,394	28.6	522,341	20.4
Canada	12,471	1.6	19,752	2.3	41,946	1.7	62,472	2.4
South and Central Americas	**155,631**	**20.4**	**151,017**	**17.7**	**452,766**	**18.3**	**522,613**	**20.5**
Brazil - head office	144,849	19.0	141,701	16.6	423,895	17.1	494,819	19.4
Other countries	10,782	1.4	9,316	1.1	28,871	1.2	27,794	1.1
Europe	**124,988**	**16.2**	**124,535**	**14.6**	**402,517**	**16.4**	**414,564**	**16.2**
United Kingdom	46,849	6.1	40,049	4.7	172,874	7.0	151,165	5.9
Hungary	41,496	5.4	30,847	3.6	127,974	5.2	112,987	4.4
Italy	12,508	1.6	30,205	3.5	43,328	1.8	76,259	3.0
Germany	10,821	1.4	7,551	1.0	25,129	1.0	15,404	0.6
Netherlands	7,467	1.0	7,812	0.9	18,987	0.8	25,574	1.0
France	3,217	0.4	1,826	0.2	8,706	0.4	8,336	0.3
Other countries	2,630	0.3	6,245	0.7	5,519	0.2	24,839	1.0
Asia, Africa and Oceania	**46,568**	**6.3**	**42,095**	**4.8**	**150,830**	**6.0**	**120,601**	**4.8**
South Africa	18,941	2.5	15,527	1.8	56,362	2.3	46,734	1.8
Thailand	15,560	2.0	10,011	1.2	39,743	1.6	24,585	1.0
China	4,279	0.6	6,612	0.8	21,870	0.9	10,629	0.4
Japan	6,130	0.8	6,730	0.8	21,274	0.9	23,968	0.9
Other countries	1,658	0.4	3,215	0.2	11,581	0.3	14,686	0.7
Total	**763,047**	**100.0**	**855,915**	**100.0**	**2,473,571**	**100.0**	**2,555,074**	**100.0**

23. FINANCIAL INSTRUMENTS

		Parent company		Consolidated	
	Note	Sep/16	Dec/15	Sep/16	Dec/15
Loans and receivables		**1,215,230**	**1,519,778**	**1,726,232**	**2,139,978**
Cash and cash equivalents	3	917,374	1,139,653	1,189,883	1,524,622
Trade receivables	4	227,373	299,791	455,013	542,099
Notes and other financial assets		70,483	80,334	81,336	73,257
Effect on the results for nine months period		*93,600*	*72,244*	*93,341*	*72,528*
Financial assets at fair value through profit or loss		**103,686**	**114,317**	**108,745**	**120,310**
Financial investments		-	11,484	-	11,484
Credits - Eletrobrás		102,170	102,170	102,170	102,170
Investments in equity instruments		1,516	663	6,575	6,656
Effect on the results for nine months period		*1,373*	*4,982*	*1,373*	*4,982*
Financial liabilities at amortized cost		**2,187,891**	**2,790,333**	**2,279,792**	**2,876,255**
Trade payables		169,522	155,614	301,855	295,080
Borrowings	12	1,911,561	2,508,419	1,904,560	2,498,246
Dividends and interest on capital		41	158	41	158
Notes payable and other financial liabilities		106,767	126,142	73,336	82,771
Effect on the results for nine months period		*(110,967)*	*(108,797)*	*(109,467)*	*(107,445)*
Financial liabilities at fair value through profit or loss		**1,607**	**-**	**1,607**	**-**
Derivative financial instruments	24	1,607	-	1,607	-
Effect on the results for nine months period		-	*(112)*	-	*(112)*

(*) Inclui a provisão para perdas com recebíveis

24. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OF NET INVESTMENT ABROAD

a) Derivatives financial instsruments

In order to minimize the impact of exchange rate on cash flow and thus result for future direct sales transactions, and the impact of the exchange variation of trade receivables of subsidiaries. The Company contracted and remains hiring operations with purchase and sale options of currency since July 01, 2016. The financial instrument used by the Company in this operation was the ZCC - zero-cost collar, which consists of purchasing a “PUT” option and the sale of a “CALL” option. Those operations have the same notional value, same counterparty, same maturity and there is no net premium. The fair value of this instrument is determined by observable market pricing model (through market information providers) and widely used by market participants to measure similar instruments. When the US Dollar (US$) closing rate is between the exercise value of the "PUT" and "CALL", the fair value recognized reflect the extrinsic value of the option, ie the value is directly linked to the time remaining to the maturity, or the expectation of reaching the option exercise price.

a. Cash flow hedge future direct sales transactions

In September 30, 2016, derivative financial instruments in the zero-cost collar type, designated as Company cash flow hedge accouting totaled the amount of US$26,000 which were made purchasing “PUT” with an average weighted price of exercise of R$ 3.,1913 and sales “CALL” with an average weighted price of exercise of R $ 3.3005 for the year 2016.

In the period ended September 30, 2016, the Company recognized in operating income gain of R$709 from the settlement of contracts in the period and as a result financial loss of R$829 due to the expense for the mark to market of these instruments.

b. Trade receivable Exchange variantion hedge

In September 30, 2016, derivative financial instruments in the ZCC - zero-cost collar type, designated as hedging exchange rate of receivables of the Company's subsidiaries the amount of US$15,500 which made purchasing “PUT” with an average weighted exercise price of R$ 3.1938 and the sale of “CALL” with an average price of R$3.2931 weighted exercise for the year 2016.

In the period ended September 30, 2016, the Company recognized in its financial results gain of R$297. It is a gain of R$1,075 from the settlement of derivative contracts maturing in the period and R$778 of expense recognition in the period by the marking to market of these instruments.

The financial derivative instruments net position is presented as follow:

	Parent company		Consolidated	
	Sep/16	Dec/15	Sep/16	Dec/15
Current liabilities				
Cash flow hedge future direct sales transactions (a)	831	-	831	-
Trade receivable Exchange variantion hedge (b)	778	-	778	-
Financial derivative instruments	1,609	-	1,609	-
Current assets				
Cash flow hedge future direct sales transactions (a)	2	-	2	-
Financial derivative instruments	2	-	2	-
Financial derivative instruments, net	**1,607**	**-**	**1,607**	**-**

b) Hedges of net investments abroad

With the objective of mitigating the effects of foreign exchange volatility on the results, the Company adopted hedges for the net investments abroad on January 10, 2014, as presented in the annual financial statement of year ended December 31, 2015 note 32.b.

In September 30, 2016 the Company has export prepayment contracts amounting to US$413,286, equivalent to R$1,326,564 as hedges of the investments in the subsidiaries in Mexico, Tupy México Saltillo, S.A. de C.V. and Technocast, S.A. de C.V., the functional currency of which is the US Dollar (US$), and which had net assets of US$403,386, equivalent to R$1,294,787, representing 102.5% effectiveness.

In the period ended September 30, 2016, the Company recognized in carrying value adjustments, within equity, a gain of R$282,070 arising from the conversion of the prepayment contracts designated as hedge instruments. As a result, the investments in Mexicans subsidiaries resulted in a loss of R$314,894. The net result was a loss of R$128,067.

25. FINANCIAL RISK MANAGEMENT

25.1 Financial risk factors

The Company has a financial management policy, which determines limits on exposure to financial risk factors (credit, liquidity and market) and provides guidance on the mechanisms that the Company can use to mitigate them, including the contracting of derivative financial instruments and the utilization of hedge accounting, as well as the forms of monitoring by management to verify the efficiency of the application of the financial management policy.

25.2 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and financial investments, as well from credit exposure to customers, including outstanding trade receivables.

The Company sets exposure limits for each customer to limit the credit risk on trade receivables and risks are managed according to specific credit rating criteria, which include an analysis of customers in based on their payment ability, indebtedness level, market behavior and history with the Company. Furthermore, the Company carries out quantitative and qualitative analyses of its portfolio of trade receivables in order to determine the provision for probable losses on receivables. As at September 30, 2016, estimated losses on trade receivables amounted to R$1,895 (R$2,382 as at December 31, 2015), representing 0.4% of the consolidated balance of outstanding receivables at that date (0.4% as at December 31, 2015).

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

25.3 Liquidity risk

Liquidity risk is the risk that the Company will have difficulty complying with its obligations associated with financial liabilities that are to be settled in cash or other financial assets. The Company's approach to managing this risk is the maintenance of a minimum cash.

Conform is determined in the financial management policy, which aims at ensuring that the Company has sufficient liquidity to settle its obligations without incurring losses or affecting its operations. This minimum cash amount corresponds to a three-month projection of: operating cash generation and investments in property, plant and equipment and intangible assets, plus the balance of the short term borrowing, net of derivative instruments. Moreover, the Company manages its investment portfolio using criteria for concentration in financial institutions, in addition to global and local ratings.

The contractual maturities of financial liabilities are as follow:

Consolidated	Contractual cash flow					
FINANCIAL LIABILITIES	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total flow
Borrowings	160,492	232,481	293,183	544,660	1,368,023	2,598,839
Instrumentos financeiros derivativos	1,609	-	-	-	-	1,609
Trade payables and notes and other payables	371,444	-	-	-	-	371,444
Dividends payable	41	-	-	-	-	41
	533,586	**232,481**	**293,183**	**544,660**	**1,368,023**	**2,971,933**

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

25.4 Market risk

Market risk is the risk of changes in the value of the Company's financial instruments as a result of changes in interest and foreign exchange rates and market prices. The objective of market risk management is to maintain exposure to market risks within acceptable levels, while optimizing returns.

Interest rate risk

This risk refers to the Company's financial investments and borrowing. The financial instruments with floating rates expose the Company to cash flow variation risk, whereas the financial instruments with fixed rates expose the Company to fair value risk. The Company uses derivative financial instruments, as follow:

Consolidated	Note	Jun/16	Dec/15
Floating-rate instruments		**569,984**	**661,510**
Financial assets		836,384	1,085,713
Financial liabilities	11	(266,400)	(424,203)
Fixed-rate instruments		**(1,208,747)**	**(1,624,871)**
Financial assets		399,604	449,172
Financial liabilities	11	(1,608,351)	(2,074,043)

Sensitivity analysis of variations in floating interest rates

The Company has financial investments and derivative financial instruments exposed to the CDI rate variation, as well as borrowing linked to the TJLP and LIBOR rates.

The fluctuations in interest rates 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 Brazilian reais							
Investments	**Interest rate (CDI - % p.a.)**	**14.13**	**13.78**	**17.23**	**20.67**	**10.34**	**6.89**
Financial assets		792,998	792,998	792,998	792,998	792,998	792,998
Potential impact		-	-	24,010	48,020	(24,760)	(51,116)
Borrowings	**Interest rate (TJLP - % p.a.)**	**7.50**	**7.50**	**9.38**	**11.25**	**5.63**	**3.75**
Financial liabilities		48,802	48,802	48,802	48,802	48,802	48,802
Potential impact		-	-	(851)	(1,702)	866	1,764
In U.S. dollars							
Borrowings	**Interest rate (Libor - %)**	**0.89**	**1.26**	**1.58**	**1.89**	**0.95**	**0.63**
Financial liabilities		213,509	213,509	213,509	213,509	213,509	213,509
Potential impact		-	-	(664)	(1,328)	666	1,337

Currency risk

The Company is 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 US Dollar.

The Company manages its exposure to exchange rates through a combination of debts, financial investments, accounts receivable and export revenues in foreign currency, derivative transactions and hedges of the net investments abroad. The Company's exposure to foreign currency risk considering the subsidiaries that use the Real (R$) as their functional currency, is as follows:

Parent company

Net exposure impacting profit	Note	Sep/16	Dec/15
Assets		**253,489**	**284,073**
Cash and cash equivalents abroad	3	123,787	64,426
Customers in the foreign market	4	129,702	219,647
Instrumentos financeiros derivativos - *Nocional*	24	-	-
Liabilities		**(170,923)**	**(301,918)**
Borrowings in foreign currency	12	(1,378,812)	(1,775,623)
Hedge of net investment abroad	25	1,303,710	1,579,806
Other amounts		(95,821)	(106,101)
Net exposure impacting profit			
In thousands of R$		82,565	(17,845)
In thousands of US$		25,434	(4,570)

Subsidiaries that use a functional currency other than the Brazilian real have limited exposure to the Mexican Peso and the Euro.

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 variables are evaluated with a 25% and 50% fluctuation 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 - Normative Instruction 475			
	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate	**3.2462**	**3.20**	**4.00**	**4.80**	**2.40**	**1.60**
Asset position	253,489	249,881	312,351	374,822	187,411	124,941
Liability position	(170,923)	(168,491)	(210,613)	(252,736)	(126,368)	(84,245)
Net exposure (R$ thousand)	82,565	81,390	101,738	122,086	61,043	40,696
Net exposure (US$ thousand)	25,434	25,434	25,435	25,435	25,435	25,435
Potential impact (R$ thousand)	**-**	**(1,175)**	**19,173**	**39,521**	**(21,522)**	**(41,869)**

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 monitors these prices, in order to pass on to customers any changes in its input prices.

25.5 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 efficiencies.

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

25.6 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its stockholders and benefits for 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 can 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 relationship between the Company's own capital (equity) and third party capital that the Company utilizes to finance its operations. To mitigate liquidity risks and optimize the average cost of capital, the Company monitors its compliance with financial ratios required under borrowing agreements.

The relationship between own capital versus third-party capital, at the end of each period, was as follows:

Consolidated

	Sep/16	Dec/15
Own capital	**2,246,590**	**2,409,665**
Equity	2,246,590	2,409,665
Third party capital	**1,528,934**	**1,816,893**
Total current and non-current liabilities	2,718,817	3,341,515
Cash and cash equivalents	(1,189,883)	(1,524,622)
Own capital versus third-party capital ratio	**1.47**	**1.33**

25.7 Fair value

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

All financial instruments classified as financial assets and financial liabilities at fair value through profit or loss (Note 23) and the fair value of the borrowing disclosed in Note 11 are calculated by discounting the future contractual cash flow at the current market interest rate that is available to the Company for similar financial instruments.

The valuations technique used by the Company are classified at Level 2 of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (Level 2) is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the minimum extent possible on Company-specific estimates.

25.8 Credit quality of financial assets

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

	Parent company		Consolidated	
	Sep/16	Dec/15	Sep/16	Dec/15
Counterparties with external credit ratings*				
Cash and cash equivalents	**917,374**	**1,139,653**	**1,189,883**	**1,524,622**
AAA	78,327	209,892	112,719	363,092
AA+ / AA	779,785	929,754	998,516	1,129,049
A+ / A / A-	59,183	7	71,677	25,455
Outros	79	-	6,971	7,026
Financial investments				
AA	-	11,484	-	11,484
Credits - Eletrobrás				
AA	102,170	102,170	102,170	102,170
Counterparties without external credit rating				
Trade receivables	**227,373**	**299,791**	**455,013**	**542,099**
Low risk	216,883	286,822	434,418	524,269
Moderate risk	10,348	10,815	20,453	15,676
High risk	142	2,154	142	2,154
Other financial assets	**71,999**	**80,997**	**87,911**	**79,913**
Total	**1,318,916**	**1,634,095**	**1,834,977**	**2,260,288**

(*) The Company considers, for the classification of risk, the lowest rating between the rating agencies.

The risk assessment of trade receivables is as follows:

- Low risk - automotive segment customers, except those customers with a history of losses.
- Moderate risk - hydraulics segment customers, except those who already have 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.

Considering the blocking of Eletrobrás banking accounts, as descibe in Note 9, the Company changed the assessment of Eletrobra´s credit to BB from AA.

26. SUBSEQUENT EVENTS

i. Borrowings

In October 2016, the Company obtained a new borrowing as BNDES Exim – pre-shipment of the investment sustainability Program (PSI) of R$45,000, with rate of 3,3%p.a plus TJLP – Long term interest rate . Interest will be paid quarterly basis and the principal in October 2018.

ii. Payment of interest on capital

The Board of Directors, approved on November 7, 2016 the payment of interest on capital at the gross amount of R$25,000 (R$0.1734 per share). The Company will paid before December 31, 2015.

* * *

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. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2016, comprising the balance sheet at that date and the statements of income, comprehensive income for the quarter and nine-month periods then ended, and the statements of changes in equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) 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 interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and 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, 2016. These statements are the responsibility of the Company's management, 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 7, 2016

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 "F" SC

Maurício Colombari

Contador CRC 1SP195838/O-3 "S" SC