TUPY. Global reference in castings

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Quartely Financial Report

June 30, 2016

TUPY

Release
Financial Information
Explanatory Notes
Independent auditor's report

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TUPY - Global market leader in castings

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TUPY

Conference Call

Date: 08/05/2016

Portuguese/English

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Dial in Brasil: +55 11 3193-1001
Dial in Brasil: +55 11 2820-4001
Dial in EUA: +1 786 924-6977
Toll free EUA: + 1 888 700-0820
Code: Tupy
Website: www.tupy.com.br/ri

Investor Relations

Thiago Fontoura Struminski
VP Finance and Administration
Investor Relations Officer

Hugo Zierth
IR Manager

dri@tupy.com.br
+55 (11) 2763-7844

2Q16 Highlights

Strong cash flow generation despite the challenging environment and extraordinary effects

- **Operating Cash Flow:** R$104.2 million – an increase of 26.1% compared to 2Q15. Operating cash flow reached R$171.2 million in the first six months of the year (1H16), 40.6% higher than in 1H15.

- **Sales volume:** 129.6 thousand tons – 9.0% lower than 2Q15. In 1H16, sales totaled 249.2 thousand tons– a 7.9% decreased compared to 1H15.

- **Revenues:** R$850.7 million – a 6.6% decrease compared to 2Q15. Revenues in 1H16 reached R$1,710.6 million, up 0.7% vs. 1H15.

- **Adjusted EBITDA:** R$97.4 million, equivalent to 11.4% of revenues in 2Q16. Adjusted EBITDA in 1H16 reached R$230.5 million, representing 13.5% of revenues in the period.

- **Net result:** loss of R$28.8 million, representing -3.4% of revenues. This result was caused mainly by non-cash items, such as deferred income tax from operations in Mexico arising from the devaluation of the Mexican peso against the US dollar (impact of R$14.9 million) and write-downs/result from the sale of assets (R$11.6 million). The accumulated loss in 1H16 amounts to R$11.5 million – 0.7% of revenues in the period.

MAIN INDICATORS

Consolidated (R$ thousand)

SUMMARY	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
Revenues	**850,684**	**911,082**	**-6.6%**	**1,710,524**	**1,699,159**	**0.7%**
Cost of goods sold	(738,791)	(713,448)	3.6%	(1,453,013)	(1,353,271)	7.4%
Gross profit	**111,893**	**197,634**	**-43.4%**	**257,511**	**345,888**	**-25.6%**
% on revenues	13.2%	21.7%		15.1%	20.4%	
Operating expenses	(68,697)	(62,844)	9.3%	(137,082)	(119,524)	14.7%
Other net operating expenses	(35,230)	(16,928)	108.1%	(62,029)	(35,241)	76.0%
Income before financial result	**7,966**	**117,862**	**-93.2%**	**58,400**	**191,123**	**-69.4%**
% on revenues	0.9%	12.9%		3.4%	11.2%	
Net financial result	(16,080)	(6,948)	131.4%	(34,707)	21,047	
Net income before income taxes	**(8,114)**	**110,914**		**23,693**	**212,170**	**-88.8%**
% on revenues	-1.0%	12.2%		1.4%	12.5%	
Income tax and social contribution	(20,668)	(49,502)	-58.2%	(35,165)	(90,171)	-61.0%
Net income	**(28,782)**	**61,412**		**(11,472)**	**121,999**	
% on revenues	-3.4%	6.7%		-0.7%	7.2%	
EBITDA (according to CVM 527/12 inst.)	**80,745**	**184,988**	**-56.4%**	**208,132**	**320,399**	**-35.0%**
% on revenues	9.5%	20.3%		12.2%	18.9%	
Adjusted EBITDA	**97,389**	**184,041**	**-47.1%**	**230,544**	**320,866**	**-28.1%**
% on revenues	11.4%	20.2%		13.5%	18.9%	
Cash flow from operating activities	**104,185**	**82,592**	**26.1%**	**171,193**	**121,800**	**40.6%**
Investiments	**37,540**	**43,234**	**-13.4%**	**66,221**	**84,570**	**-21.7%**
Average exchange rate (R$/US$)	**3.419**	**3.091**	**10.6%**	**3.640**	**3.003**	**21.2%**
Average exchange rate (R$/EUR)	**3.831**	**3.431**	**11.6%**	**4.042**	**3.329**	**21.4%**

SALES VOLUME

Consolidated (ton)

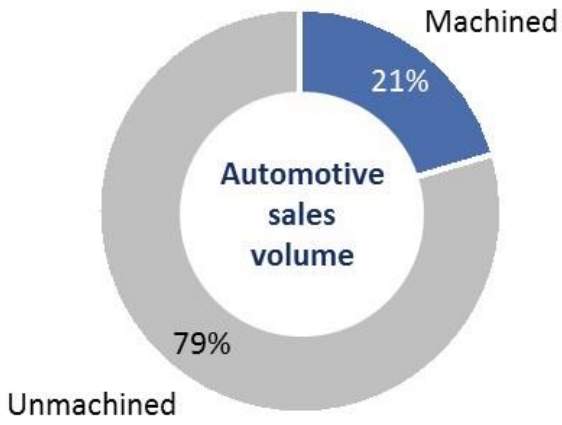
	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
Domestic market	**24,262**	**33,207**	**-26.9%**	**49,974**	**67,320**	**-25.8%**
Automotive	20,140	27,342	-26.3%	41,032	56,576	-27.5%
Hydraulics	4,122	5,865	-29.7%	8,942	10,744	-16.8%
Foreign market	**105,339**	**109,240**	**-3.6%**	**199,201**	**203,337**	**-2.0%**
Automotive	101,490	104,429	-2.8%	192,781	195,198	-1.2%
Hydraulics	3,849	4,811	-20.0%	6,420	8,139	-21.1%
Total sales volume	**129,601**	**142,447**	**-9.0%**	**249,175**	**270,657**	**-7.9%**

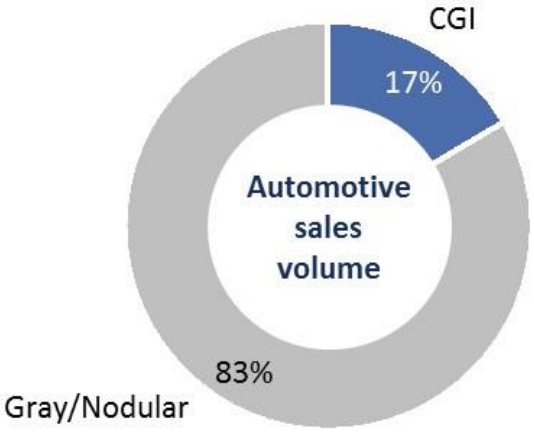
During 2Q16, the sales volume fell by 9.0% compared to 2Q15, affected by:

- Decrease of automotive sales in the domestic market;
- Deterioration of the global market for off-road vehicles;
- Inventory adjustment by client in the medium and heavy commercial vehicle segment in the foreign market; and,
- Hydraulic products sales downturn in all markets.

Those impacts were partially offset by positive sales performance of passenger cars and light commercial vehicles segments in the foreign market due to the performance of these segments in the North American market, as well as the phase-in of new projects.

The automotive product portfolio was comprised by 21% partly/fully machined products (vs. 18% in 2Q15). The sales distribution by alloy points to 17% of volume in CGI (Compacted Graphite Iron) (vs. 14% in 2Q15).





REVENUES

Revenues presented a 6.6% decrease in comparison with 2Q15.

In the domestic market, the 23.3% drop is due to weak market performance, the phase-out of projects (in line with the Company's expectations) and higher payroll taxes (-R$3.6 million), due to the increase to 2.5% from 1.0% of tax on revenues.

In the foreign market, the main effects were:

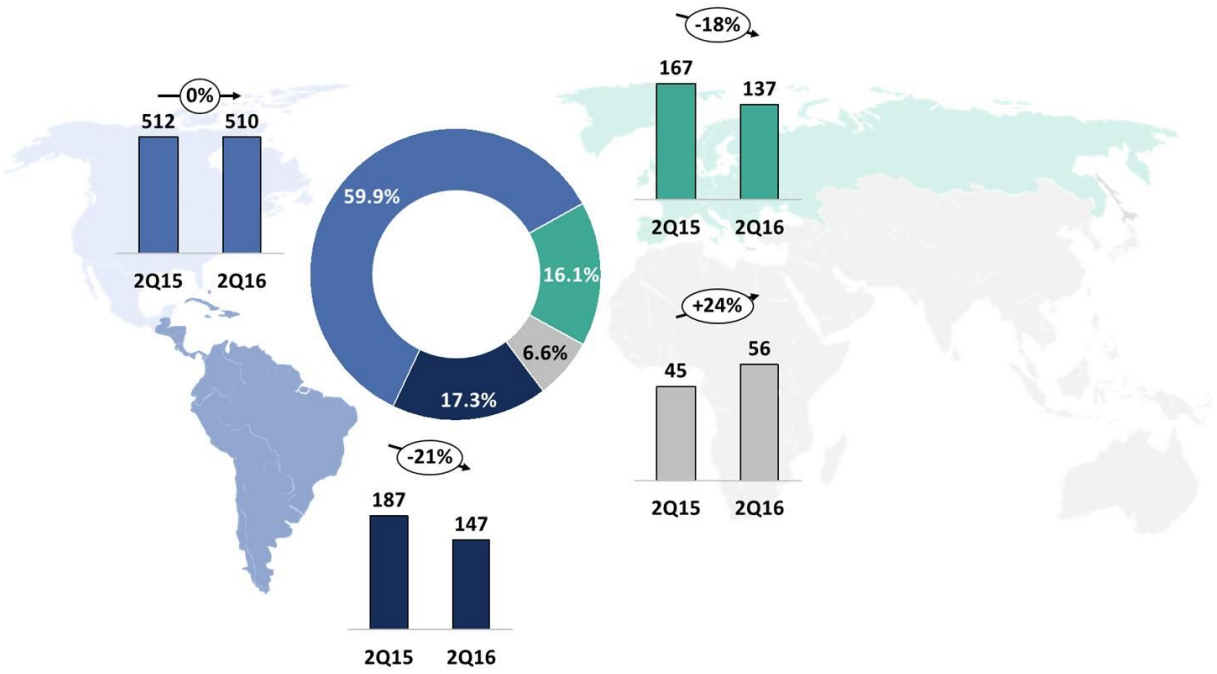
- Drop of 3.6% in sales volume;
- 10.6% depreciation in the average foreign exchange rate ('FX') Real vs. US Dollar in 2Q16 (3.419 R$/US$) compared to 2Q15 (3.092 R$/US$);
- Impact of appreciation of raw material (mineral commodities) and Brazilian Real on costs incurred in the period, with delayed pass-through to prices established in contracts, with negative impact of R$25.9 million in the quarter.

Consolidated (R$ thousand)

	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
Revenues by market	**850,684**	**911,082**	**-6.6%**	**1,710,524**	**1,699,159**	**0.7%**
Domestic market	137,410	179,215	-23.3%	279,046	357,025	-21.8%
% Share	16.2%	19.7%		16.3%	21.0%	
Foreign market	713,274	731,867	-2.5%	1,431,478	1,342,134	6.7%
% Share	83.8%	80.3%		83.7%	79.0%	
Revenues by segment	**850,684**	**911,082**	**-6.6%**	**1,710,524**	**1,699,159**	**0.7%**
Automotive	796,982	845,581	-5.7%	1,611,072	1,585,217	1.6%
% Share	93.7%	92.8%		94.2%	93.3%	
Hydraulics	53,702	65,501	-18.0%	99,452	113,942	-12.7%
% Share	6.3%	7.2%		5.8%	6.7%	

Revenues by market and performance in the period

During 2Q16, North America represented 59.9% of Tupy's revenues. In turn, South and Central America represented 17.3%, Europe accounted for 16.1% and the remaining 6.7% came from Asia, Africa and Oceania.



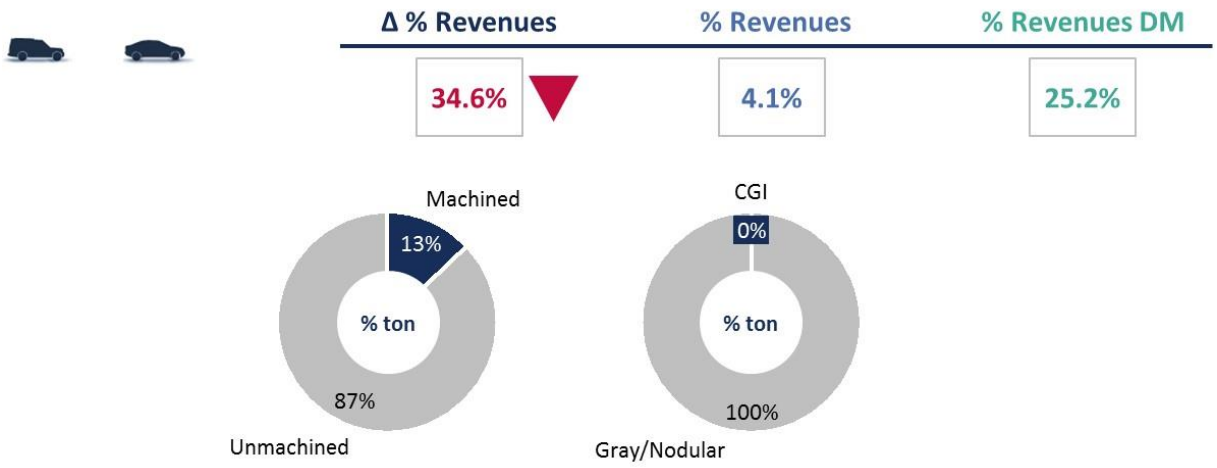
Consolidated (R$ thousand)

	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
Revenues	**850,684**	**911,082**	**-6.6%**	**1,710,524**	**1,699,159**	**0.7%**
Domestic market	**137,410**	**179,215**	**-23.3%**	**279,046**	**357,025**	**-21.8%**
Automotive	**107,046**	**139,167**	**-23.1%**	**216,841**	**284,951**	**-23.9%**
Passenger cars	34,609	52,927	-34.6%	70,000	104,826	-33.2%
Commercial vehicles	56,892	71,648	-20.6%	118,327	148,438	-20.3%
Off-road	15,545	14,592	6.5%	28,514	31,687	-10.0%
Hydraulics	**30,364**	**40,048**	**-24.2%**	**62,205**	**72,074**	**-13.7%**
Foreign market	**713,274**	**731,867**	**-2.5%**	**1,431,478**	**1,342,134**	**6.7%**
Automotive	**689,936**	**706,414**	**-2.3%**	**1,394,231**	**1,300,266**	**7.2%**
Passenger cars	137,889	129,636	6.4%	283,640	231,581	22.5%
Light commercial vehicles	252,086	238,720	5.6%	504,660	427,529	18.0%
Medium and heavy commercial vehicles	130,868	126,646	3.3%	246,563	238,621	3.3%
Off-road	169,093	211,412	-20.0%	359,367	402,535	-10.7%
Hydraulics	**23,338**	**25,453**	**-8.3%**	**37,247**	**41,868**	**-11.0%**

In some cases, the same product is used in passenger 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

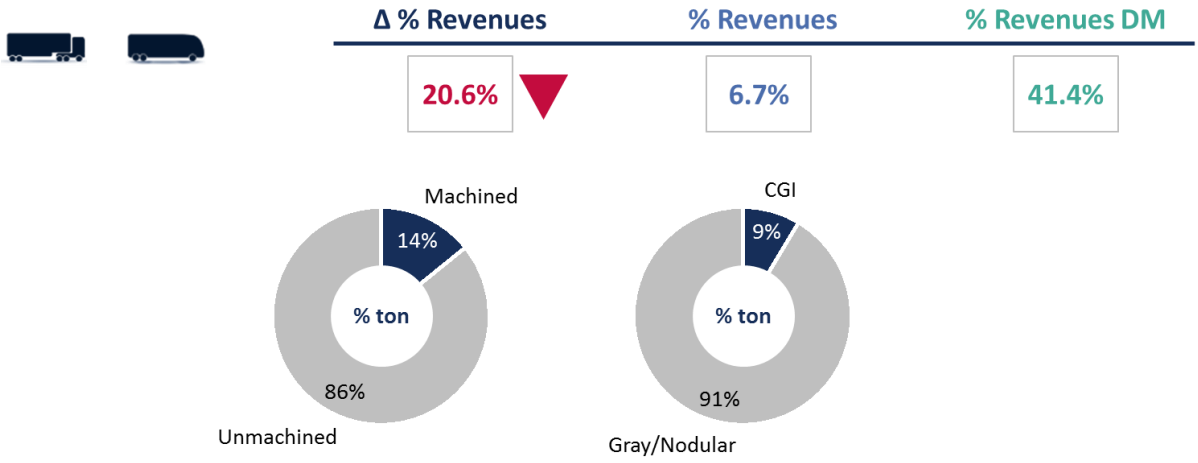


Among the factors that negatively affected the light vehicles sales in the domestic market, we can highlight:

- High unemployment rate;
- Inflation and fall in family income;
- Interest rate and credit restrictions.

Revenues from sales of products to this application fell 34.6% in the quarter compared to the same period last year. In addition to market factors, the performance reflects the phase out of some projects – in line with the Company's expectations.

Commercial vehicles

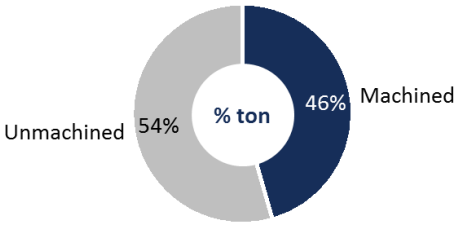


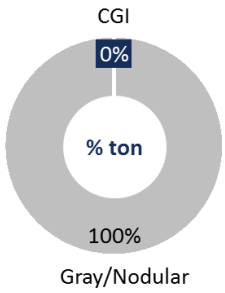
The retraction of freight demanding sectors (retail, industry, construction and agriculture) negatively affected commercial vehicles sales in Brazil.

Due to this scenario, revenues from sales for this segment decreased by 20.6% in 2Q16 vs 2Q15.

Off-road

Δ % Revenues	% Revenues	% Revenues DM
6.5% ▲	1.8%	11.3%

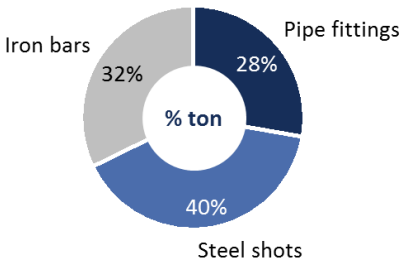




The market of agricultural machinery continues to decline in Brazil. However, Tupy's revenues grew 6.5% in 2Q16, as a result of new businesses and favorable product mix.

Hydraulics

Δ % Revenues	% Revenues	% Revenues DM
24.2% ▼	3.6%	22.1%

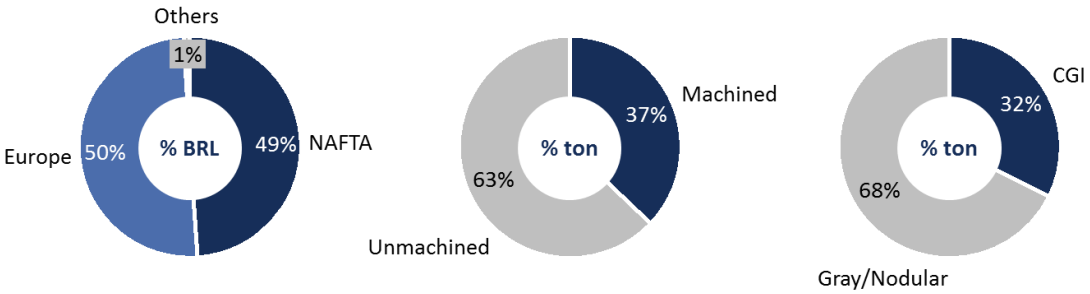


In line with the poor industrial activity in the country, clients continue to reduce their inventory levels. Consequently, revenues from hydraulic products sales in the domestic market fell by 24.2% in 2Q16 compared to the same period in 2015.

FOREIGN MARKETS (FM)

Passenger cars

Δ % Revenues	% Revenues	% Revenues FM
6.4% ▲	16.2%	19.3%

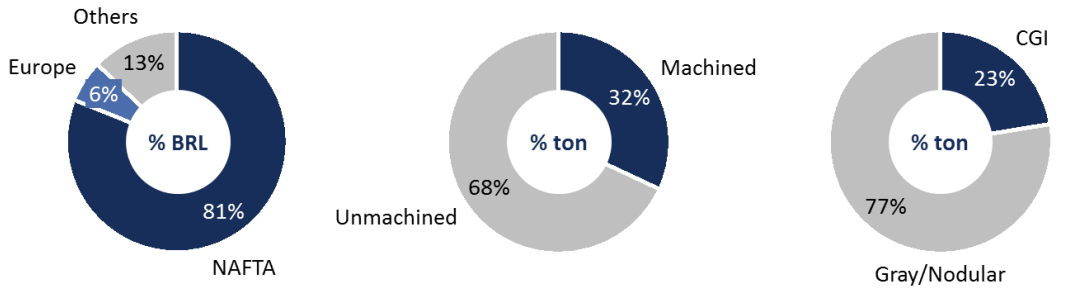


The North American light vehicle market grew, as a net effect of a decrease in passenger cars (sedans) and increase of light commercial vehicles (light pickup trucks and SUVs).

Despite the inventory normalization of some European clients, revenues from this application increased by 6.4% as result of market conditions and new product launches.

Light commercial vehicles

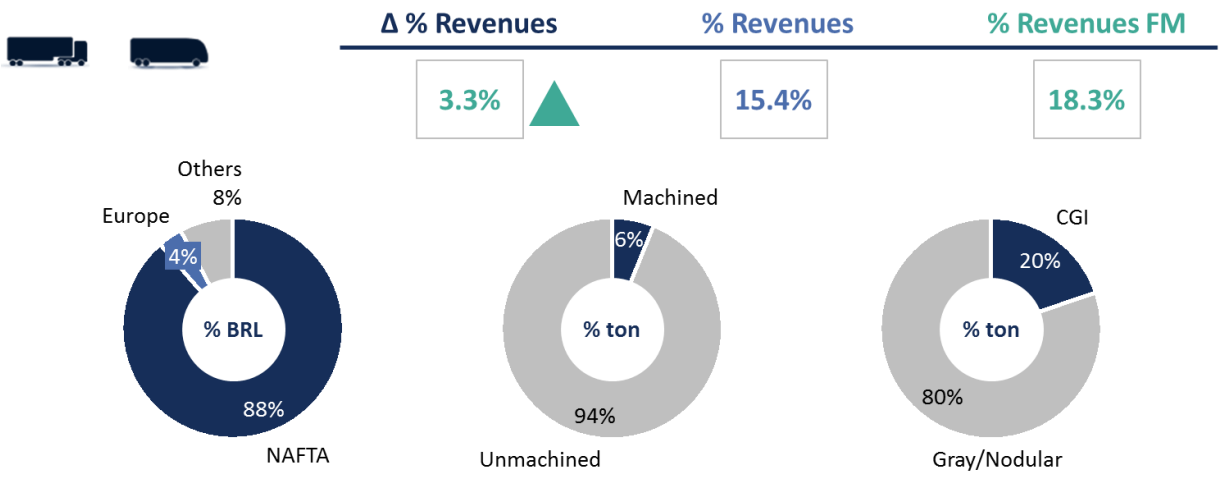
Δ % Revenues	% Revenues	% Revenues FM
5.6% ▲	29.6%	35.3%



The change in the consumption pattern in the North American market favored the production and sales of light commercial vehicles.

Tupy's revenues from this segment grew 5.6%, while the market grew 9.5%, compared to 2Q15. Tupy's lower revenues index compared to the market is due to the high comparison base of 2Q15, caused by the recomposition of clients' inventories and the preparation for the launch of SAP during that period.

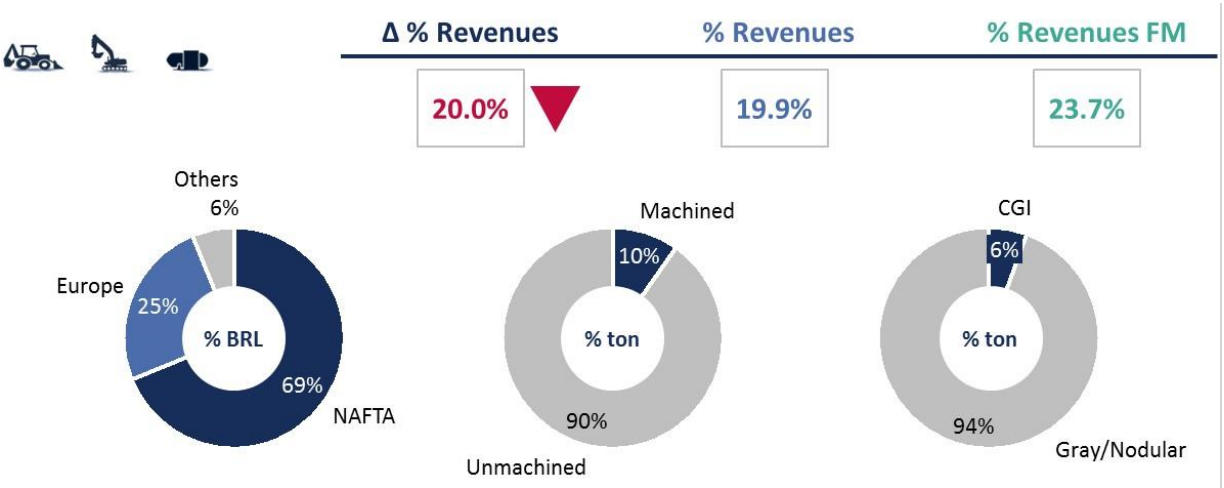
Medium and heavy commercial vehicles



The North American market maintained its growth trend, driven by the demand for consumer goods freight and the consistent growth of residential buildings. The heavy vehicle market (class 8), in turn, continues to show decline due to the high comparative basis after the fleet renewal cycle.

As for light commercial vehicles, the comparative basis of this segment was impacted by the recovery of clients' inventory during 2Q15, leading to a growth rate of 3.3%.

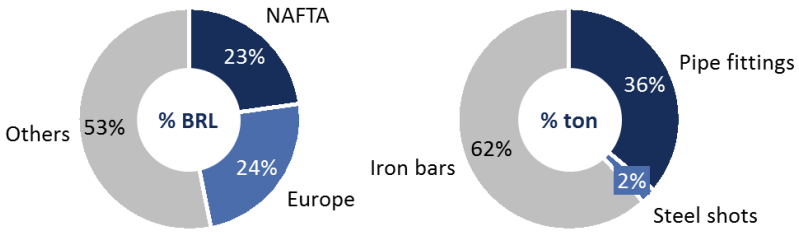
Off-road



The long-term demand and current price levels of the main commodities contributed to cautious investment in heavy machinery – especially in the mining, oil & gas and heavy construction sectors. The agricultural sector, despite high equipment utilization rates, maintains unsatisfactory levels of income for a new fleet renewal cycle. Tupy's revenues from product sales in the off-road segment in 2Q16 fell by 20.0% over the same period in 2015.

Hydraulics

Δ % Revenues	% Revenues	% Revenues FM
8.3% ▼	2.7%	3.3%



During 2Q16, revenues from sales of hydraulic products fell 8.3% due to lower sales to the Middle East and South America markets.

COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (COGS) in 2Q16 added up to R$738.8 million, 3.6% higher than in 2Q15, representing a gross margin of 13.2%. COGS in 1H16 totaled R$1,453.0 million, and the gross margin for the period was 15.1%.

Consolidated (R$ thousand)

	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
Revenues	**850,684**	**911,082**	**-6.6%**	**1,710,524**	**1,699,159**	**0.7%**
Cost of goods sold	**(738,791)**	**(713,448)**	**3.6%**	**(1,453,013)**	**(1,353,271)**	**7.4%**
Raw material	(371,231)	(366,734)	1.2%	(713,582)	(686,807)	-3.9%
Labor	(144,143)	(149,164)	-3.4%	(297,963)	(288,294)	3.4%
Energy	(51,541)	(47,228)	9.1%	(106,083)	(92,385)	14.8%
Maintenance materials	(81,134)	(57,447)	41.2%	(148,756)	(111,579)	33.3%
Profit sharing program	(10,731)	(12,960)	-17.2%	(20,929)	(22,166)	-5.6%
Depreciation	(51,230)	(48,182)	6.3%	(104,040)	(92,537)	12.6%
Others	(28,781)	(31,733)	-9.3%	(61,660)	(59,503)	3.3%
Gross profit	**111,893**	**197,634**	**-43.4%**	**257,511**	**345,888**	**-25.6%**
% on revenues	*13.2%*	*21.7%*		*15.1%*	*20.4%*	
Operating expenses	**(68,697)**	**(62,844)**	**9.3%**	**(137,082)**	**(119,524)**	**14.7%**

The 2Q16 COGS variation versus the same quarter of 2015 is explained by the following:

- 1.2% increase in raw material cost, as the reduced volume was offset by a price increase for some materials such as scrap steel and by the FX variation;

- 3.4% reduction in labor costs, mainly resulting from lower sales volumes (down 9%). In 2Q16, we had a collective bargaining agreement granted to employees located in Joinville: an increase of 7.5% (5% in April and 2.5% to be granted in August) and salary bonuses amounting to R$1,250.00 per employee, leading to an R$9 million non-recurring impact in the quarter, and the collective bargaining agreement granted to employees in the Mauá plant in November 2015, effects that offset partly the decline in volume year-over-year;

- Energy cost increase of 9.1% due to higher electricity distribution costs in Brazil, increase in contracted energy and reduced result from sales of excess energy capacity in the spot market (-R$2.4 million);

- Maintenance costs grew 41.2%, mainly due to increased production of more complex blocks in Mexico, requiring promptly adjustments to the equipment maintenance levels for finishing and core making. The cost of materials in the Mexican operation was also impacted by the increase in production volume and the exchange rate variations;

- Profit sharing costs ("PSP") decreased by 17.2%;

- Increase in non-cash costs with depreciation (+6.3%) is due to exchange rate variations;

- Other costs fell by 9.3% mostly due to cost reduction initiatives.

Operating expenses increased by 9.3%, mainly due to the effect of the collective bargaining agreement in operations in Joinville (5% increase and bonus of R$1,250.00 per employee) in 2Q16, and in Mauá (November 2015), as well as the amortization of the ERP and the effect of exchange rate variations on expenses of foreign units.

Expenses in 1H16 totaled R$137.1 million, an increase of 14.7% compared to 1H15.

OTHER NET OPERATING EXPENSES

Net operating expenses reached R$35.2 million in 2Q16, 108.1% increase compared to 2Q15. Net operating expenses in 1H16 totaled R$62.0 million, 76% higher compared to 1H15.

Consolidated (R$ thousand)

	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
Depreciation of non-operating assets	(373)	(597)	-37.5%	(839)	(1,202)	-30.2%
Amortization of intangible assets	(18,213)	(17,278)	5.4%	(38,778)	(33,572)	15.5%
Other	(16,644)	947		(22,412)	(467)	
Other net operating expenses	**(35,230)**	**(16,928)**	**108.1%**	**(62,029)**	**(35,241)**	**76.0%**

The main variations in other net operating expenses are related to the following effects, which do not impact the Company's cash flow, and that combined had a R$11.6 million impact in 2Q16:

- Write-down of unserviceable fixed assets;

- Difference between the book value and sale value of assets sold through auction.

NET FINANCIAL RESULT

During 2Q16, the Company registered a net financial expense of R$16.1 million, 131.4% higher than the R$6.9 million expense in recorded in 2Q15. Net financial expenses in 1H16 reached R$34.7 million, compared to revenue of R$21.0 million in 1H15.

Consolidated (R$ thousand)

	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
Financial expenses	(40,414)	(36,983)	9.3%	(83,416)	(72,699)	14.7%
Financial income	37,227	31,798	17.1%	71,594	60,953	17.5%
Net exchange variation	(12,893)	(1,763)	631.3%	(22,885)	32,793	
Net financial result	**(16,080)**	**(6,948)**	**131.4%**	**(34,707)**	**21,047**	

The financial result was impacted by the negative net exchange variation in 2Q16, due to the appreciation of t Brazilian Real against the dollar during 2Q16 (3.2098 R$/US$ in June/16 versus 3.559 R$/US$ in March/16) and other currencies on the balance sheet.

NET INCOME BEFORE TAXES AND NET INCOME

Consolidated (R$ thousand)

	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
Net income before income taxes	**(8,114)**	**110,914**		**23,693**	**212,170**	**-88.8%**
Tax effects before foreign exchange impacts	(5,763)	(44,996)	-87.2%	(17,608)	(79,399)	-77.8%
Tax rates before foreign exchange effects	*71%*	*-41%*		*-74%*	*-37%*	
Net income before foreign exchange effects on tax base	**(13,877)**	**65,918**		**6,085**	**132,771**	**-95.4%**
Foreign exchange effects on tax base	(14,905)	(4,506)	230.8%	(17,557)	(10,772)	63.0%
Net income	**(28,782)**	**61,412**		**(11,472)**	**121,999**	
% on revenues	*-3.4%*	*6.7%*		*-0.7%*	*7.2%*	

The company recorded R$5.7 million in expenses with income tax and social contribution before foreign exchange variation on the tax base in 2Q16, heading to a 71% tax rate.

The deferred income tax of the Mexican plants is calculated in Mexican pesos. In the translation into the functional currency (U.S. dollar), a decrease of R$14.9 million was recorded due to the depreciation of the Mexican Peso against the U.S. Dollar during 2Q16.

Net income resulting from the previously mentioned effects amounted to a loss of R$28.8 million in 2Q16, corresponding to -3.4% of revenue. Net income in 1H16 was a loss of R$11.5 million, which represents -0.7% of revenues in the period.

ADJUSTED EBITDA

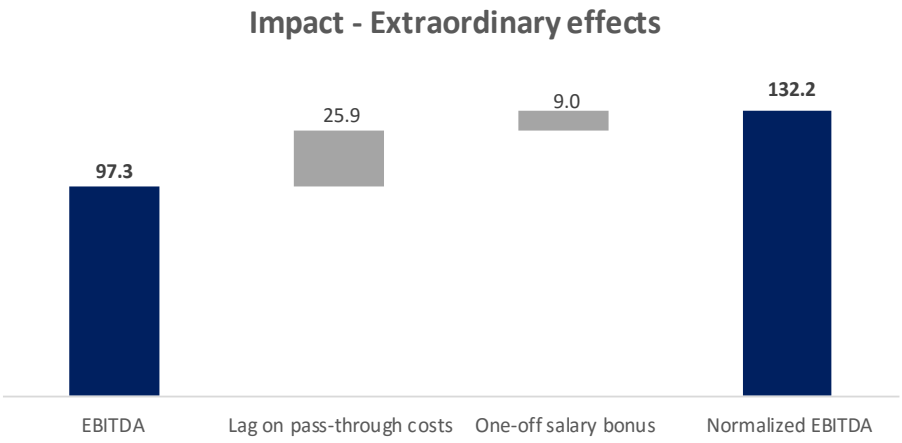
The combination of the aforementioned factors resulted in an adjusted EBITDA of R$97.4 million in 2Q16, and an 11.4% margin on revenues. Adjusted EBITDA in 1H16 reached R$230.5 million, down 28.1% versus 2Q15.

Consolidated (R$ thousand)

RECONCILIATION OF NET INCOME TO EBITDA	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
Net income	**(28,782)**	**61,412**		**(11,472)**	**121,999**	
(+) Net financial result	16,080	6,948	131.4%	34,707	(21,047)	
(+) Income tax and social contribution	20,668	49,502	-58.2%	35,165	90,171	-61.0%
(+) Depreciation and amortization	72,779	67,126	8.4%	149,732	129,276	15.8%
EBITDA (according to CVM 527/12)	**80,745**	**184,988**	**-56.4%**	**208,132**	**320,399**	**-35.0%**
% on revenues	9.5%	20.3%		12.2%	18.9%	
(+) Other net operating expenses*	16,644	(947)		22,412	467	
Adjusted EBITDA	**97,389**	**184,041**	**-47.1%**	**230,544**	**320,866**	**-28.1%**
% on revenues	11.4%	20.2%		13.5%	18.9%	

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

Adjusted EBITDA 2Q16 was impacted by a series of extraordinary effects, as shown below:



All amounts in R$ million.

These impacts are related to the lagged pass-through of costs, given the pricing updating dynamics, as well as the one-off effect of the payment of bonus to employees placed in the Joinville plant.

INVESTMENTS IN PP&E AND INTANGIBLE ASSETS

Total investments in PP&E and intangible assets in 2Q16 reached R$37.5 million, a reduction of 13.4% compared to 2Q15. Investments in 1H16 totaled R$66.2 million, down 21.7% over the same period last year.

Consolidated (R$ thousand)

	2Q16	2Q15	Var. [%]	1H16	1H15	Var. [%]
PP&E						
Strategic investments	2,544	13,777	-81.5%	10,281	29,619	-65.3%
Maintenance and sustenance	33,353	19,191	73.8%	49,469	35,637	38.8%
Environment	434	5,255	-91.7%	2,154	9,980	-78.4%
Interest and financial expenses	811	221	267.0%	1,459	473	208.5%
Intangible assets						
Software	398	4,892	-91.9%	2,858	8,861	-67.7%
Total	**37,540**	**43,336**	**-13.4%**	**66,221**	**84,570**	**-21.7%**

WORKING CAPITAL

(Consolidated (R$ thousand)

	2Q16	1Q16	4Q15
Balance Sheet			
Accounts receivable	445,242	464,365	542,099
Inventories	311,663	349,851	388,248
Accounts payable	315,768	303,610	295,080
Cash Flow variation			
Accounts receivable	(1,962)	44,697	57,283
Inventories	31,368	31,394	58,555
Accounts payable	28,021	18,155	(6,627)
Days Sales Outstanding [days]	47	48	58
Days Inventories Outstanding [days]	40	45	51
Days Payable Outstanding [days]	41	39	40
Cash conversion cycle [days]	**46**	**54**	**69**

During 2Q16, the main working capital lines behaved as follows:

- Accounts receivable were reduced by R$19.1 million (-1 day), due to increasing efficiency and the appreciation of the Real in the quarter with effect on sales to the foreign market;
- Continuing the destocking process after the implementation of the new ERP system, the Company reduced its production level. In addition to the appreciation of the Real, the aforementioned process led to reduction of inventory levels (-R$38.2 million, -5 days);
- Accounts payable levels increased by R$12.2 million (+2 days).

CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	2Q16	2Q15	Var [%]	1H16	1H15	Var [%]
Cash and cash equivalents at the beginning of the period	**1,511,959**	**1,426,722**	**6.0%**	**1,524,622**	**1,336,916**	**14.0%**
Cash flow from operating activities	104,185	82,592	26.1%	172,780	121,800	40.6%
Cash flow from investment activities	(39,488)	(39,964)	1.2. %	(65,779)	(79,357)	-17.1%
Cash flow from financing activities	(285,134)	(84,513)	237.4%	(304,859)	(85,061)	258.4%
Effect of exchange variation on cash	(54,458)	(17,000)	220.3%	(88,113)	73,539	
Increase (decrease) in cash	**(274,895)**	**(58,885)**	**366.8%**	**(287,558)**	**30,921**	
Cash and cash equivalents at the end of the period	**1,237,064**	**1,367,837**	**-9.6%**	**1,237,064**	**1,367,837**	**-9.6%**

The Company generated R$104.2 million in cash from operating activities in 2Q16, 26.1% more than 2Q15. The improvement is due to reduction of working capital, especially inventories.

As for the investment activities, the R$39.5 million cash outflow was related to PP&E and intangible assets.

As for the financing activities, R$285.1 million were applied due to amortization of EXIM, PPE and FINEM debt lines in 2Q16.

The combination of these factors and the exchange rate variation resulted in an R$274.9 million decrease in cash and cash equivalents in the period, reaching a cash position of R$1,237.1 million on 06/30/2016.

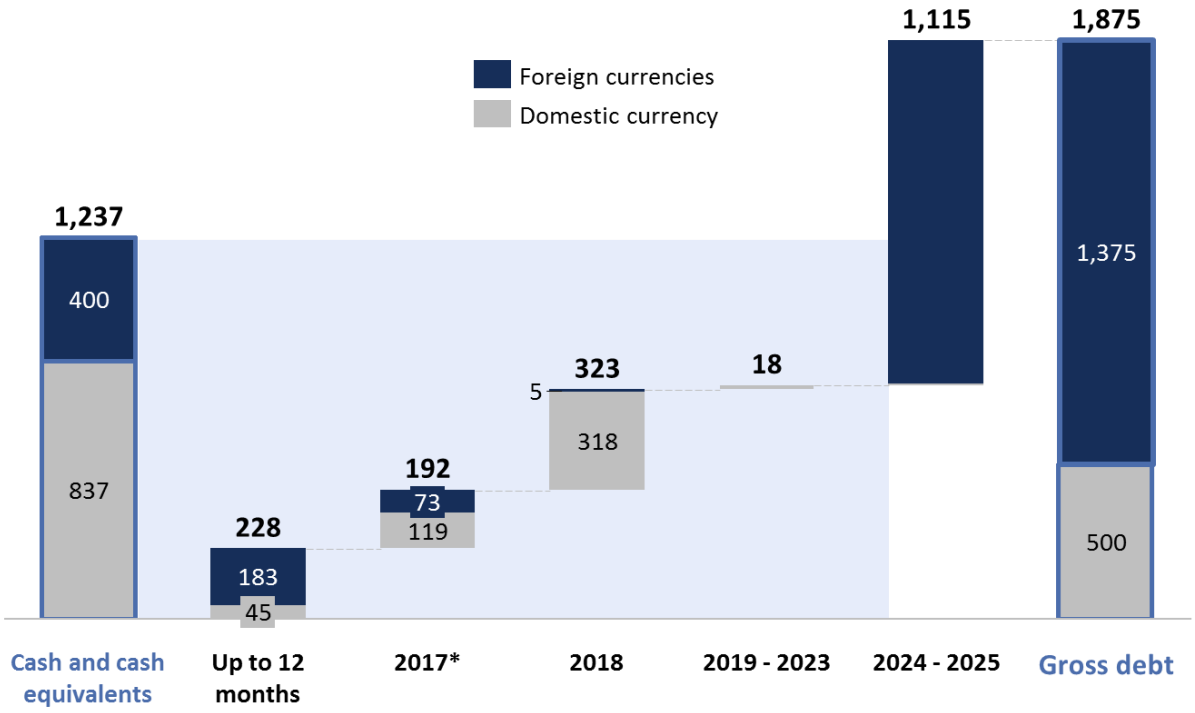
INDEBTEDNESS

The Company ended 2Q16 with a net debt of R$637.7 million, which results in an index of 1.26x net debt/adjusted EBITDA. The decrease in net leverage is mostly due to the Real appreciation effect on the Company's liabilities, which are mostly denominated in foreign currency, as well as to the strong cash flow generation in the quarter. Foreign currency debt represented 73% of total debt (13% short-term debt; 87% of long-term debt), while 27% of debt is denominated in Brazilian Real (9% short-term; 91% long-term). On the other hand, 68% of the cash position is denominated in Real and 32% in foreign currencies.

(Consolidated (R$ thousand)

INDEBTEDNESS	2Q16	1Q16	4Q15
Short term	227,648	442,540	485,101
Long term	1,647,103	1,864,662	2,013,145
Gross debt	**1,874,751**	**2,307,202**	**2,498,246**
Cash and cash equivalents	1,237,064	1,511,959	1,524,622
Financial investments	-	11,799	11,484
Net debt	**637,687**	**783,444**	**962,140**
Gross debt/LTM adjusted EBITDA	3.71x	3.90x	4.19x
Net debt/LTM adjusted EBITDA	**1.26x**	**1.33x**	**1.61x**

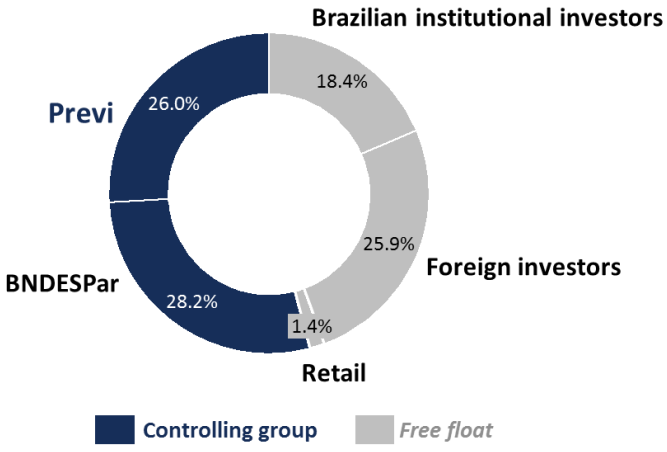
The current indebtedness profile is as follows:



All amounts in R$ million. (*) Does not include short term debt.

SHAREHOLDER STRUCTURE

Shareholder structure on June 30, 2016 was distributed as follows:



Our Company is subject to the rules of the Market Arbitration Panel of the Novo Mercado, pursuant to article 60 of our Bylaws.

* * *

Attachment I – Light vehicles production and sales in Brazil

(Units)

	2Q16	2Q15	Var. (%)	1H16	1H15	Var. (%)
Production						
Passenger cars	426,843	517,085	-17.5%	833,694	1,053,414	-20.9%
Light commercial	79,906	80,719	-1.0%	142,448	180,962	-21.3%
Light vehicles	**506,749**	**597,804**	**-15.2%**	**976,142**	**1,234,376**	**-20.9%**
Sales						
Passenger cars	359,618	449,012	-19.9%	706,187	902,640	-21.8%
Light commercial	60,978	72,585	-16.0%	107,547	154,711	-30.5%
Light vehicles	**420,596**	**521,597**	**-19.4%**	**813,734**	**1,057,351**	**-23.0%**
Exports						
Passenger cars	99,671	91,581	8.8%	178,463	153,376	16.4%
Light commercial	20,927	19,503	7.3%	34,964	31,623	10.6%
Light vehicles	**120,598**	**111,084**	**8.6%**	**213,427**	**184,999**	**15.4%**

Source: ANFAVEA

Attachment II – Commercial vehicles production and sales in Brazil

(Units)

	2Q16	2Q15	Var. (%)	1H16	1H15	Var. (%)
Production						
Trucks						
Semi-light	431	488	-11.7%	1,180	793	48.8%
Light	3,913	5,215	-25.0%	7,916	10,938	-27.6%
Medium	1,141	1,302	-12.4%	2,133	2,621	-18.6%
Semi-heavy	4,719	7,125	-33.8%	9,155	16,511	-44.6%
Heavy	5,895	4,187	40.8%	10,915	10,767	1.4%
Total trucks	**16,099**	**18,317**	**-12.1%**	**31,299**	**41,630**	**-24.8%**
Buses	4,900	6,179	-20.7%	9,239	13,865	-33.4%
Commercial vehicles	**20,999**	**24,496**	**-14.3%**	**40,538**	**55,495**	**-27.0%**
Sales						
Trucks						
Semi-light	518	640	-19.1%	900	1,341	-32.9%
Light	3,298	4,815	-31.5%	6,540	10,277	-36.4%
Medium	1,120	1,689	-33.7%	2,214	3,635	-39.1%
Semi-heavy	3,476	5,795	-40.0%	7,192	12,287	-41.5%
Heavy	3,650	4,727	-22.8%	7,855	9,090	-13.6%
Total trucks	**12,062**	**17,666**	**-31.7%**	**24,701**	**36,630**	**-32.6%**
Buses	3,650	4,451	-18.0%	5,681	9,658	-41.2%
Commercial vehicles	**15,712**	**22,117**	**-29.0%**	**45,429**	**67,665**	**-32.9%**
Exports						
Trucks						
Semi-light	230	401	-42.6%	341	766	-55.5%
Light	1,180	1,085	8.8%	1,986	2,106	-5.7%
Medium	187	339	-44.8%	369	548	-32.7%
Semi-heavy	1,811	1,952	-7.2%	3,165	3,322	-4.7%
Heavy	1,864	2,025	-8.0%	3,515	3,450	1.9%
Total trucks	**5,272**	**5,802**	**-9.1%**	**9,376**	**10,192**	**-8.0%**
Buses	2,268	1,812	25.2%	3,842	3,264	17.7%
Commercial vehicles	**7,540**	**7,614**	**-1.0%**	**19,898**	**20,228**	**-1.6%**

Source: ANFAVEA

Attachment III – Production and sales of light and commercial vehicles in foreign markets

(Units)

	2Q16	2Q15	Var. (%)	1H16	1H15	Var. (%)
North America						
Production/factory shipments						
Passenger cars	1,853,375	1,882,227	-1.5%	3,603,959	3,677,591	-2.0%
Light commercial vehicles – Class 1-3	3,020,597	2,759,386	9.5%	5,729,041	5,331,267	7.5%
Light Duty - Class 4-5 [2]	14,273	14,142	N,A,	32,672	26,777	N,A,
Medium Duty - Class 6-7 [2]	24,322	33,252	N,A,	62,663	66,417	N,A,
Heavy Duty - Class 8	64,164	86,745	-26.0%	127,950	166,022	-22.9%
Medium & Heavy Duty [1]	**102,759**	**134,139**	**-23.4%**	**223,285**	**259,216**	**-13.9%**
United States						
Sales						
Passenger cars	1,848,688	2,068,217	-10.6%	3,550,346	3,865,833	-8.2%
Light commercial vehicles – Class 1-3	2,706,416	2,500,358	8.2%	5,091,938	4,659,906	9.3%
Light Duty - Class 4-5	32,346	29,154	10.9%	61,257	52,945	15.7%
Medium Duty - Class 6-7	30,267	27,085	11.7%	61,252	53,581	14.3%
Heavy Duty - Class 8	52,328	67,395	-22.4%	104,221	123,234	-15.4%
Medium & Heavy Duty [1]	**114,941**	**123,634**	**-7.0%**	**226,730**	**229,760**	**-1.3%**
Europe						
Sales						
Passenger cars	4,023,706	3,642,541	10.5%	7,842,965	7,171,186	9.4%

Source: Automotive News; Bloomberg; ACEA

[1] The amount of medium and heavy duty comprises the vehicles of classes 4-8
[2] Data for June 2016 had not been disclosed until the publication of this document.

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

(Units)

	2Q16	2Q15	Var. (%)	1H16	1H15	Var. (%)
Production						
Americas						
Brazil	12,451	15,078	-17.4%	19,806	30,461	-35.0%
Sales						
Americas						
Brazil	10,402	12,808	-18.8%	17,056	24,687	-30.9%
United States and Canada	77,179	77,281	-0.1%	121,613	120,115	1.2%
Europe						
Germany	11,150	11,488	-2.9%	19,099	20,302	-5.9%
France	9,398	8,629	8.9%	16,164	14,390	12.3%
United Kingdom	3,000	3,337	-10.1%	5,382	5,970	-9.8%

Source: ANFAVEA; Bloomberg; AEM; AXEMA

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

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

A S S E T S

		Parent company		Consolidated	
	Note	06/30/16	12/31/15	06/30/16	12/31/15
CURRENT ASSETS					
Cash and cash equivalents	3	899,169	1,139,653	1,237,064	1,524,622
Trade receivables	4	288,778	299,791	445,242	542,099
Inventory	5	207,086	247,718	311,663	388,248
Third party tools		30,065	34,202	135,500	160,294
Income tax and social contribution recoverable		12,791	13,795	18,767	15,105
Other taxes recoverable	6	66,627	52,231	91,834	82,890
Related parties	7	4,445	4,128	-	-
Notes and other receivables		25,913	36,130	35,269	28,055
Total current assets		1,534,874	1,827,648	2,275,339	2,741,313
NON-CURRENT ASSETS					
Financial investments		-	11,484	-	11,484
Income tax and social contribution recoverable		54,692	93,829	54,692	93,829
Other taxes recoverable	6	153,276	162,778	153,276	162,778
Deferred income tax and social contribution	13	111,382	146,523	1,643	18,715
Credits - Eletrobrás	8	102,170	102,170	102,170	102,170
Judicial deposits and other		44,354	44,204	45,359	45,202
Investments in equity instruments		1,119	663	6,091	6,656
Investment properties		-	-	6,544	6,544
Investments	9	1,527,276	1,845,339	-	-
Property, plant and equipment	10	1,068,503	1,121,151	1,720,961	1,921,632
Intangible assets	10	59,246	60,674	505,854	640,857
Total non-current assets		3,122,018	3,588,815	2,596,590	3,009,867
Total assets		4,656,892	5,416,463	4,871,929	5,751,180

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT JUNE 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	
		06/30/16	12/31/15	06/30/16	12/31/15
CURRENT LIABILITIES					
Trade payables		170,986	155,614	315,768	295,080
Borrowings	11	229,182	487,480	227,648	485,101
Income taxes payable		-	-	14,159	56,542
Other taxes payable		2,609	1,822	15,881	32,538
Salaries, social security charges and profit sharing		91,917	96,651	112,803	121,429
Advances from customers		22,151	26,489	88,376	130,891
Related parties	7	996	922	-	-
Dividends and interest on capital		158	158	158	158
Provision for tax, civil, social security and labor contingencies	12	20,554	11,386	20,667	11,487
Notes and other payables		114,297	119,550	48,902	76,179
Total current liabilities		652,850	900,072	844,362	1,209,405
NON-CURRENT LIABILITIES					
Borrowings	11	1,653,087	2,020,939	1,647,103	2,013,145
Provision for tax, civil, social security and labor contingencies	12	74,796	79,195	77,458	79,693
Retirement benefit obligations		-	-	26,847	32,680
Other long term liabilities		4,584	6,592	4,584	6,592
Total non-current liabilities		1,732,467	2,106,726	1,755,992	2,132,110
EQUITY					
Share capital	14	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		5,197	3,745	5,197	3,745
Carrying value adjustments		483,889	618,761	483,889	618,761
Revenue reserves		733,399	733,399	733,399	733,399
Negative retained earnings		(4,670)	-	(4,670)	-
Total equity		2,271,575	2,409,665	2,271,575	2,409,665
Total liabilities and equity		4,656,892	5,416,463	4,871,929	5,751,180

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

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

		Parent company		Consolidated	
	Note	06/30/16	03/31/15	06/30/16	03/31/15
NET REVENUE	15	1,056,522	1,099,429	1,710,524	1,699,159
Cost of products sold	16	(917,483)	(893,940)	(1,453,013)	(1,353,271)
GROSS PROFIT		139,039	205,489	257,511	345,888
Selling expenses	16	(41,128)	(40,011)	(70,668)	(63,703)
Administrative expenses	16	(43,445)	(35,193)	(60,261)	(50,450)
Management fees	7	(6,153)	(5,371)	(6,153)	(5,371)
Other operating expenses, net	18	(23,537)	(5,910)	(62,029)	(35,241)
Share of results of subsidiaries	9	(3,167)	28,483	-	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		21,609	147,487	58,400	191,123
Finance costs	17	(83,144)	(72,295)	(83,416)	(72,699)
Finance income	17	70,243	59,417	71,594	60,953
Monetary and foreign exchange variations, net	17	(21,913)	31,705	(22,885)	32,793
		(34,814)	18,827	(34,707)	21,047
PROFIT BEFORE TAXATION		(13,205)	166,314	23,693	212,170
Income tax and social contribution	19	1,733	(44,315)	(35,165)	(90,171)
NET INCOME FOR THE PERIOD		(11,472)	121,999	(11,472)	121,999
EARNINGS PER SHARE					
Basic earnings per share	20	(0.07957)	0.84617	(0.07957)	0.84617
Diluted earnings per share	20	(0.07899)	0.84336	(0.07899)	0.84336

TUPY S.A. AND SUBSIDIARIES

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

	Note	Parent company 04/01/16 06/30/16	Parent company 04/01/15 06/30/15	Consolidated 04/01/16 06/30/16	Consolidated 04/01/15 06/30/15
NET REVENUE	15	519,704	561,165	850,684	911,082
Cost of products sold	16	(460,146)	(458,257)	(738,791)	(713,448)
GROSS PROFIT		59,558	102,908	111,893	197,634
Selling expenses	16	(19,715)	(20,660)	(35,396)	(33,826)
Administrative expenses	16	(21,476)	(17,792)	(30,283)	(25,964)
Management fees	7	(3,018)	(3,054)	(3,018)	(3,054)
Other operating expenses, net	18	(18,365)	242	(35,230)	(16,928)
Share of results of subsidiaries	9	(13,366)	25,484	-	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		(16,382)	87,128	7,966	117,862
Finance costs	17	(40,275)	(36,857)	(40,414)	(36,983)
Finance income	17	33,428	30,650	37,227	31,798
Monetary and foreign exchange variations, net	17	(13,025)	(1,364)	(12,893)	(1,763)
PROFIT BEFORE TAXATION		(36,254)	79,557	(8,114)	110,914
Income tax and social contribution	19	7,472	(18,145)	(20,668)	(49,502)
NET INCOME (LOSS) FOR THE PERIOD		(28,782)	61,412	(28,782)	61,412
EARNINGS PER SHARE					
Basic earnings (loss) per share	20	(0.19963)	0.42595	(0.19963)	0.42595
Diluted earnings (loss) per share	20	(0.19818)	0.42453	(0.19818)	0.42453

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

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

	Note	Parent company		Consolidated	
		06/30/16	06/30/15	06/30/16	06/30/15
NET INCOME (LOSS) FOR THE PERIOD		(11,472)	121,999	(11,472)	121,999
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	9	(314,896)	224,366	(314,896)	224,366
Hedge of net investment abroad	23	283,070	(212,875)	283,070	(212,875)
Tax effect on hedge of net investment abroad		(96,244)	72,377	(96,244)	72,377
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		(139,542)	205,867	(139,542)	205,867

TUPY S.A. AND SUBSIDIARIES

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

	Note	Parent company		Consolidated	
		04/01/16 06/30/16	04/01/15 06/30/15	04/01/16 06/30/16	04/01/15 06/30/15
NET INCOME (LOSS) FOR THE PERIOD		(28,782)	61,412	(28,782)	61,412
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	9	(161,955)	(64,061)	(161,955)	(64,061)
Hedge of net investment abroad		141,678	50,647	141,678	50,647
Tax effect on hedge of net investment abroad	13	(48,171)	(17,220)	(48,171)	(17,220)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		(97,230)	30,778	(97,230)	30,778

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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	Negative 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		-	-	-	-	-	-	-	121,999	121,999
Realization of carrying value adjustments		-	-	-	-	(6,527)	-	-	6,527	-
Foreign exchange variation of investees located abroad		-	-	-	224,366	-	-	-	-	224,366
Hedge of net investment abroad	23	-	-	-	(212,875)	-	-	-	-	(212,875)
Tax impact on hedge of net investment abroad		-	-	-	72,377	-	-	-	-	72,377
Total comprehensive income for the period		-	-	-	83,868	(6,527)	-	-	128,526	205,867
Contributions from stockholders and distributions to stockholders										
Management share option plan	14	-	-	819	-	-	-	-	-	819
		-	-	819	-	-	-	-	-	819
AT JUNE 30, 2015		**1,060,301**	**(6,541)**	**2,015**	**367,708**	**82,809**	**49,547**	**554,695**	**128,526**	**2,239,060**
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 (loss) for the period		-	-	-	-	-	-	-	(11,472)	(11,472)
Realization of carrying value adjustments		-	-	-	-	(6,802)	-	-	6,802	-
Foreign exchange variation of investees located abroad		-	-	-	(314,896)	-	-	-	-	(314,896)
Hedge of net investment abroad	23	-	-	-	283,070	-	-	-	-	283,070
Tax impact on hedge of net investment abroad		-	-	-	(96,244)	-	-	-	-	(96,244)
Total comprehensive income for the period		-	-	-	(128,070)	(6,802)	-	-	(4,670)	(139,542)
Contributions from stockholders and distributions to stockholders										
Management share option plan		-	-	1,452	-	-	-	-	-	1,452
Total contributions from stockholders and distributions to stockholc		-	-	1,452	-	-	-	-	-	1,452
AT JUNE 30, 2016		**1,060,301**	**(6,541)**	**5,197**	**417,396**	**66,493**	**60,553**	**672,846**	**(4,670)**	**2,271,575**

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

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

		Parent company		Consolidated	
Cash flow from operating activities:	Note	06/30/16	06/30/15	06/30/16	06/30/15
Profit (loss) for the period before income tax and social contribution		(13,205)	166,314	23,693	212,170
Adjustment to reconcile profit with cash provided by operating activities:					
Depreciation and amortization	10	76,050	70,287	149,732	129,276
Share of results of subsidiaries	9	3,167	(28,483)	-	-
Disposals of property, plant and equipment		22,649	(632)	22,678	(897)
Interest accrued and foreign exchange variations		98,627	39,098	98,724	37,414
Provision for impairment of trade receivables		107	117	(90)	(6)
Provision for losses on inventory		(2,713)	(1,682)	(3,340)	(882)
Provision for tax, civil, social security and labor contingencies	12	13,889	18,635	16,026	18,759
Stock option plan		1,452	819	1,452	819
Change in fair value - IPI premium credit		11,026	(3,133)	8,887	(3,133)
Change in fair value - Eletrobrás credit		(456)	(2,861)	(456)	(2,861)
		210,593	258,479	317,306	390,659
Changes in operating assets and liabilities:					
Trade receivables		(23,681)	(79,659)	42,735	(57,832)
Inventories		43,345	(70,107)	62,762	(79,616)
Third party' tools		4,137	13,262	238	18,022
Other taxes recoverable		(35,149)	(48,287)	(34,825)	(76,976)
Notes and other receivables		10,217	1,968	(7,269)	(4,297)
Judicial deposits and other		(150)	(1,922)	(157)	(1,922)
Trade payables		15,495	27,952	46,176	18,671
Other taxes payable		787	(1,823)	(14,481)	2,912
Salaries, social security charges and profit sharing		(4,734)	3,392	(4,151)	1,364
Advances from customers		(4,338)	4,158	(28,655)	93
Notes and other payables		11,414	11,221	(25,538)	3,319
Retirement benefit obligations		-	-	(11,515)	8,050
Other long term liabilities		(11,128)	(11,270)	(11,089)	(12,365)
Cash provided by operations		**216,808**	**107,364**	**331,537**	**210,082**
Interest paid		(84,710)	(70,049)	(82,877)	(68,825)
Income tax and social contribution paid		-	-	(77,467)	(19,457)
Net cash generated from operating activities		**132,098**	**37,315**	**171,193**	**121,800**
Cash flow from investment activities:					
Additions to fixed assets or intangibles		(40,425)	(50,441)	(63,182)	(86,250)
Cash generated on PPE disposals		(2,862)	6,628	(2,597)	6,893
Subsidiaries and associates		(243)	(811)	-	-
Cash used in investment activities		**(43,530)**	**(44,624)**	**(65,779)**	**(79,357)**
Cash flow from financing activities:					
Payment of borrowing		(316,863)	(103,567)	(316,863)	(103,567)
New borrowing		-	18,506	-	18,506
Long term investment		12,004	-	12,004	-
Cash (used in) financing activities		**(304,859)**	**(85,061)**	**(304,859)**	**(85,061)**
Effect of exchange rate differences on cash for the period		(24,193)	14,989	(88,113)	73,539
Increase (decrease) in cash and cash equivalents		**(240,484)**	**(77,381)**	**(287,558)**	**30,921**
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		**899,169**	**871,597**	**1,237,064**	**1,367,837**

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TUPY S.A. AND SUBSIDIARIES

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

		Parent company		Consolidated	
	Note	06/30/16	06/30/15	06/30/16	06/30/15
Origination of value added		1,143,808	1,187,011	1,798,007	1,786,864
Sale of products, net of returns and rebates	15	1,143,915	1,187,128	1,797,917	1,786,858
Provision for impairment of trade receivables		(107)	(117)	90	6
(-) Inputs acquired from third parties		717,591	717,515	1,119,563	1,085,838
Raw materials and processing material consumed		513,397	579,446	805,625	860,940
Materials, energy, third party services and other		204,194	138,069	313,938	224,898
GROSS VALUE ADDED		426,217	469,496	678,444	701,026
Retentions:		76,050	70,287	149,732	129,276
Depreciation and amortization	10	76,050	70,287	149,732	129,276
Net value added generated by the Company		350,167	399,209	528,712	571,750
Value added received through transfer		67,076	87,900	71,594	60,953
Share of results of subsidiaries	9	(3,167)	28,483	-	-
Finance income	17	70,243	59,417	71,594	60,953
VALUE ADDED TO DISTRIBUTE		**417,243**	**487,109**	**600,306**	**632,703**
Distribution of value added					
Personnel		299,139	290,465	443,925	390,166
Employees		197,732	182,282	336,367	276,559
Social charges - Government Severance Indemnity Fund for Emplo		21,154	25,665	21,154	25,665
Profit sharing		19,792	21,731	24,654	24,864
Management fees		6,153	5,371	6,153	5,371
Workplace healthcare and safety		43,688	42,635	43,688	42,635
Food		4,655	6,529	4,655	7,879
Professional education, qualification and development		595	868	933	1,010
Other amounts		5,370	5,384	6,321	6,183
Government		24,519	34,055	61,552	80,632
Federal taxes and contributions		27,277	42,114	64,310	87,970
State taxes and rates		(5,321)	- 10,426	(5,321)	- 10,426
Municipal taxes, rates and other		2,563	2,367	2,563	3,088
Third party capital		105,057	40,590	106,301	39,906
Finance costs	17	83,144	72,295	83,416	72,699
Monetary and foreign exchange variations, net	17	21,913	(31,705)	22,885	(32,793)
Own capital		(11,472)	121,999	(11,472)	121,999
Retained earnings		(11,472)	121,999	(11,472)	121,999
TOTAL VALUE ADDED		**417,243**	**487,109**	**600,306**	**632,703**

(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 August 4, 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 June 30June 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 June 30June 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.

3. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	Jun/16	Dec/15	Jun/16	Dec/15
Cash and banks	862	998	1,076	1,221
Financial investments in Brazil	836,384	1,074,229	836,384	1,074,229
Financial investments abroad	61,923	64,426	399,604	449,172
	899,169	**1,139,653**	**1,237,064**	**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 14.46% per annum (13.63% at December 31, 2015). The investments abroad are denominated mostly in US Dollars (US$) at the average rate of 0.57% 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	
	Jun/16	Dec/15	Jun/16	Dec/15
Domestic market	121,862	81,119	121,862	81,119
Foreign market	167,257	219,647	324,996	463,362
Provision for impairment of trade receivables	(341)	(975)	(1,616)	(2,382)
	288,778	**299,791**	**445,242**	**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$3.2098/US$ in June 30, 2016).

	Parent company		Consolidated	
	Jun/16	Dec/15	Jun/16	Dec/15
Falling due in up to 30 days	128,086	105,637	246,007	309,834
Falling due within 31 to 60 days	86,769	91,170	112,038	98,481
Falling due in more than 61 days	37,102	52,711	6,223	9,124
Total falling due	**251,957**	**249,518**	**364,268**	**417,439**
Overdue for up to 30 days	13,322	19,113	50,977	71,654
Overdue for 31 to 60 days	6,999	10,796	7,650	15,354
Overdue for more than 61 days	16,841	21,339	23,963	40,034
Total overdue	**37,162**	**51,248**	**82,590**	**127,042**
Provision for impairment of trade receivables	(341)	(975)	(1,616)	(2,382)
Total	**288,778**	**299,791**	**445,242**	**542,099**

5. INVENTORY

	Parent company		Consolidated	
	Jun/16	Dec/15	Jun/16	Dec/15
Finished products	86,208	114,939	120,406	176,441
Work in progress	43,306	40,714	72,155	60,500
Raw materials	49,324	66,563	97,676	133,254
Maintenance and other materials	33,987	33,954	33,987	33,954
Provision for losses	(5,739)	(8,452)	(12,561)	(15,901)
	207,086	**247,718**	**311,663**	**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.

The inventory amount reduction is a reflect by evaluation of Brazilian currance rate above the subsidiaries amound, and ERP implementation improvement.

In June 30, 2016 the Company offered finished product inventory as collateral for labor and social security litigation amounting to R$5,523 (R$10,689 as at December 31, 2015) in the Parent company and Consolidated.

6. OTHER TAXES RECOVERABLE

	Jun/16			Dec/15		
	Current	Non-current	Total	Current	Non-current	Total
Parent company	**66,627**	**153,276**	**219,903**	**52,231**	**162,778**	**215,009**
1988/1990 IPI premium credit	-	42,122	42,122	-	51,710	51,710
ICMS recoverable - São Paulo	17,841	25,221	43,062	16,878	25,341	42,219
ICMS recoverable - Santa Catarina	11,882	67,544	79,426	3,600	63,501	67,101
Reintegra benefit	24,862	-	24,862	28,671	-	28,671
COFINS, PIS and IPI recoverable	12,042	18,389	30,431	3,082	22,226	25,308
Subsidiaries	**25,207**	**-**	**25,207**	**30,659**	**-**	**30,659**
Value-added tax (VAT)	25,207	-	25,207	30,659	-	30,659
Consolidated	**91,834**	**153,276**	**245,110**	**82,890**	**162,778**	**245,668**

7. RELATED PARTY TRANSACTIONS

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

a. Subsidiaries:

Assets	Jun/16	Dec/15
Trade receivables	**84,020**	**66,667**
Tupy American Foundry Corporation	69,840	63,173
Tupy Europe GmbH	11,416	2,278
Technocast, S.A. de C.V.	2,764	1,043
Tupy Mexico Saltillo, S.A. de C.V	-	173
Related parties – loans	**4,445**	**4,128**
Tupy Agroenergética Ltda.	4,445	4,128
	88,465	**70,795**

Liabilities	Jun/16	Dec/15
Borrowings	**1,155,453**	**1,406,150**
Tupy Overseas S.A	1,155,453	1,406,150
Advances from customers	**2,873**	**6,924**
Tupy American Iron & Alloys Corporation	2,873	3,495
Tupy Europe GmbH	-	3,429
Notes and other payables	**91,818**	**76,023**
Tupy American Foundry Co.	37,858	15,505
Tupy Europe GmbH	52,760	59,058
Tupy American Iron & Alloys Corporation	1,200	1,460
Related parties – loans	**996**	**922**
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	996	922
	1,251,140	**1,490,019**

Statement of income	2Q16	2Q15	1S16	1S15
Revenues	**164,564**	**186,929**	**337,716**	**405,402**
Tupy American Foundry Corporation	135,666	153,200	279,516	317,764
Tupy Europe GmbH	26,911	33,729	56,213	87,625
Technocast, S.A. de C.V.	1,987	-	1,987	-
Tupy American Iron & Alloys Corporation	-	-	-	13
Other operating expenses, net	**-**	**-**	**564**	**-**
Technocast, S.A. de C.V.	-	-	564	-
Finance costs	**(20,445)**	**(18,486)**	**(43,503)**	**(35,742)**
Tupy Overseas S.A.	(20,462)	(18,498)	(43,535)	(35,759)
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	(5)	(4)	(9)	(6)
Tupy Agroenergética Ltda.	22	16	41	23
	144,119	**168,443**	**294,777**	**369,660**

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 June 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 June 30, 2016 is R$76,303, as detailed in Note 11.

c. Management remuneration:

	Board of Directors		Board of Officers		Total	
	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15
Fixed remuneration	864	521	2,343	2,349	3,207	2,870
Variable remuneration	-	-	1,493	1,682	1,493	1,682
Stock option plan	456	330	996	489	1,452	819
	1,320	**851**	**4,832**	**4,520**	**6,152**	**5,371**

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 June 30, 2016, these benefits totaled R$1,007 (R$951 in the same period of the previous year).

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

d. Other related parties:

The Parent company sponsors the Associação Atlética Tupy (Tupy Athletic Association), a not-for-profit foundation that offers leisure activities and sports to the Company's employees. During the period ended June 30, 2016, the Company recognized sponsorship expenses of R$560 (R$371 in the same period of the previous year).

8. 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).

Since 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).

The Company estimates that the credit will be effectively received in a period less than 36 months

9. 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 JUNE 30, 2016							
Investimentos em Controladas							
Tupy Mexico Saltillo, S.A. de C.V	1,036,036	695,205	30,513	23,245	100,00	23,245	725,718
Technocast, S.A. de C.V.	722,102	591,122	10,713	(23,891)	100,00	(23,891)	601,835
Servicios Industriales Technocast, S.A. de C.V.	13,206	8,460	-	1,760	100,00	1,760	8,460
Tupy Overseas	1,160,019	11,139	-	573	100,00	573	11,139
Tupy American Foundry Co.	197,532	79,729	-	(372)	100,00	(5,111)	75,621
Tupy American Iron & Alloys Co.	4,592	4,537	-	(72)	100,00	(72)	4,537
Tupy Europe GmbH	119,894	97,596	-	2,380	100,00	2,687	94,446
Tupy Argentina S.R.L.	-	-	-	-	100,00	-	-
Tupy Agroenergética Ltda.	10,556	5,982	-	(265)	100,00	(265)	5,982
Sociedade Técnica de Fundições Gerais SA. - Sofunge "in liquidation"	2,205	(462)	-	(2,093)	100,00	(2,093)	(462)
						(3,167)	**1,527,276**

(*) Adjusted by unrealized profits

b. Changes in investments

Parent company	
AT DECEMBER 31, 2015	**1,845,339**
Share in the results of subsidiaries	(3,167)
Exchange variations of investees located abroad	(314,896)
AT JUNE 30, 2016	**1,527,276**

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Parent company

	Dec/15	Additions	Disposals	Transfers	Depreciation/ Amortization	Jun/16	Historical Cost	Accumulated Depreciation
Property, plant and equipment	**1,121,151**	**39,057**	**(19,787)**	**-**	**(71,918)**	**1,068,503**	**2,101,170**	**(1,032,667)**
Machinery, facilities and equipment	831,951	-	(17,997)	32,455	(63,548)	782,861	1,681,304	(898,443)
Buildings	189,134	-	(1,662)	11,706	(6,921)	192,257	311,163	(118,906)
Land	8,956	-	-	-	-	8,956	8,956	-
Vehicles	12,711	-	(127)	550	(1,196)	11,938	24,274	(12,336)
Furniture, fittings and other	2,680	-	(1)	132	(253)	2,558	5,540	(2,982)
Construction in progress	75,719	39,057	-	(44,843)	-	69,933	69,933	-
Intangible assets	**60,674**	**2,704**	**-**	**-**	**(4,132)**	**59,246**	**66,454**	**(7,208)**
Software	60,674	2,704	-	-	(4,132)	59,246	66,454	(7,208)

Consolidated

	Dec/15	Additions	Disposals	Transfers	Amortization	Exchange variation	Jun/16	Historical Cost	Accumulated Depreciation
Property, plant and equipment	**1,921,632**	**63,363**	**(19,183)**	**-**	**(103,575)**	**(141,276)**	**1,720,961**	**4,083,811**	**(2,362,850)**
Machinery, facilities and equipment	1,234,026	-	(17,230)	61,654	(90,575)	(70,177)	1,117,698	3,151,600	(2,033,902)
Buildings	375,678	-	(1,662)	18,347	(10,987)	(32,769)	348,607	653,594	(304,987)
Land	67,319	-	-	-	-	(10,316)	57,003	57,003	-
Vehicles	12,787	-	(127)	550	(1,201)	(13)	11,996	25,170	(13,174)
Furniture, fittings and other	8,741	-	(164)	1,412	(812)	(476)	8,701	19,488	(10,787)
Construction in progress	223,081	63,363	-	(81,963)	-	(27,525)	176,956	176,956	-
Intangible assets	**640,857**	**2,858**	**(898)**	**-**	**(46,157)**	**(90,806)**	**505,854**	**922,782**	**(416,928)**
Contractual customer relationships	519,949	-	-	-	(38,260)	(88,027)	393,662	791,935	(398,273)
Non-competition agreement	1,484	-	-	-	(518)	(203)	763	4,574	(3,811)
Goodwill	41,226	-	-	-	-	-	41,226	41,226	-
Software	78,198	2,858	(898)	-	(7,379)	(2,576)	70,203	85,047	(14,844)

The Company offered property, plant and equipment items amounting to R$211,402 (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.

11. BORROWINGS

Parent company

	Maturity	Effective rate	Jun/16	Dec/15
Local currency			**499,845**	**732,796**
(a) Expansion project of Tupy S.A. - BNDES	Jul/2018	TJLP* + 2.51% p.a.	57,866	86,180
(b) BNDES Exim - Pre-shipment of the Investment Sustainability Program (PSI)	Nov/2017	6.33% p.a.	100,667	302,980
Export credit notes	Dec/2018	10.86% p.a.	311,431	311,807
Government Agency for Machinery and Equipment	Jan/2025	5.98% p.a.	29,881	31,829
Foreign currency			**1,382,424**	**1,775,623**
(a) Expansion project of Tupy S.A. - BNDES	Jul/2016	VC* + 6.39% p.a.	18,437	31,450
(b) Export prepayment	Sep/2017	VC* + Libor + 4% p.a.	208,534	338,023
(c) Export prepayment - Tupy Overseas	Jul/2024	VC* +6.78% p.a.	1,155,453	1,406,150
Current portion			229,182	487,480
Non-current portion			1,653,087	2,020,939
			1,882,269	**2,508,419**

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

Consolidated

	Maturity	Effective rate	Jun/16	Dec/15
Local currency			**499,845**	**732,796**
(a) Expansion project of Tupy S.A. - BNDES	Jul/2018	TJLP* + 2.51% p.a.	57,866	86,180
(b) BNDES Exim - Pre-shipment of the Investment Sustainability Program (PSI)	Nov/2017	6.33% p.a.	100,667	302,980
Export credit notes	Dec/2018	10.86% p.a.	311,431	311,807
Government Agency for Machinery and Equipment	Jan/2025	5.98% p.a.	29,881	31,829
Foreign currency			**1,374,906**	**1,765,450**
(a) Expansion project of Tupy S.A. - BNDES	Jul/2016	VC* + 6.39% p.a.	18,437	31,450
(b) Export prepayment	Sep/2017	VC* + Libor + 4% p.a.	208,534	338,023
(d) *Senior Unsecured Notes* - US$350.000	Jul/2024	VC+6,76% a.a.	1,147,935	1,395,977
Current portion			227,648	485,101
Non-current portion			1,647,103	2,013,145
			1,874,751	**2,498,246**

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

Long term maturities are as follow:

	Parent company		Consolidated	
Ano	Jun/16	Dec/15	Jun/16	Dec/15
2017	191,801	316,124	191,801	316,124
2018	322,773	323,748	322,773	323,748
2019-2023	17,709	17,709	17,709	17,709
2024	1,120,767	1,363,321	1,114,783	1,355,527
2025	37	37	37	37
	1,653,087	**2,020,939**	**1,647,103**	**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 June 30, 2016, the fair value of borrowings was R$1.656.652 (R$2,338,453 at December 31, 2015).

In June 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$28.708 in Finem modality in Brazilian Reais during the period. In US Dollars the amortization was R$8,495, decreased due to foreign exchange variations of R$4,484.

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.

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$53,245.

d. Export Prepayments – Tupy Overseas S.A.

Substantially, the decrease reflects the impact of foreign exchange variation, amounting R$245.538. In January 2016, was payed interest of R$48,679.

e. Senior Unsecured Notes

The foreign exchange variations reduction recognized in the period from senior unsecured notes in the period amounted to R$243,844. In January 2016, was payed interest of R$46,841.

12. 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 June 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	-	3,171	12,307	-	(4,608)	10,870
Restatements	(1,934)	-	-	345	1,262	(327)
Payments	(398)	(2,995)	(2,381)	-	-	(5,774)
AT JUNE 30, 2016	**49,797**	**16,789**	**39,298**	**8,903**	**(19,437)**	**95,350**

Current	20,554
Non-current	74,796
	95,350

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	-	3,171	14,487	-	(4,565)	13,093
Restatements	(1,934)	(43)	-	345	1,262	(370)
Payments	(398)	(2,995)	(2,385)	-	-	(5,778)
AT JUNE 30, 2016	**50,256**	**16,789**	**41,780**	**8,903**	**(19,603)**	**98,125**

Current	20,667
Non-current	77,458
	98,125

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	
	Jun/16	Dec/15	Jun/16	Dec/15
IRPJ and CSLL processes (a)	184,252	143,504	184,860	144,101
PIS, COFINS and IPI credits	114,024	61,483	114,024	61,483
ICMS credits	105,396	99,424	105,396	99,424
Expired tax debts	134,347	131,415	134,347	131,415
Customs	53,624	52,489	53,624	52,489
Social security (b)	90,865	79,133	104,103	92,527
Labor lawsuits	60,516	33,993	61,741	35,320
Civil and other	31,892	29,966	34,600	32,868
	774,917	**631,407**	**792,694**	**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.

13. 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	
	Jun/16	Dec/15	Jun/16	Dec/15
Deferred assets				
Income tax and social contribution losses (*)	117,706	144,175	117,706	144,175
Provisions for contingencies	39,027	36,266	27,089	41,068
Salaries, social security charges and profit sharing	8,272	19,008	25,060	38,404
Taxes and contribution recoverable	22,126	17,819	22,126	17,819
Credits – Eletrobrás	6,653	6,653	6,653	6,653
Provision for inventory losses	1,951	5,580	1,951	5,580
Provision for impairment of trade receivables	1,171	2,663	1,171	2,663
Tools	1,232	1,280	1,232	1,280
Other items	6,991	7,143	6,991	7,143
Unrealized profits in subsidiaries	-	-	3,739	4,424
Subtotal	**205,129**	**240,587**	**213,718**	**269,209**
Deferred liabilities				
Depreciation rate differences (*)	59,492	56,305	59,492	56,305
Property, plant and equipment - carrying value adjustments	34,255	37,759	34,255	37,759
Deferred tax on intangible assets	-	-	118,328	156,430
Subtotal	**93,747**	**94,064**	**212,075**	**250,494**
Total deferred liabilities, net	**111,382**	**146,523**	**1,643**	**18,715**

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

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

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

	Parent company		Consolidated	
Expense (income)	Jun/16	Dec/15	Jun/16	Dec/15
Opening balance	**(146,523)**	**22,790**	**(18,715)**	**99,060**
Recognized in profit (loss) for the year	(61,103)	25,769	(57,803)	39,352
Recognized in comprehensive income for the year	96,244	(195,082)	96,244	(195,082)
Effects of currency translation into presentation currency			(21,369)	37,955
Closing balance	**(111,382)**	**(146,523)**	**(1,643)**	**(18,715)**

14. SHARE CAPITAL

	jun/16		dez/15	
Composição do Capital Social em quantidade de ações	**Quantidade**	**%**	**Quantidade**	**%**
Acionistas controladores				
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%
Administradores	4	0.0%	4	0.0%
Acionistas não controladores				
Fundação Embratel de Seguridade Social - TELOS	9,816,056	6.8%	9,816,056	6.8%
Demais acionistas	56,179,616	39.0%	55,957,916	38.8%
Total de ações em circulação	**144,177,500**	**100.0%**	**144,177,500**	**100.0%**

15. REVENUE

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

	Parent company		Consolidated	
	2Q16	**2Q15**	**2Q16**	**2Q15**
Gross revenue	575,662	619,041	915,751	974,422
Returns and rebates	(13,618)	(12,259)	(22,727)	(17,723)
Revenue net of returns and rebates	**562,044**	**606,782**	**893,024**	**956,699**
Sales taxes	(42,340)	(45,617)	(42,340)	(45,617)
Net revenue	**519,704**	**561,165**	**850,684**	**911,082**
Net revenue				
Domestic market	137,410	179,215	137,410	179,215
Foreign market	382,294	381,950	713,274	731,867
	519,704	**561,165**	**850,684**	**911,082**

	Parent company		Consolidated	
	1S16	**1S15**	**1S16**	**1S15**
Gross revenue	1.172.055	1.206.264	1.844.944	1.818.902
Returns and rebates	(28.140)	(19.136)	(47.027)	(32.044)
Revenue net of returns and rebates	**1.143.915**	**1.187.128**	**1.797.917**	**1.786.858**
Sales taxes	(87.393)	(87.699)	(87.393)	(87.699)
Net revenue	**1.056.522**	**1.099.429**	**1.710.524**	**1.699.159**
Net revenue				
Domestic market	279.046	357.025	279.046	357.025
Foreign market	777.476	742.404	1.431.478	1.342.134
	1.056.522	**1.099.429**	**1.710.524**	**1.699.159**

16. 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	
	2Q16	2Q15	2Q16	2Q15
Raw and processing materials	222,912	208,871	371,231	366,734
Maintenance and consumption materials	45,228	38,943	87,086	63,091
Salaries and payroll taxes	105,322	114,201	160,578	162,322
Profit sharing	7,703	11,596	12,061	14,414
Social benefits	21,050	28,323	24,563	29,600
Electricity	37,180	33,079	51,661	47,364
Freight and commission on sales	15,056	15,795	25,834	25,320
Management fees	3,019	3,054	3,019	3,054
Other costs	9,026	9,837	17,262	15,142
	466,496	***463,699***	***753,295***	***727,041***
Depreciation	37,859	36,064	54,193	49,251
	504,355	**499,763**	**807,488**	**776,292**
Cost of products sold	460,146	458,257	738,791	713,448
Selling expenses	19,715	20,660	35,396	33,826
Administrative expenses	21,476	17,792	30,283	25,964
Management fees	3,018	3,054	3,018	3,054
	504,355	**499,763**	**807,488**	**776,292**

	Parent company		Consolidated	
	1S16	1S15	1S16	1S15
Raw and processing materials	421,354	422,691	713,582	686,807
Maintenance and consumption materials	87,522	73,232	159,983	122,365
Salaries and payroll taxes	221,280	220,526	330,887	314,803
Profit sharing	19,792	21,731	24,654	24,864
Social benefits	54,308	55,348	58,385	57,639
Electricity	76,765	60,103	106,358	92,653
Freight and commission on sales	31,431	30,833	51,659	47,186
Management fees	6,153	5,371	6,153	5,371
Other costs	14,392	15,590	28,319	26,605
	932,997	***905,425***	***1,479,980***	***1,378,293***
Depreciation	75,212	69,090	110,115	94,502
	1,008,209	**974,515**	**1,590,095**	**1,472,795**
Cost of products sold	917,483	893,940	1,453,013	1,353,271
Selling expenses	41,128	40,011	70,668	63,703
Administrative expenses	43,446	35,193	60,262	50,450
Management fees	6,152	5,371	6,152	5,371
	1,008,209	**974,515**	**1,590,095**	**1,472,795**

17. FINANCE RESULTS

	Parent company		Consolidated	
Finance results	**2Q16**	**2Q15**	**2Q16**	**2Q15**
Financial liabilities at amortized cost	***(35.449)***	***(36.363)***	***(35.035)***	***(35.980)***
Borrowing	(35.382)	(36.316)	(34.968)	(35.933)
Notes payable and other financial liabilities	(67)	(47)	(67)	(47)
Derivative financial instruments	***-***	***(88)***	***-***	***(88)***
Interest rate swaps	-	(88)	-	(88)
Other finance costs	***(4.826)***	***(406)***	***(5.379)***	***(915)***
Finance costs	**(40.275)**	**(36.857)**	**(40.414)**	**(36.983)**
Financial assets at fair value through profit or loss	***656***	***368***	***656***	***368***
Financial investments	205	262	205	262
Investments in equity instruments	451	106	451	106
Loans and receivables	***30.351***	***24.831***	***30.351***	***24.831***
Cash and cash equivalents	30.351	24.831	30.351	24.831
Tax credits and other finance income	***2.421***	***5.451***	***6.220***	***6.599***
Finance income	**33.428**	**30.650**	**37.227**	**31.798**
Derivative financial instruments	***-***	***-***	***-***	***-***
Foreign exchange variations	***(13.025)***	***(1.364)***	***(12.893)***	***(1.763)***
Foreign exchange variations, net	**(13.025)**	**(1.364)**	**(12.893)**	**(1.763)**
Finance results	**(19.872)**	**(7.571)**	**(16.080)**	**(6.948)**

	Parent company		Consolidated	
Finance results	**1S16**	**1S15**	**1S16**	**1S15**
Financial liabilities at amortized cost	***(77.343)***	***(71.298)***	***(76.468)***	***(70.702)***
Borrowing	(77.234)	(71.207)	(76.359)	(70.611)
Financing of taxes and social security charges	-	-	-	-
Notes payable and other financial liabilities	(109)	(91)	(109)	(91)
Derivative financial instruments	***-***	***(107)***	***-***	***(107)***
Interest rate swaps	-	(107)	-	(107)
Other finance costs	***(5.801)***	***(890)***	***(6.948)***	***(1.890)***
Finance costs	**(83.144)**	**(72.295)**	**(83.416)**	**(72.699)**
Financial assets at fair value through profit or loss	***975***	***4.645***	***975***	***4.645***
Credits - Eletrobrás	-	4.116	-	4.116
Financial investments	520	511	520	511
Investments in equity instruments	455	18	455	18
Loans and receivables	***64.222***	***48.781***	***64.222***	***48.781***
Cash and cash equivalents	64.222	48.781	64.222	48.781
Tax credits and other finance income	***5.046***	***5.991***	***6.397***	***7.527***
Finance income	**70.243**	**59.417**	**71.594**	**60.953**
Foreign exchange variations	***(21.913)***	***31.705***	***(22.885)***	***32.793***
Foreign exchange variations, net	**(21.913)**	**31.705**	**(22.885)**	**32.793**
Finance results	**(34.814)**	**18.827**	**(34.707)**	**21.047**

18. OTHER OPERATING INCOME (EXPENSES)

	Parent company		Consolidated	
	2Q16	**2Q15**	**2Q16**	**2Q15**
Constitution and restatement of provision	(5,081)	(4,730)	(5,054)	(4,854)
Disposals of property, plant and equipment	(9,882)	972	(9,357)	972
Loss on the sale of unusable assets and write-off of third party tools and other assets	(3,030)	4,594	(2,233)	4,829
	(17,993)	***836***	***(16,644)***	***947***
Depreciation of non-operating assets	(372)	(594)	(373)	(597)
Amortization of intangible assets	-	-	(18,213)	(17,278)
Total other operating expenses, net	**(18,365)**	**242**	**(35,230)**	**(16,928)**

	Parent company		Consolidated	
	1S16	1S15	1S16	1S15
Constitution and restatement of provision	(13,889)	(13,607)	(16,026)	(13,731)
Disposals of property, plant and equipment	(16,925)	632	(17,219)	897
Loss on the sale of unusable assets and write-off of third party tools and other assets	8,115	8,262	10,833	12,367
	(22,699)	***(4,713)***	***(22,412)***	***(467)***
Depreciation of non-operating assets	(838)	(1,197)	(839)	(1,202)
Amortization of intangible assets	-	-	(38,778)	(33,572)
Total other operating expenses, net	**(23,537)**	**(5,910)**	**(62,029)**	**(35,241)**

19. INCOME TAX AND SOCIAL CONTRIBUTION IN THE RESULTS

	Parent company		Consolidated	
	2Q16	2Q15	2Q16	2Q15
Profit before tax effects	**(36,254)**	**79,557**	**(8,114)**	**110,914**
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	12,326	(27,049)	2,759	(37,711)
Tax effect of permanent (additions) exclusions:				
Share of results of subsidiaries	(4,545)	8,664	-	-
Depreciation of non-operating assets	(127)	(202)	(127)	(202)
Additional income tax (Services Companies – Mexico)	-	-	(1,783)	(1,943)
Effect of correction of fixed assets	-	-	1,016	(1,066)
Reintegra – benefit (a)	(116)	922	(116)	922
Other permanent (additions) exclusions	(66)	(480)	(7,512)	(4,996)
Tax effects recorded in the statement of income before exchange effects	**7,472**	**(18,145)**	**(5,763)**	**(44,996)**
Effective rate of income tax before exchange effects	**21%**	**23%**	**-71%**	**41%**
Effect of functional currency on tax base (a)	-	-	(14,905)	(4,506)
Tax effects recorded in the statement of income	**7,472**	**(18,145)**	**(20,668)**	**(49,502)**
Effective rate of income tax	**21%**	**23%**	**-255%**	**45%**

	Parent company		Consolidated	
	1S16	1S15	1S16	1S15
Profit before tax effects	**(13,205)**	**166,314**	**23,693**	**212,170**
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	4,490	(56,547)	(8,056)	(72,138)
Tax effect of permanent (additions) exclusions:				
Share of results of subsidiaries	(1,077)	9,684	-	-
Depreciation of non-operating assets	(285)	(407)	(285)	(407)
Additional income tax (Services Companies – Mexico)	-	-	(4,919)	(2,995)
Effect of correction of fixed assets	-	-	738	(2,403)
Reintegra – benefit (a)	165	3,732	165	3,732
Other permanent (additions) exclusions	(1,560)	(777)	(5,251)	(5,188)
Tax effects recorded in the statement of income before exchange effects	**1,733**	**(44,315)**	**(17,608)**	**(79,399)**
Effective rate of income tax before exchange effects	**13%**	**27%**	**74%**	**37%**
Effect of functional currency on tax base (a)	-	-	(17,557)	(10,772)
Tax effects recorded in the statement of income	**1,733**	**(44,315)**	**(35,165)**	**(90,171)**
Effective rate of income tax	**13%**	**27%**	**148%**	**42%**

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	
	2Q16	2Q15	2Q16	2Q15
Tax effects recorded in the statement of income				
Current income tax and social contribution	(23,414)	-	(40,996)	(22,389)
Deferred income tax and social contribution	30,886	(18,145)	20,328	(27,113)
	7,472	**(18,145)**	**(20,668)**	**(49,502)**

	Parent company		Consolidated	
	1S16	1S15	1S16	1S15
Tax effects recorded in the statement of income	(59,370)	-	(92,968)	(34,448)
Current income tax and social contribution	61,103	(44,315)	57,803	(55,723)
Deferred income tax and social contribution	**1,733**	**(44,315)**	**(35,165)**	**(90,171)**

20. EARNINGS PER SHARE

	2Q16	2Q15	1S16	1S15
Profit attributable to the stockholders of the Company	(28,782)	61,412	(11,472)	121,999
Outstanding shares	144,177,500	144,177,500	144,177,500	144,177,500
Basic earnings (loss) per share - R$	**(0.19963)**	**0.42595**	**(0.07957)**	**0.84617**

	2Q16	2Q15	1S16	1S15
Profit attributable to the stockholders of the Company	(28,782)	61,412	(11,472)	121,999
Outstanding shares	145,228,180	144,658,382	145,228,180	144,658,382
Diluted earnings (loss) per share - R$	**(0.19818)**	**0.42453**	**(0.07899)**	**0.84336**

21. 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	
	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15
Net revenue (Note 15)	796,982	845,581	53,702	65,501	850,684	911,082
Costs and expenses, except depreciation (Note 16)	(708,584)	(677,322)	(44,711)	(49,719)	(753,295)	(727,041)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 18)	(16,357)	891	(287)	56	(16,644)	947
EBITDA (according to the methodology of CVM Instruction (527/12)	**72,041**	**169,150**	**8,704**	**15,838**	**80,745**	**184,988**
Depreciation and amortization	(70,226)	(64,644)	(2,553)	(2,482)	(72,779)	(67,126)
Profit before finance results	**1,815**	**104,506**	**6,151**	**13,356**	**7,966**	**117,862**
Finance results (Note 17)					(16,080)	(6,948)
Profit before taxation					**(8,114)**	**110,914**
Income tax and social contribution (Note 19)					(20,668)	(49,502)
Profit (loss) for the period					**(28,782)**	**61,412**

Consolidated	Automotive		Hydraulics		Total	
	1S16	1S15	1S16	1S15	1S16	1S15
Net revenue (Note 15)	1,611,072	1,585,217	99,452	113,942	1,710,524	1,699,159
Costs and expenses, except depreciation (Note 16)	(1,395,213)	(1,288,769)	(84,767)	(89,524)	(1,479,980)	(1,378,293)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 18)	(21,810)	(437)	(602)	(30)	(22,412)	(467)
EBITDA (according to the methodology of CVM Instruction (527/12)	**194,049**	**296,011**	**14,083**	**24,388**	**208,132**	**320,399**
Depreciation and amortization	(144,549)	(124,429)	(5,183)	(4,847)	(149,732)	(129,276)
Profit before finance results	**49,500**	**171,582**	**8,900**	**19,541**	**58,400**	**191,123**
Finance results (Note 17)					(34,707)	21,047
Profit before taxation					**23,693**	**212,170**
Income tax and social contribution (Note 19)					(35,165)	(90,171)
Profit (loss) for the period					**(11,472)**	**121,999**

b) Reconciliation of costs and expenses by segment

Consolidated	Automotive		Hydraulics		Total	
	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15
Raw and processing materials	353,883	344,964	17,348	21,770	371,231	366,734
Maintenance and consumption materials	82,744	58,839	4,342	4,252	87,086	63,091
Salaries and payroll taxes	149,701	151,383	10,877	10,939	160,578	162,322
Profit sharing	11,209	12,985	852	1,429	12,061	14,414
Social benefits	22,489	27,605	2,074	1,995	24,563	29,600
Electricity	48,092	44,169	3,569	3,195	51,661	47,364
Depreciation	51,640	46,769	2,553	2,482	54,193	49,251
Freight and commissions on sales	21,441	20,398	4,393	4,922	25,834	25,320
Management fees	2,729	2,850	290	204	3,019	3,054
Other costs	16,296	14,129	966	1,013	17,262	15,142
	760,224	**724,091**	**47,264**	**52,201**	**807,488**	**776,292**

Consolidated	Automotive		Hydraulics		Total	
	1S16	1S15	1S16	1S15	1S16	1S15
Raw and processing materials	682,189	648,695	31,393	38,112	713,582	686,807
Maintenance and consumption materials	151,665	114,524	8,318	7,841	159,983	122,365
Salaries and payroll taxes	309,923	294,632	20,964	20,171	330,887	314,803
Profit sharing	22,568	22,307	2,086	2,557	24,654	24,864
Social benefits	54,466	53,946	3,919	3,693	58,385	57,639
Electricity	99,806	86,716	6,552	5,937	106,358	92,653
Depreciation	104,932	89,655	5,183	4,847	110,115	94,502
Freight and commissions on sales	42,179	38,023	9,480	9,163	51,659	47,186
Management fees	5,692	5,027	461	344	6,153	5,371
Other costs	26,725	24,899	1,594	1,706	28,319	26,605
	1,500,145	**1,378,424**	**89,950**	**94,371**	**1,590,095**	**1,472,795**

c) Reconciliation of assets and liabilities

Consolidated	Automotive		Hydraulics		Total	
ASSETS	Jun/16	Dec/15	Jun/16	Dec/15	Jun/16	Dec/15
Trade receivables (Note 4)	408,334	507,528	36,908	34,571	445,242	542,099
Inventory (Note 5)	254,855	323,395	56,808	64,853	311,663	388,248
Third party tools	135,500	160,294	-	-	135,500	160,294
Notes and other receivables	32,626	24,398	2,643	3,657	35,269	28,055
Property, plant and equipment (Note 10)	1,673,333	1,873,229	47,628	48,403	1,720,961	1,921,632
Intangible assets (Note 10)	505,854	640,857	-	-	505,854	640,857
Other assets not allocated	-	-	-	-	1,717,440	2,069,995
Total ativo consolidado	**3,010,502**	**3,529,701**	**143,987**	**151,484**	**4,871,929**	**5,751,180**

Consolidated	Automotive		Hydraulics		Total	
LIABILITIES	Jun/16	Dec/15	Jun/16	Dec/15	Jun/16	Dec/15
Trade payables	284,602	270,040	31,166	25,040	315,768	295,080
Income taxes payable	15,594	32,338	287	200	15,881	32,538
Salaries, social security charges and profit sharing	105,450	113,697	7,353	7,732	112,803	121,429
Advances from customers	87,330	123,328	1,046	7,563	88,376	130,891
Notes and other payables	45,755	72,556	3,147	3,623	48,902	76,179
Deferred tax on intangible assets (Note 13)	118,328	156,430	-	-	118,328	156,430
Other liabilities not allocated	-	-	-	-	1,900,296	2,528,968
Equity (Note 14)	-	-	-	-	2,271,575	2,409,665
Total passivo consolidado	**657,059**	**768,389**	**42,999**	**44,158**	**4,871,929**	**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	2Q16	%	2Q15	%	1S16	%	1S15	%
Automotive	**796,982**	**93.7**	**845,581**	**92.8**	**1,611,072**	**94.1**	**1,585,217**	**93.3**
Customer A	194,812	22.9	181,888	20.0	402,904	23.6	337,938	19.9
Customer B	148,378	17.4	169,284	18.6	264,163	15.3	312,281	18.4
Customer C	90,084	10.6	80,597	8.8	189,605	11.1	154,044	9.1
Other customers	363,708	42.8	413,812	45.4	754,400	44.1	780,954	46.0
Hydraulics	**53,702**	**6.3**	**65,501**	**7.2**	**99,452**	**5.8**	**113,942**	**6.7**
Total Revenue	**850,684**	**100.0**	**911,082**	**100.0**	**1,710,524**	**100**	**1,699,159**	**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

	2Q16	%	2Q15	%	1S16	%	1S15	%
North America	**509,840**	**59.9**	**511,871**	**56.2**	**1,031,598**	**60.3**	**959,028**	**56.5**
United States	262,505	30.9	320,855	35.2	510,220	29.8	588,848	34.7
Mexico	232,493	27.3	170,186	18.7	491,903	28.8	327,460	19.3
Canada	14,842	1.7	20,830	2.3	29,475	1.7	42,720	2.5
South and Central Americas	**147,227**	**17.4**	**186,641**	**20.4**	**297,135**	**17.4**	**371,596**	**21.9**
Brazil - head office	137,410	16.2	175,308	19.2	279,046	16.3	353,118	20.8
Other countries	9,817	1.2	11,333	1.2	18,089	1.1	18,478	1.1
Europe	**137,352**	**16.1**	**166,642**	**18.2**	**277,529**	**16.3**	**290,029**	**17.0**
United Kingdom	57,801	6.8	60,071	6.6	126,025	7.4	111,116	6.5
Hungary	45,000	5.3	55,724	6.1	86,478	5.1	82,140	4.8
Italy	16,360	1.9	26,748	2.9	30,820	1.8	46,054	2.7
Germany	6,660	0.8	4,723	0.6	14,308	0.8	7,853	0.5
Netherlands	6,194	0.7	10,349	1.1	11,520	0.7	17,762	1.0
France	3,496	0.4	3,128	0.3	5,489	0.3	6,510	0.4
Other countries	1,841	0.2	5,899	0.6	2,889	0.2	18,594	1.1
Asia, Africa and Oceania	**56,265**	**6.6**	**45,928**	**5.2**	**104,262**	**6.0**	**78,506**	**4.6**
South Africa	20,702	2.4	19,082	2.1	37,421	2.2	31,207	1.8
Thailand	11,375	1.3	8,587	0.9	24,183	1.4	14,574	0.9
Japan	11,518	1.4	1,282	0.1	17,591	1.0	4,017	0.2
Japan	6,900	0.8	10,051	1.1	15,144	0.9	17,238	1.0
Other countries	5,770	0.7	6,926	1.0	9,923	0.5	11,471	0.7
Total	**850,684**	**100.0**	**911,082**	**100.0**	**1,710,524**	**100.0**	**1,699,159**	**100.0**

22. FINANCIAL INSTRUMENTS

		Parent company		Consolidated	
	Note	Jun/16	Dec/15	Jun/16	Dec/15
Loans and receivables		**1,258,214**	**1,519,778**	**1,762,934**	**2,139,978**
Cash and cash equivalents	3	899,169	1,139,653	1,237,064	1,524,622
Trade receivables	4	288,778	299,791	445,242	542,099
Notes and other financial assets		70,267	80,334	80,628	73,257
Effect on the results for three months period		*64,115*	*48,664*	*64,312*	*48,787*
Financial assets at fair value through profit or loss		**103,289**	**114,317**	**108,261**	**120,310**
Financial investments		-	11,484	-	11,484
Credits - Eletrobrás		102,170	102,170	102,170	102,170
Investments in equity instruments		1,119	663	6,091	6,656
Effect on the results for three months period		*975*	*4,645*	*975*	*4,645*
Financial liabilities at amortized cost		**2,172,294**	**2,790,333**	**2,244,163**	**2,876,255**
Trade payables		170,986	155,614	315,768	295,080
Borrowings	11	1,882,269	2,508,419	1,874,751	2,498,246
Dividends and interest on capital		158	158	158	158
Notes payable and other financial liabilities		118,881	126,142	53,486	82,771
Effect on the results for three months period		*(77,343)*	*(71,298)*	*(76,468)*	*(70,702)*
Financial liabilities at fair value through profit or loss		-	-	-	-
Effect on the results for three months period		-	*(107)*	-	*(107)*

23. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OF NET INVESTMENT ABROAD

a) 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 June 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 June 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.

24. FINANCIAL RISK MANAGEMENT

24.1 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.

24.2 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 June 30, 2016, estimated losses on trade receivables amounted to R$1,616 (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.

24.3 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	160,148	155,114	327,267	553,367	1,391,705	2,587,601
Trade payables and notes and other payables	364,670	-	-	-	-	364,670
Dividends payable	158	-	-	-	-	158
	524,976	**155,114**	**327,267**	**553,367**	**1,391,705**	**2,952,429**

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.

24.4 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.)**	**14.14**	**13.94**	**17.43**	**20.91**	**10.46**	**6.97**
Financial assets		836,384	836,384	836,384	836,384	836,384	836,384
Potential impact		-	-	25,582	51,164	(26,389)	(54,497)
Borrowings	**Interest rate (TJLP - % p.a.)**	**7.50**	**7.50**	**9.38**	**11.25**	**5.63**	**3.75**
Financial liabilities		57,866	57,866	57,866	57,866	57,866	57,866
Potential impact		-	-	(1,009)	(2,019)	1,027	2,092
In U.S. dollars							
Borrowings	**Interest rate (Libor - %)**	**0.89**	**0.91**	**1.14**	**1.37**	**0.68**	**0.46**
Financial liabilities		208,534	208,534	208,534	208,534	208,534	208,534
Potential impact		-	-	(470)	(940)	471	945

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	Jun/16	Dec/15
Assets		**229,180**	**284,073**
Cash and cash equivalents abroad	3	61,923	64,426
Customers in the foreign market	4	167,257	219,647
Liabilities		**(183,365)**	**(301,918)**
Borrowings in foreign currency	11	(1,382,424)	(1,775,623)
Hedge of net investment abroad	23	1,294,788	1,579,806
Other amounts		(95,729)	(106,101)
Net exposure impacting profit			
In thousands of R$		45,815	(17,845)
In thousands of US$		14,273	(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	**3.2098**	**4.14**	**5.18**	**6.21**	**3.11**	**2.07**
Asset position	229,180	295,596	369,852	443,395	222,054	147,798
Liability position	(183,365)	(236,505)	(295,917)	(354,757)	(177,664)	(118,252)
Net exposure (R$ thousand)	45,815	59,091	73,935	88,638	44,390	29,546
Net exposure (US$ thousand)	14,273	14,273	14,273	14,273	14,273	14,273
Potential impact (R$ thousand)	**-**	**13,276**	**28,120**	**42,823**	**(1,425)**	**(16,269)**

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.

24.5 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.

24.6 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

	Jun/16	Dec/15
Own capital	**2,271,575**	**2,409,665**
Equity	2,271,575	2,409,665
Third party capital	**1,363,290**	**1,816,893**
Total current and non-current liabilities	2,600,354	3,341,515
Cash and cash equivalents	(1,237,064)	(1,524,622)
Own capital versus third-party capital ratio	**1.67**	**1.33**

24.7 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 16) 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.

24.8 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	
	Jun/16	Dec/15	Jun/16	Dec/15
Counterparties with external credit ratings*				
Cash and cash equivalents	**899,169**	**1,139,653**	**1,237,064**	**1,524,622**
AAA	31,788	209,892	127,243	363,092
AA+	796,704	929,754	1,007,516	1,129,049
AA	12,116	-	12,116	-
A+ / A / A-	58,509	7	84,904	25,455
Others	52	-	5,285	7,026
Financial investments				
AA	-	11,484	-	11,484
Credits - Eletrobrás				
BB	102,170	102,170	102,170	102,170
Counterparties without external credit rating				
Trade receivables	**288,778**	**299,791**	**445,242**	**542,099**
Low risk	275,816	286,822	426,849	524,269
Moderate risk	12,485	10,815	17,916	15,676
High risk	477	2,154	477	2,154
Other financial assets	**71,386**	**80,997**	**86,719**	**79,913**
Total	**1,361,503**	**1,634,095**	**1,871,195**	**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.

25. SUBSEQUENT EVENTS

In June 2016, Board of Directors authorized the Company to use financial derivative instruments in accordance with the strategies admitting revenue volatility. The Company should contracted hedge accounting operation as cash flow hedge. In July 2016, those agreements was sign.

* * *

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 June 30, 2016, comprising the balance sheet at that date and the statements of income, comprehensive income for the quarter and six-month periods then ended, and the statements of changes in equity and cash flows for the six-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 six-month period ended June 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, August 4, 2016

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 "F" SC

Maurício Colombari

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