Contents

Company information

Composition of capital 1

Cash dividends 2

Individual financial statements

Balance sheet - Assets 3

Balance sheet - Liabilities and equity 4

Income statements 5

Statement of comprehensive income 6

Cash flow statement 7

Statement of changes in equity

Statements of changes in equity - 01/01/2016 to 06/30/2016 8

Statements of changes in equity - 01/01/2015 to 06/30/2015 9

Statements of value added 10

Consolidated financial statements

Balance sheet - Assets 11

Balance sheet - Liabilities and equity 12

Income statement 14

Statement of comprehensive income 15

Cash flow statement 16

Statement of changes in equity

Statements of changes in equity - 01/01/2016 to 06/30/2016 17

Statements of changes in equity - 01/01/2015 to 06/30/2015 18

Statements of value added 19

Comments on performance 20

Notes to financial statements 31

Auditor's report and statements

Quarterly information report review 53

Company information / Composition of capital

Number of shares (Units)	Quarterly ended 06/30/2016
Paid-in capital	
Common	1,614,353,076
Preferred	0
Total	1,614,353,076
Treasury stock	
Common	1,123,981
Preferred	0
Total	1,123,981

Company information / Cash dividends

Event	Approval	Earning	First payment	Type of share	Class of share	Earnings per share (Reais / Share)
Board of Directors' Meeting	03/22/2016	Interest on equity	08/17/2016	Common		0.04700
Board of Directors' Meeting	06/28/2016	Interest on equity	08/17/2016	Common		0.05670

Individual financial statements / Balance sheet - Assets

(In thousands of reais)

Account code	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
1	Total assets	5,897,211	6,215,117
1.01	Current assets	1,221,140	1,155,109
1.01.01	Cash and cash equivalents	700,972	1,023,357
1.01.01.01	Cash and banks	274	29
1.01.01.02	Short-term investments	700,698	1,023,328
1.01.02	Long-term investments	373,751	-
1.01.06	Taxes recoverable	19,577	17,926
1.01.06.01	Current taxes recoverable	19,577	17,926
1.01.08	Other current assets	126,840	113,826
1.01.08.03	Other	126,840	113,826
1.01.08.03.01	Dividends	983	1,040
1.01.08.03.02	Interest on equity	125,843	112,786
1.01.08.03.03	Others	14	-
1.02	Noncurrent assets	4,676,071	5,060,008
1.02.01	Long-term receivables	5,025	9,031
1.02.01.06	Deferred taxes	744	781
1.02.01.06.01	Deferred income and contribution taxes	744	781
1.02.01.08	Credits with related parties	32	10
1.02.01.08.02	Credits with subsidiaries	32	10
1.02.01.09	Other noncurrent assets	4,249	8,240
1.02.01.09.03	Judicial deposits	4,249	8,240
1.02.02	Investments	4,666,508	5,046,381
1.02.02.01	Equity interest	4,666,508	5,046,381
1.02.02.01.02	Investments in subsidiaries	4,666,508	5,046,381
1.02.03	Property, plant and equipment	4,538	4,596
1.02.03.01	Property, plant and equipment in use	4,538	4,596

Individual financial statements / Balance sheet - Liabilities and equity

(In thousands of reais)

Account code	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
2	Total liabilities	5,897,211	6,215,117
2.01	Current liabilities	196,059	181,217
2.01.01	Labor and social charges	8,646	7,361
2.01.01.01	Social obligations	8,646	7,361
2.01.03	Tax obligations	16,026	14,205
2.01.03.01	Federal tax obligations	16,026	14,205
2.01.03.01.01	Income and social contribution taxes payable	44	145
2.01.03.01.02	Other taxes payables	15,982	14,060
2.01.05	Other payables	171,387	159,651
2.01.05.02	Other	171,387	159,651
2.01.05.02.01	Dividends and interest on equity capital payable	170,765	158,209
2.01.05.02.04	Other	622	1,442
2.02	Noncurrent liabilities	4,680	4,520
2.02.04	Provisions	4,680	4,520
2.03	Equity	5,696,472	6,029,380
2.03.01	Paid-in capital	3,533,973	3,533,973
2.03.02	Capital reserves	(69,823)	(74,113)
2.03.02.04	Options granted	1,474	2,474
2.03.02.05	Treasury stock	(12,744)	(17,069)
2.03.02.07	Premium on capital transaction	(58,553)	(59,518)
2.03.03	Revaluation reserve	3,630	3,630
2.03.04	Income reserve	1,358,433	1,430,422
2.03.04.01	Legal reserve	105,539	105,539
2.03.04.02	Statutory reserve	1,194,329	1,194,329
2.03.04.08	Additional proposed dividends	58,565	130,554
2.03.05	Retained earnings/accumulated losses	313,128	-
2.03.06	Equity valuation adjustments	462,999	493,106
2.03.06.01	Deemed cost	462,999	493,106
2.03.08	Other comprehensive income	94,132	642,362
2.03.08.01	Derivative financial instruments	(28,119)	5,774
2.03.08.02	Cumulative translation adjustments	122,251	636,588

Individual financial statements / Income statement

(In thousands of reais)

Account code	Account description	Current period 04/01/2016 to 06/30/2016	Prior period 01/01/2016 to 06/30/2016	Current period 04/01/2015 to 06/30/2015	Prior period 01/01/2015 to 06/30/2015
3.04	Operating income/expenses	228,769	485,356	237,143	460,728
3.04.02	General and administrative expenses	(950)	(1,952)	(890)	(1,971)
3.04.02.01	Management fees	(572)	(1,182)	(532)	(1,061)
3.04.02.02	Other operating expenses	(378)	(770)	(358)	(910)
3.04.05	Other operating expenses	(684)	(1,540)	(1,053)	(1,714)
3.04.06	Equity pick-up	230,403	488,848	239,086	464,413
3.05	Income before financial result and taxes	228,769	485,356	237,143	460,728
3.06	Financial income (expenses)	26,376	52,350	24,138	46,642
3.06.01	Financial income	26,456	52,486	24,182	46,724
3.06.02	Financial expenses	(80)	(136)	(44)	(82)
3.07	Income before income taxes	255,145	537,706	261,281	507,370
3.08	Income and social contribution taxes	(148)	(313)	(400)	(630)
3.08.01	Current	(213)	(276)	(316)	(565)
3.08.02	Deferred	65	(37)	(84)	(65)
3.09	Net income from continuous operations	254,997	537,393	260,881	506,740
3.11	Profit/ loss for the period	254,997	537,393	260,881	506,740
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.15806	0.33312	0.16170	0.31410
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.15797	0.33292	0.16160	0.31388

Individual financial statements / Statement of comprehensive income

(In thousands of reais)

Account code	Account description	Current period 04/01/2016 to 06/30/2016	Prior period 01/01/2016 to 06/30/2016	Current period 04/01/2015 to 06/30/2015	Prior period 01/01/2015 to 06/30/2015
4.01	Net income for the period	254,997	537,393	260,881	506,740
4.02	Other comprehensive income	(336,175)	(548,230)	(57,019)	177,997
4.02.01	Cumulative translation adjustments	(320,291)	(514,337)	(57,019)	177,997
4.02.02	Hedge Accounting	(15,884)	(33,893)	-	-
4.03	Comprehensive income for the period	(81,178)	(10,837)	203,862	684,737

Individual financial statements / Cash flow statements - indirect method

(In thousands of reais)

Account code	Account description	Current period 01/01/2016 to 06/30/2016	Prior period 01/01/2015 to 06/30/2015
6.01	Net cash flows from operating activities	47,465	32,790
6.01.01	Cash from operations	49,806	43,441
6.01.01.01	Income before taxes	537,706	507,370
6.01.01.02	Depreciation, amortization	58	58
6.01.01.03	Equity pickup	(488,848)	(464,413)
6.01.01.04	Expenses plan options purchase shares	730	426
6.01.01.07	Provision for tax, civil and labor liabilities	160	-
6.01.02	Changes in assets and liabilities	(2,965)	(11,684)
6.01.02.01	(Increase)/decrease in accounts receivable	(4,353)	(13,466)
6.01.02.02	Increase/(decrease) in accounts payable	1,765	2,378
6.01.02.03	Income and social contribution taxes paid	(377)	(596)
6.01.03	Other	624	1,033
6.02	Net cash flows from investing activities	(88,529)	269,220
6.02.01	Dividends and interest on equity capital received	320,104	241,841
6.02.02	Long-term financial investments	(373,751)	27,379
6.02.03	Investments	(34,882)	-
6.03	Net cash from financing activities	(281,321)	(235,520)
6.03.01	Dividends/interest on equity capital paid	(285,646)	(235,213)
6.03.02	Treasury shares	4,325	(307)
6.05	Increase/(decrease) in cash and cash equivalents	(322,385)	66,490
6.05.01	Opening cash and cash equivalents balance	1,023,357	886,700
6.05.02	Closing cash and cash equivalents balance	700,972	953,190

Individual financial statements / Statement of changes in equity - 01/01/2016 to 06/30/2016

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, Options granted and Treasury stock	Income reserves	Retained earnings/ accumulated losses	Other comprehensive income	Equity
5.01	Opening balances	3,533,973	(70,483)	1,299,868	130,554	1,135,468	6,029,380
5.03	Adjusted opening balances	3,533,973	(70,483)	1,299,868	130,554	1,135,468	6,029,380
5.04	Capital transactions with shareholders	-	4,290	-	(196,210)	-	(191,920)
5.04.03	Recognized options granted	-	(999)	-	598	-	(401)
5.04.05	Sold treasury shares	-	5,295	-	-	-	5,295
5.04.07	Interest on equity capital	-	-	-	(196,808)	-	(196,808)
5.04.08	Capital transaction	-	(6)	-	-	-	(6)
5.05	Total comprehensive income	-	-	-	567,500	(578,337)	(10,837)
5.05.01	Net income for the period	-	-	-	537,393	-	537,393
5.05.02	Other comprehensive income	-	-	-	30,107	(578,337)	(548,230)
5.05.02.04	Translation adjustments in the period	-	-	-	-	(514,337)	(514,337)
5.05.02.06	Hedge accounting – Cash flow	-	-	-	-	(33,893)	(33,893)
5.05.02.08	Realization of deemed cost	-	-	-	30,107	(30,107)	-
5.06	Internal changes in equity	-	-	-	(130,151)	-	(130,151)
5.06.04	Dividends paid	-	-	-	(130,554)	-	(130,554)
5.06.05	Dividends prescribed	-	-	-	403	-	403
5.07	Closing balances	3,533,973	(66,193)	1,299,868	371,693	557,131	5,696,472

Individual financial statements / Statement of changes in equity - 01/01/2015 to 06/30/2015

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, Options granted and Treasury stock	Income reserves	Retained earnings/ accumulated losses	Other comprehensive income	Equity
5.01	Opening balances	3,533,973	(55,481)	670,247	167,494	740,152	5,056,385
5.03	Adjusted opening balances	3,533,973	(55,481)	670,247	167,494	740,152	5,056,385
5.04	Capital transactions with shareholders	-	1,085	(307)	(146,537)	-	(145,759)
5.04.03	Recognized options granted	-	52	-	(388)	-	(336)
5.04.04	Treasury shares acquired	-	-	(1,334)	-	-	(1,334)
5.04.05	Sold treasury shares	-	1,033	1,027	-	-	2,060
5.04.07	Interest on equity capital	-	-	-	(146,149)	-	(146,149)
5.05	Total comprehensive income	-	-	-	537,929	146,808	684,737
5.05.01	Net income for the period	-	-	-	506,740	-	506,740
5.05.02	Other comprehensive income	-	-	-	31,189	146,808	177,997
5.05.02.04	Translation adjustments in the period	-	-	-	-	177,997	177,997
5.05.02.06	Realization of deemed cost	-	-	-	31,189	(31,189)	-
5.06	Internal changes in equity	-	(59)	-	(167,113)	-	(167,172)
5.06.02	Realization of resolution reserve	-	(59)	-	59	-	-
5.06.04	Dividends paid	-	-	-	(167,494)	-	(167,494)
5.06.05	Dividends prescribed	-	-	-	322	-	322
5.07	Closing balances	3,533,973	(54,455)	669,940	391,773	886,960	5,428,191

Individual financial statements / Statement of value added

(In thousands of reais)

Account code	Account description	Current period 01/01/2016 to 06/30/2016	Prior period 01/01/2015 to 06/30/2015
7.02	Inputs purchased from third-parties	(1,157)	(896)
7.02.02	Materials, electricity, third party services and other	(239)	(211)
7.02.03	Loss/recovery of amounts receivable	(918)	(685)
7.03	Gross value added	(1,157)	(896)
7.04	Withholdings	(58)	(58)
7.04.01	Depreciation, amortization and depletion	(58)	(58)
7.05	Net value added produced	(1,215)	(954)
7.06	Value added received in transfer	541,334	511,137
7.06.01	Equity pick-up	488,848	464,413
7.06.02	Financial income	52,486	46,724
7.07	Total value added to be distributed	540,119	510,183
7.08	Distribution of value added	540,119	510,183
7.08.01	Personnel	2,007	2,463
7.08.01.01	Direct compensation	1,923	2,362
7.08.01.02	Benefits	35	40
7.08.01.03	Unemployment Compensation Fund (FGTS)	49	61
7.08.02	Taxes, charges and contributions	605	904
7.08.02.01	Federal	605	904
7.08.03	Third-party capital remuneration	114	76
7.08.03.01	Interest	114	76
7.08.04	Equity remuneration	537,393	506,740
7.08.04.01	Interest on equity capital	196,808	146,149
7.08.04.03	Retained profit/loss for the period	340,585	360,591

Consolidated financial statements / Balance Sheet - Assets

(In thousand of reais)

Account code	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
1	Total assets	13,048,678	14,261,541
1.01	Current assets	8,648,557	9,589,344
1.01.01	Cash and cash equivalents	2,720,005	3,277,115
1.01.01.01	Cash and banks	285,846	477,710
1.01.01.02	Short-term investments	2,434,159	2,799,405
1.01.02	Long-term investments	1,306,954	1,157,644
1.01.03	Trade accounts receivable	2,421,573	2,545,927
1.01.03.01	Clients	2,421,573	2,545,927
1.01.04	Inventories	1,644,214	2,009,254
1.01.06	Taxes recoverable	276,319	266,944
1.01.06.01	Current taxes recoverable	276,319	266,944
1.01.08	Other current assets	279,492	332,460
1.01.08.03	Other	279,492	332,460
1.01.08.03.01	Derivative financial instruments	18,356	7,519
1.01.08.03.02	Others	261,136	324,941
1.02	Noncurrent assets	4,400,121	4,672,197
1.02.01	Long-term receivables	364,795	619,206
1.02.01.01	Long-term investments at fair value	178	214
1.02.01.01.01	Trading securities	178	214
1.02.01.06	Deferred taxes	122,810	131,327
1.02.01.06.01	Deferred income and social contribution taxes	122,810	131,327
1.02.01.09	Other noncurrent assets	241,807	487,665
1.02.01.09.03	Judicial deposits	49,679	55,810
1.02.01.09.04	Taxes recoverable	13,057	16,640
1.02.01.09.05	Derivative financial instruments	147,492	371,208
1.02.01.09.06	Other	31,579	44,007
1.02.02	Investments	238	1,379
1.02.02.01	Equity interests	238	1,379
1.02.02.01.04	Other equity interests	238	1,379
1.02.03	Property, plant and equipment	3,092,032	3,264,898
1.02.03.01	Property, plant and equipment in use	3,092,032	3,264,898
1.02.04	Intangible assets	943,056	786,714
1.02.04.01	Intangible assets	100,389	117,394
1.02.04.01.02	Other	100,389	117,394
1.02.04.02	Goodwill	842,667	669,320

Consolidated financial statements / Balance Sheet - Liabilities and equity

(In thousand of reais)

Account code	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
2	Total liabilities	13,048,678	14,261,541
2.01	Current liabilities	3,117,248	3,494,850
2.01.01	Labor and social charges	285,974	191,077
2.01.01.01	Social obligations	285,974	191,077
2.01.02	Trade accounts payable	479,139	566,769
2.01.03	Tax obligations	110,354	121,461
2.01.03.01	Federal tax obligations	110,354	121,461
2.01.03.01.01	Income and social contribution taxes payable	24,985	28,160
2.01.03.01.02	Other	85,369	93,301
2.01.04	Loans and financing	819,066	1,284,633
2.01.04.01	Loans and financing	819,066	1,284,633
2.01.04.01.01	In local currency	454,881	637,552
2.01.04.01.02	In foreign currency	364,185	647,081
2.01.05	Other payables	1,422,715	1,330,910
2.01.05.02	Other	1,422,715	1,330,910
2.01.05.02.01	Dividends and interest on equity capital payable	177,432	172,484
2.01.05.02.04	Advance from clients	686,549	486,225
2.01.05.02.05	Profit sharing	88,506	143,897
2.01.05.02.06	Derivative financial instruments	30,816	1,438
2.01.05.02.07	Payable accounts – foreign subsidiaries	187,669	209,867
2.01.05.02.08	Other	251,743	316,999
2.02	Noncurrent liabilities	4,125,897	4,610,631
2.02.01	Loans and financing	3,355,427	3,868,335
2.02.01.01	Loans and financing	3,355,427	3,868,335
2.02.01.01.01	In local currency	1,653,548	1,747,118
2.02.01.01.02	In foreign currency	1,701,879	2,121,217
2.02.02	Other payables	192,160	159,632
2.02.02.02	Other	192,160	159,632
2.02.02.02.03	Tax obligations	758	783
2.02.02.02.04	Derivative financial instruments	68,368	16,248
2.02.02.02.05	Other	123,034	142,601
2.02.03	Deferred taxes	202,377	242,696
2.02.03.01	Deferred income and social contribution taxes	202,377	242,696
2.02.04	Provisions	375,933	339,968
2.03	Consolidated equity	5,805,533	6,156,060
2.03.01	Paid-in capital	3,533,973	3,533,973
2.03.02	Capital reserves	(69,823)	(74,113)
2.03.02.04	Options granted	1,474	2,474
2.03.02.05	Treasury stock	(12,744)	(17,069)
2.03.02.07	Premium on capital transaction	(58,553)	(59,518)
2.03.03	Revaluation reserve	3,630	3,630
2.03.04	Income reserves	1,358,433	1,430,422
2.03.04.01	Legal reserve	105,539	105,539
2.03.04.02	Statutory reserve	1,194,329	1,194,329
2.03.04.08	Additional proposed dividends	58,565	130,554
2.03.05	Retained earnings/accumulated losses	313,128	-
2.03.06	Equity valuation adjustments	462,999	493,106
2.03.06.01	Deemed cost	462,999	493,106
2.03.08	Other comprehensive income	94,132	642,362
2.03.08.01	Derivative financial instruments	(28,119)	5,774

(In thousand of reais)

Account code	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
2.03.08.02	Cumulative translation adjustments	122,251	636,588
2.03.09	Noncontrolling interest	109,061	126,680

Consolidated financial statements / Income Statement

(In thousand of reais)

Account code	Account description	Current quarter 04/01/2016 to 06/30/2016	Current period 01/01/2016 to 06/30/2016	Prior quarter 04/01/2015 to 06/30/2015	Prior period 01/01/2015 to 06/30/2015
3.01	Revenue from sale of products and/or services	2,335,255	4,751,599	2,349,432	4,479,723
3.02	Cost of goods sold and/or services rendered	(1,693,587)	(3,437,178)	(1,677,705)	(3,169,373)
3.03	Gross profit	641,668	1,314,421	671,727	1,310,350
3.04	Operating income/expenses	(400,708)	(816,387)	(397,090)	(761,651)
3.04.01	Selling expenses	(233,148)	(475,199)	(236,201)	(443,036)
3.04.02	General and administrative expenses	(120,947)	(239,871)	(108,028)	(214,369)
3.04.02.01	Management fees	(5,645)	(11,526)	(5,336)	(10,894)
3.04.02.02	Other administrative expenses	(115,302)	(228,345)	(102,692)	(203,475)
3.04.04	Other operating income	4,108	8,576	2,940	6,451
3.04.05	Other operating expenses	(50,721)	(109,893)	(55,801)	(110,697)
3.05	Income before financial results and taxes	240,960	498,034	274,637	548,699
3.06	Financial results	41,811	102,355	53,472	95,151
3.06.01	Financial income	154,234	317,865	18,198	537,826
3.06.02	Financial expenses	(112,423)	(215,510)	35,274	(442,675)
3.07	Income before income taxes	282,771	600,389	328,109	643,850
3.08	Income and social contribution taxes	(24,565)	(54,925)	(64,891)	(129,835)
3.08.01	Current	(41,967)	(92,142)	(48,468)	(124,790)
3.08.02	Deferred	17,402	37,217	(16,423)	(5,045)
3.09	Net income from continuous operations	258,206	545,464	263,218	514,015
3.11	Consolidated Income/ loss for the period	258,206	545,464	263,218	514,015
3.11.01	Atributed to shareholders of parent company	254,997	537,393	260,881	506,740
3.11.02	Atributed to non-controlling shareholders	3,209	8,071	2,337	7,275
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.15806	0.33312	0.16170	0.31410
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.15797	0.33292	0.16160	0.31388

Consolidated financial statements / Statement of comprehensive income

(In thousand of reais)

Account code	Account description	Current period 04/01/2016 to 06/30/2016	Prior period 01/01/2016 to 06/30/2016	Prior quarter 04/01/2015 to 06/30/2015	Prior period 01/01/2015 to 06/30/2015
4.01	Consolidated net income for the period	258,206	545,464	263,218	514,015
4.02	Other comprehensive income	(350,456)	(566,743)	(57,347)	177,655
4.02.01	Adjustment of conversion period	(334,572)	(532,850)	(57,347)	177,655
4.02.02	Hedge accounting	(15,884)	(33,893)	-	-
4.03	Consolidated comprehensive income for the period	(92,250)	(21,279)	205,871	691,670
4.03.01	Attributed to shareholders of parent company	(81,178)	(10,837)	203,862	684,737
4.03.02	Attributed to noncontrolling shareholders	(11,072)	(10,442)	2,009	6,933

Consolidated financial statements / Cash flow statement - Indirect method

(In thousand of reais)

Account code	Account description	Current period 01/01/2016 to 06/30/2016	Prior period 01/01/2015 to 06/30/2015
6.01	Net cash from operating activities	1,099,754	516,692
6.01.01	Cash from operations	968,638	1,035,447
6.01.01.01	Income before taxes	600,389	643,850
6.01.01.02	Depreciation, amortization and depletion	170,248	151,811
6.01.01.03	Employee profit sharing	85,867	85,529
6.01.01.04	Expenses plan options purchase shares	730	426
6.01.01.05	Provision for credit risk	(11,531)	7,787
6.01.01.06	Provision for tax, civil and labor liabilities	35,965	33,612
6.01.01.07	Provision for inventory losses	(5,547)	19,586
6.01.01.08	Provision for product warranty	8,445	14,590
6.01.01.09	Loss on disposal of PPE	809	2,237
6.01.01.10	Accrued interest on loans and financing	83,263	76,019
6.01.02	Changes in assets and liabilities	217,499	(590,504)
6.01.02.01	(Increase)/decrease in accounts receivable	(80,332)	(264,270)
6.01.02.02	Increase/(decrease) in accounts payable	317,083	112,044
6.01.02.03	(Increase)/decrease in inventories	220,189	(167,273)
6.01.02.04	Income and social contribution taxes paid	(95,318)	(166,823)
6.01.02.05	Employee profit sharing paid	(144,123)	(104,182)
6.01.03	Other	(86,383)	71,749
6.02	Net cash from investing activities	(630,933)	(393,345)
6.02.01	Property, plant and equipment	(196,322)	(221,396)
6.02.02	Intangible assets	(3,834)	(17,344)
6.02.03	Write off fixed assets	6,784	11,823
6.02.05	Long-term financial investments	(149,274)	(72,657)
6.02.07	Acquisition of subsidiary	(292,301)	(97,500)
6.02.09	Cash acquired from subsidiary	4,014	3,729
6.03	Net cash from financing activities	(935,675)	182,771
6.03.01	Funding of Borrowings obtained	259,315	862,817
6.03.02	Payment of loans and financing	(697,256)	(333,351)
6.03.03	Interest paid on loans and financing	(209,082)	(120,515)
6.03.04	Treasury shares	4,325	(307)
6.03.05	Dividends/interest on equity capital paid	(292,977)	(225,873)
6.04	Exchange variation of cash and cash equivalents	(90,255)	26,377
6.05	Increase (decrease) in cash and cash equivalents	(557,109)	332,495
6.05.01	Opening cash and cash equivalents balance	3,277,114	3,284,275
6.05.02	Closing cash and cash equivalents balance	2,720,005	3,616,770

Consolidated financial statements / Statement of changes in equity - 01/01/2016 to 06/30/2016

(In thousand of reais)

Account code	Account description	Paid-in capital	Capital reserves, Options granted and Treasury stock	Income reserves	Retained earnings/ accumulated losses	Other comprehensive income	Equity	Non-controlling interest	Consolidated equity
5.01	Opening balances	3,533,973	(70,483)	1,299,868	130,554	1,135,468	6,029,380	126,680	6,156,060
5.03	Adjusted opening balances	3,533,973	(70,483)	1,299,868	130,554	1,135,468	6,029,380	126,680	6,156,060
5.04	Capital transactions with shareholders	-	4,290	-	(196,210)	-	(191,920)	(7,177)	(199,097)
5.04.03	Recognized options granted	-	(999)	-	598	-	(401)	-	(401)
5.04.05	Treasury shares sold	-	5,295	-	-	-	5,295	-	5,295
5.04.06	Dividends	-	-	-	-	-	-	(2,273)	(2,273)
5.04.07	Interest on equity	-	-	-	(196,808)	-	(196,808)	(540)	(197,348)
5.04.08	Capital transactions	-	(6)	-	-	-	(6)	(4,364)	(4,370)
5.05	Total comprehensive income	-	-	-	567,500	(578,337)	(10,837)	(10,442)	(21,279)
5.05.01	Net income for the period	-	-	-	537,393	-	537,393	8,071	545,464
5.05.02	Other comprehensive income (losses)	-	-	-	30,107	(578,337)	(548,230)	(18,513)	(566,743)
5.05.02.04	Adjustment of translation for the period	-	-	-	-	(514,337)	(514,337)	(18,513)	(532,850)
5.05.02.06	Hedge accounting – Cash flow	-	-	-	-	(33,893)	(33,893)	-	(33,893)
5.05.02.08	Realization at deemed cost	-	-	-	30,107	(30,107)	-	-	-
5.06	Internal changes in equity	-	-	-	(130,151)	-	(130,151)	-	(130,151)
5.06.04	Dividends paid	-	-	-	(130,554)	-	(130,554)	-	(130,554)
5.06.05	Dividends prescribed	-	-	-	403	-	403	-	403
5.07	Closing balances	3,533,973	(66,193)	1,299,868	371,693	557,131	5,696,472	109,061	5,805,533

Consolidated financial statements / Statement of changes in equity - 01/01/2015 to 06/30/2015

(In thousand of reais)

Account code	Account description	Paid-in capital	Capital reserves, Options granted and Treasury stock	Income reserves	Retained earnings/ accumulated losses	Other comprehensive income	Equity	Non-controlling interest	Consolidated equity
5.01	Opening balances	3,533,973	(55,481)	670,247	167,494	740,152	5,056,385	82,878	5,139,263
5.03	Adjusted opening balances	3,533,973	(55,481)	670,247	167,494	740,152	5,056,385	82,878	5,139,263
5.04	Capital transactions with shareholders	-	1,085	(307)	(146,537)	-	(145,759)	21,677	(124,082)
5.04.03	Recognized options granted	-	52	-	(388)	-	(336)	-	(336)
5.04.04	Treasury Shares Acquired	-	-	(1,334)	-	-	(1,334)		(1,334)
5.04.05	Sold treasury shares	-	1,033	1,027	-	-	2,060	-	2,060
5.04.07	Interest on equity	-	-	-	(146,149)	-	(146,149)	(1,508)	(147,657)
5.04.09	Other	-	-	-	-	-	-	23,185	23,185
5.05	Total comprehensive income	-	-	-	537,929	146,808	684,737	6,933	691,670
5.05.01	Net income for the period	-	-	-	506,740	-	506,740	7,275	514,015
5.05.02	Other comprehensive income (losses)	-	-	-	31,189	146,808	177,997	(342)	177,655
5.05.02.04	Adjustment of translation for the period	-	-	-	-	177,997	177,997	(342)	177,655
5.05.02.06	Realization at deemed cost	-	-	-	31,189	(31,189)	-	-	-
5.06	Internal changes in equity	-	(59)	-	(167,113)	-	(167,172)	-	(167,172)
5.06.02	Realization of revaluation reserve	-	(59)	-	59	-	-	-	-
5.06.04	Dividends paid	-	-	-	(167,494)	-	(167,494)	-	(167,494)
5.06.05	Dividends prescribed	-	-	-	322	-	322	-	322
5.07	Closing balances	3,533,973	(54,455)	669,940	391,773	886,960	5,428,191	111,488	5,539,679

Consolidated financial statements / Statement of value added

(In thousand of reais)

Account code	Account description	Current period 01/01/2016 to 06/30/2016	Prior period 01/01/2015 to 06/30/2015
7.01	Revenues	5,342,592	5,082,968
7.01.01	Sales of goods, products and services	5,323,725	5,077,115
7.01.02	Other revenues	7,336	7,769
7.01.04	Set up/Reversal of allowance for doubtful accounts	11,531	(1,916)
7.02	Inputs purchased from third parties	(3,021,813)	(2,847,607)
7.02.02	Materials, electricity, third party services and other	(3,003,487)	(2,829,672)
7.02.03	Loss/recovery of amounts receivable	(18,326)	(17,935)
7.03	Gross value added	2,320,779	2,235,361
7.04	Withholdings	(170,248)	(151,811)
7.04.01	Depreciation, amortization and depletion	(170,248)	(151,811)
7.05	Net value added produced	2,150,531	2,083,550
7.06	Value added received in transfer	317,865	537,826
7.06.02	Financial income	317,865	537,826
7.07	Total value added to be distributed	2,468,396	2,621,376
7.08	Distribution of value added	2,468,396	2,621,376
7.08.01	Personnel	1,079,823	994,584
7.08.01.01	Direct compensation	936,592	858,193
7.08.01.02	Benefits	102,328	95,267
7.08.01.03	Unemployment Compensation Fund (FGTS)	40,903	41,124
7.08.02	Taxes, charges and contributions	605,568	651,799
7.08.02.01	Federal	554,180	595,678
7.08.02.02	State	45,286	50,907
7.08.02.03	Municipal	6,102	5,214
7.08.03	Remuneration of third-party’s capital	237,541	460,978
7.08.03.01	Interest	214,103	441,646
7.08.03.02	Rental	23,438	19,332
7.08.04	Equity capital remuneration	545,464	514,015
7.08.04.01	Interest on equity capital	196,808	146,149
7.08.04.03	Retained profit/loss for the period	340,585	360,591
7.08.04.04	Noncontrolling interest in retained profits	8,071	7,275

Comments on performance

Highlights

- **Net Operating Revenues** in the second quarter of 2016 reached **R$ 2,335.3 million**, 0.6% lower than the 2Q15 and 3.4% lower than the 1Q16;
- **EBITDA** reached **R$ 326.1 million**, and EBITDA margin reached 14.0%, 1.0 percentage point lower than the previous year and 0.2 percentage point lower than the previous quarter;
- **Net Income** totaled **R$ 255.0 million**, with net margin of 10.9% and decrease of 2.3% over the 2Q15 and decrease of 9.7% over the 1Q16;
- **Investments** in capacity expansion and modernization totaled **R$ 194.5 million** in the **first half of 2016**, being 24% in industrial plants in Brazil and 76% abroad, mainly in new electric motors industrial plants in Mexico and China.

"In the second quarter 2016, the business environment remained difficult, especially in Brazil," said Harry Schmelzer Junior, WEG's Chief Executive Officer. "Our focus remained on operational adjustments to preserve margins and returns and on increasing operating cash flow. The expectations for the Brazilian economy are still cloudy, but it seems that we are experiencing a turning point. Outside Brazil, the scenario also is not favorable for growth, but we continue to increase market share", he added.
WEG's CEO also said that "we are responding to the market situation and making adjustments. Our current concern is on capital deployment, on increasing productivity and improving operational execution".

KEY FIGURES

Figures in R$ thousands

	Q2 2016	Q1 2016	%	Q2 2015	%	06M16	06M15	%
Net Operating Revenue	**2,335,255**	**2,416,344**	**-3.4%**	**2,349,432**	**-0.6%**	**4,751,599**	**4,479,723**	**6.1%**
Domestic Market	947,241	994,805	-4.8%	1,051,525	-9.9%	1,942,046	2,079,379	-6.6%
External Markets	1,388,014	1,421,539	-2.4%	1,297,906	6.9%	2,809,553	2,400,343	17.0%
External Markets in US$	395,460	363,565	8.8%	422,464	-6.4%	759,025	807,475	-6.0%
Gross Operating Profit	**641,668**	**672,753**	**-4.6%**	**671,727**	**-4.5%**	**1,314,421**	**1,310,350**	**0.3%**
Gross Margin	27.5%	27.8%		28.6%		27.7%	29.3%	
Net Income	**254,997**	**282,396**	**-9.7%**	**260,881**	**-2.3%**	**537,393**	**506,740**	**6.0%**
Net Margin	10.9%	11.7%		11.1%		11.3%	11.3%	
EBITDA	**326,051**	**342,231**	**-4.7%**	**352,148**	**-7.4%**	**668,282**	**700,509**	**-4.6%**
EBITDA Margin	14.0%	14.2%		15.0%		14.1%	15.6%	
EPS (adjusted for splits)	0.15806	0.17506	-9.7%	0.16170	-2.3%	0.33312	0.31410	6.1%

Werner Ricardo Voigt

On June 01, Mr. Werner Ricardo Voigt, one of the three founders of WEG, passed away due to natural causes.

Werner was born on September 8, 1930; a descendant of German immigrants coming from Düsseldorf region, Werner Ricardo Voigt had always electricity as a continuous passion in mind. Since his childhood, Werner always knew that wires, dynamos, generators and coils would be part of his entire life. At age six, he demonstrated all his vocation to the issues of electricity, producing complete models of sawmills.

Inspired by his grandfather, Werner became a lover of books and music. At age 14, he was playing clarinet perfectly. As a teenager, he lived in Joinville in state of Santa Catarina, where he studied at SENAI technical school and worked in the workshop of Mr. Werner Strohmeyer, rewinding electric motors.

At age18, he was drafted into the Army in Curitiba, Paraná. After military service, he was one of two selected soldiers to attend the Federal Technical School, where he specialized in radiotelegraphy and electronics.

Upon his return to Joinville, he worked at the local electric power company, where he remained for two years. At age 23, he worked in the workshop of "Kanning & Weber."

In September 1953, however, Werner started his own business, establishing a small workshop in downtown Jaraguá do Sul. The workshop succeeded always providing general services, from domestic appliances, in homes and farms within the city, supporting all needs in the area. Assembling radios, manufacturing and installing generators, winding electric motors and supporting the installation of waterwheels in the region.

In 1961, along with Eggon João da Silva and Geraldo Werninghaus he founded the WEG Company, which at that time produced only electric motors. Werner has always been a man focused on technology. Largely responsible for the technological development of WEG, he also contributed to the development of the Brazilian industry. His long-term vision, combined with technical expertise was fundamental to the implementation of technical standards at WEG and also in Brazil. Similarly, his influence was important for the company to adopt the IEC standard (International Electrotechnical Commission), based on the metric system.

Werner was the WEG Technical Director up to 1980. For the following eight years, he was the Managing Director of WEG Energy, which was the responsible to produce generators and high-voltage motors. He was part of WEG's Board of Directors from 1989 to 2005 and was also a member of the WPA Participações, holding which controls the WEG Group.

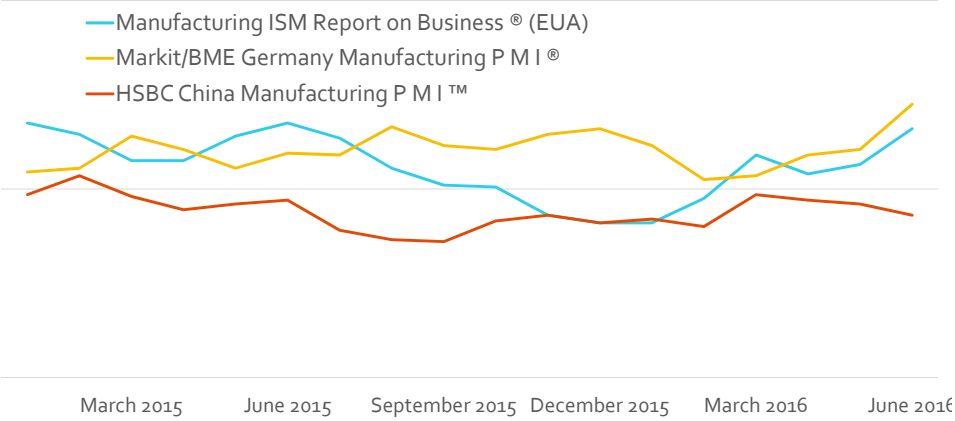
Until the last days of his life, Werner was a regular presence at WEG manufacturing plants. Sharing his experience with the just graduated engineers or already experienced ones with the same pleasure as always. Asking, looking, listening, discovering and talking, Werner divided all of his large experience in production and troubleshooting.

Economic Activity and Industrial Production

We did not notice significant changes in global economic activity in the first half of 2016. As has been common since the 2008/09 crisis, economic activity continues to grow at a slow pace and relatively uneven in different geographies, subject to specific risks. The latest volatility event was the unexpected result of the referendum in the United Kingdom, where the alternative of leaving the European Union was victorious, with expected negative impact on economic growth in the region and, indirectly, in the world.

In any case, industrial activity in Europe seems to be recovering in a more clear way, especially in Germany. Data from the latest purchasing managers surveys confirmed readings above 50, indicating expansion. The same seems to be happening in the US. China, however, continues to adjust, with indicators consistently below 50 for the past several months, showing a decrease of activity.

	June 2016	May 2016	April 2016
Manufacturing ISM *Report on Business* ® (USA)	53.2	51.3	50.8
Markit/BME Germany Manufacturing P M I ®	54.5	52.1	51.8
HSBC China Manufacturing P M I ™	48.6	49.2	49.4



The industrial production data in Brazil released in May show, finally and after several months of decline, signs of a slight improvement. Industrial production was stable compared to the previous month. Comparisons with May 2015 and the index accumulated in 2016 and over the last 12 months are still negative, but already indicate the decline is slowing down. The durable consumer goods and capital goods performance continued to be negative highlights.

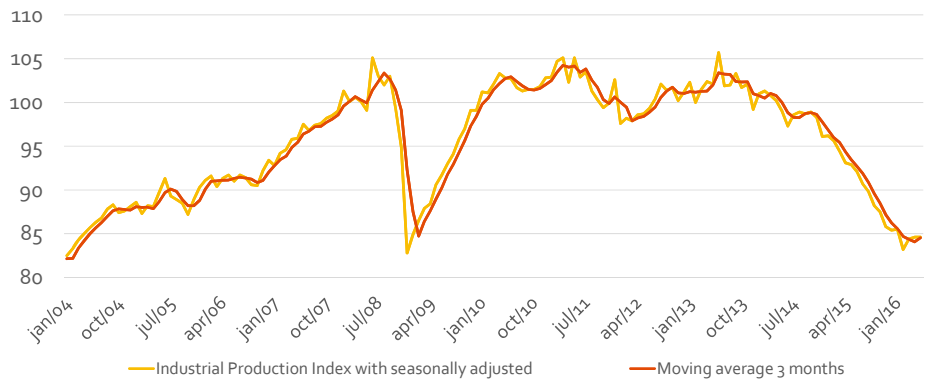
Industrial Indicators in Brazil According to Large Economic Categories

Categories of Use	Change (%)			
	May 16 / Apr 16*	May 16 / May 15	Acummulated	
			On Year	12 months
Capital Goods	1.5	-11.4	-23.0	-26.9
Intermediary Goods	-0.7	-8.1	-9.2	-7.6
Consumer Goods	0.1	-5.4	-7.5	-8.7
Durable Goods	5.6	-17.4	-24.7	-22.4
Semi-durable and non-durable	-1.4	-2.1	-2.4	-4.9
General Industry	**0.0**	**-7.8**	**-9.8**	**-9.5**

Source: IBGE, Research Office, Industry Coordination
(*) Series with seasonal adjustments

Although the drop in industrial production is long and currently we are at production levels similar to those observed in 2004, the moving three-month average of the seasonally adjusted index, considered a good indicator of the trend, was positive compared to the previous month for the first time after nearly two years.

Industrial Production Index (seasonally adjusted)



Source: IBGE, Research Office, Industry Coordination
(Average 2012= base 100)

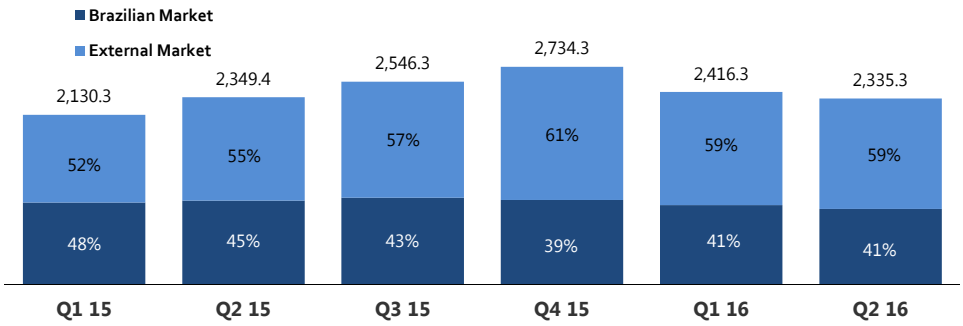
This slight improvement in the industrial production, which has yet to produce clearer impacts on the capital goods production, seems to result from the relative decrease in political and macroeconomic uncertainties. Although the business environment remains weak and Brazil's serious competitiveness problems still demand answers, there was a recovery in the industrial confidence level, which is usually a leading indicator of growth in investments.

Net Operating Revenues

In the second quarter of 2016 WEG's operating performance was hampered by the combination of factors mainly in the Brazilian market. On one hand, there was a rapid change in expectations in the economy, with the prospect of political and economic changes having a significant impact on important prices in the economy, especially in the exchange rate, with a strong appreciation of the Brazilian Real from May onwards. But if expectations have changed, the business context remained unfavorable, as in previous quarters. Also, the Brazilian Real strengthening decreased the profitability of exports from Brazil, diminishing the offset of the weak domestic performance.

Net Operating Revenues totaled R$ 2,335.3 million in the second quarter of 2016 (2Q16), a decrease of 0.6% over the second quarter of 2015 (2Q15) and a decrease of 3.4% over the first quarter of 2016 (1Q16). Adjusted for the transactions occurred in the period (TSS in South Africa, Autrial in Spain and Bluffton in the USA), revenues showed decreases of 4.1% over the 2Q15 and of 5.9% over the 1Q16.

Net Operating Revenues by Market



(Figures in R$ Million)

Net Operating Revenue in 2Q16 breaks down by origin as follows:

- Brazilian Market: R$ 947.2 million, representing 41% of Net Operating Revenue, with decreases of 9.9% over 2Q15 and of 4.8% over 1Q16;
- External Markets: R$ 1,388.0 million, equivalent 59% of Net Operating Revenue. As our selling prices in different markets are almost always denominated in the local currencies, reflecting the competitive conditions and the strength of WEG's brand in each of these markets, it is important to analyze revenues performance in 2Q16 from various points of view:
  - Measured in Brazilian Reais: 6.9% growth over the 2Q15 and decrease of 2,4% over the 1Q16;
  - Measured in Brazilian Reais, excluding the acquisitions (organic): 0.7% growth over the 2Q15 and decrease of 6.8% over the 1Q16;
  - Measured in average US dollar for the quarter: decrease of 6.4% over the 2Q15 and 8.8% growth over the 1Q16;
  - Measured in local currencies, weighted by the revenues in each market: 11.2% growth over the 2Q15.

Evolution of Net Revenue According to Geographic Market

Figures in R$ million

	Q2 2016	Q1 2016	%	Q2 2015	%
Net Operating Revenues	2,335.3	2,416.3	-3.4%	2,349.4	-0.6%
- Brazilian Market	947.2	994.8	-4.8%	1,051.5	-9.9%
- External Markets	1,388.0	1,421.5	-2.4%	1,297.9	6.9%
- External Markets in US$	395.5	363.6	8.8%	422.5	-6.4%

External Market – Distribution of Net Revenue According to Geographic Market

	Q2 2016	Q1 2016	%	Q2 2015	%
North America	38.8%	41.6%	-2.8 pp	42.4%	-3.6 pp
South and Central America	15.6%	13.0%	2.6 pp	15.9%	-0.3 pp
Europe	27.0%	27.8%	-0.8 pp	24.2%	2.8 pp
Africa	8.7%	8.6%	0.1 pp	8.4%	0.3 pp
Australasia	9.9%	9.0%	0.9 pp	9.1%	0.8 pp

Business Area

Industrial Electro-Electronic Equipment – The downturn in industrial investment is global, impacted by weak economic growth. Key client segments in our business, such as Mining and Oil&Gas sectors, suffer from falling commodity prices and have not carried out new capacity expansions for some time. Still, this decline is within normality in virtually all markets in which we operate outside Brazil, meaning that, while the average market growth may be weak, it is possible to find opportunities by diversifying and reducing market risk exposure. For example, we continue to find business opportunities in infrastructure projects and related sectors.

Thus, we continue to invest in people, services, and sales infrastructure to expand our presence in various global markets, strengthening the WEG's brand and improving competitive positioning. Revenue growth was also favored by the consolidation of the Bluffton acquisition, in the USA, that we announced last March. On the other hand, we are adjusting the speed of our capacity expansion abroad, optimizing our capacity utilization, including our units in Brazil.

In Brazil, however, the business slowdown has impacted all business lines. In this abnormal environment, the effectiveness of diversification as a risk management strategy is limited. While there is an expectation that this situation will turn around in the coming months, we have yet to see any substantial signs of improvement. Industrial investment continued to be below normal levels and concentrated on maintenance of installed capacity, while decisions on capacity expansion projects, whether greenfield or brownfield, continue to be delayed.

An eventual recovery of the Brazilian market is expected to start with an increase in demand for serialized and smaller (short cycle) products, more related to short-term investments needed to resume production of idle machinery, and then gradually expand toward more customized and larger (long cycle) products. In the interim, the current decrease in volumes is still only partially offset by sales price adjustments.

Energy Generation, Transmission, and Distribution (GTD) – In GTD revenues in the current quarter reflect the order book obtained in prior periods. The longer this backlog, the slower will be the variations in quarterly revenue as a result of market changes.

Our performance in Energy Generation is heavily dependent on the wind energy market, where the backlog is longer. As production increases, we continue to enjoy manufacturing process and logistics productivity gains and improve business profitability, following the learning curve. In other energy sources, however, the portfolio is much shorter, and we are more exposed to a possible slowdown in order intake from the medium-term scenario of electricity oversupply.

Even with a limited market for new generation projects, we have managed to capture most of the opportunities. In the last A-5 auction, for example, held in April, our customers were winners of virtually all PCH and the only UHE project awarded. With the prospect of slow activity in Brazil, we are leveraging this competitiveness in other markets, particularly in across the Americas, seeking opportunities in distributed generation from renewable sources.

In transmission and distribution (T&D) we also noted that the pace at order intake remains slow. Our manufacturing competitiveness allowed us to capture a significant portion of new and existing orders on the market, but average prices reflect the weaker demand situation.

The T&D market is one where investments should be resumed sooner, as there are several generation projects completed or in the final stages and which will require transmission to connect to the Brazilian grid. In the external markets, we continue to execute our expansion plan with good results, with emphasis mainly in North America, where we are expanding the Transformers product line.

Motors for domestic use – This is the business area that, given the short-cycle characteristic of the products, first felt the effects of the current economic downturn in Brazil. And if the performance in the Brazilian market is still to show significant recovery, at least confirmed that the worst is behind us now. Operations at WEG Yatong in China, that manufacture appliances motors for customers in North America and Europe, showed a normal fluctuation compared to the previous year.

Paints and Varnishes – The dependence on the industrial and consumer goods markets performance in Brazil is significant. Thus, we continue to explore new markets and applications for our products, entering segments where our presence was very small or non-existent until recently, such as auto parts, expanding our participation. We also continue to expand our presence in external markets, mainly in Argentina and in the rest of Latin America.

Distribution of Net Revenue per Business Area

	Q2 2016	Q1 2016	%	Q2 2015	%
Electro-electronic Industrial Equipments	**54.3%**	**53.2%**	**1.1 pp**	**53.6%**	**0.7 pp**
Domestic Market	13.8%	14.9%	-1.1 pp	16.7%	-2.9 pp
External Market	40.5%	38.3%	2.2 pp	36.9%	3.6 pp
Energy Generation , Transmission and Distribution	**28.6%**	**30.7%**	**-2.1 pp**	**29.0%**	**-0.4 pp**
Domestic Market	16.9%	17.3%	-0.4 pp	19.3%	-2.4 pp
External Market	11.7%	13.4%	-1.7 pp	9.7%	2.0 pp
Electric Motors for Domestic Use	**11.9%**	**11.0%**	**0.9 pp**	**12.4%**	**-0.5 pp**
Domestic Market	5.5%	4.8%	0.7 pp	4.6%	0.9 pp
External Market	6.4%	6.2%	0.2 pp	7.8%	-1.4 pp
Paints and Varnishes	**4.8%**	**4.7%**	**0.1 pp**	**4.6%**	**0.2 pp**
Domestic Market	4.1%	4.0%	0.1 pp	3.9%	0.2 pp
External Market	0.7%	0.7%	0.0 pp	0.7%	0.0 pp

Cost of Goods Sold

The Cost of Goods Sold (COGS) totaled R$ 1,693.6 million in 2Q16, 0.9% above 2Q15 and 2.9% below 1Q16. Gross margin reached 27.5%, 1.1 percentage point lower than in 2Q15, and 0.3 percentage point lower than in 1Q16.

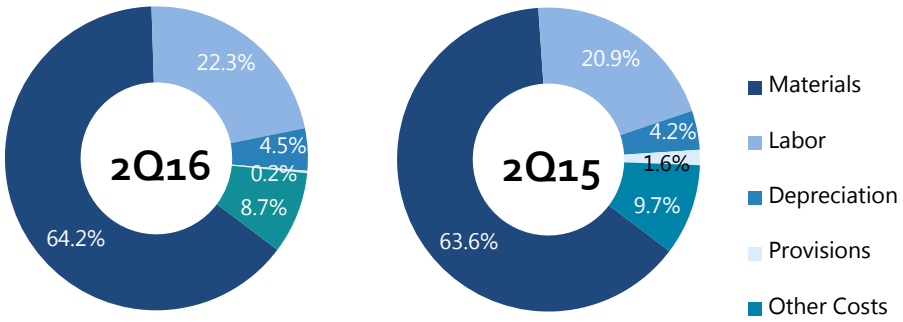
We have worked to neutralize the various factors that had an adverse effect on costs and expenses over 2015, with positive results. Specifically:

- We have been able to increase the selling prices, even under unfavorable conditions in Brazil;
- We are past the impact of the inventory provisions;
- The new businesses, wind generation, and appliance motor manufacturing, are showing improvement, even though they are still performing below the other activities.

Thus, we are creating conditions to absorb new pressures on profitability mainly due to the weak revenues performance in Brazil and its impact on manufacturing and fixed costs dilution. These influences are noticed on the relative increase in the importance of the costs such as labor, depreciation, and other general costs that tend to be more fixed in nature.

We have adjusted our production capacity to this market reality, but this adjustment process must be modulated as have to retain our ability to react. With the prospect of an imminent turnaround in economic activity in Brazil, we have decided to negotiate an agreement to reduce working hours and wages with our employees, preserving the jobs, know-how, and production capacity. The reduction in working hours, valid in almost all units in Brazil, except for the *Linhares* (ES) and *São Bernardo do Campo* (SP) plants, was approved by a significant majority of our employees and is expected to last from June to August, with an option for a three months extension.

COGS Composition



Steel and copper prices, the primary commodities influences in our costs, continued to show significant declines over the previous year. In the 2Q16, the average copper spot prices at the London Metal Exchange (LME) fell by 21.7%, while average steel prices showed a decline of 23.1% when compared to the averages of 2Q15. Steel prices, however, corrected the substantial declines of the beginning of the year and, compared to the average prices of the previous quarter, showed an increase of 20.4%. Copper prices, which did not experience as sharp declines, have remained stable since the end of 2015. As always, the price changes are presented in US dollars, and the variations in the exchange rate impact our cost in Brazilian Reais.

Selling, General, and Administrative Expenses

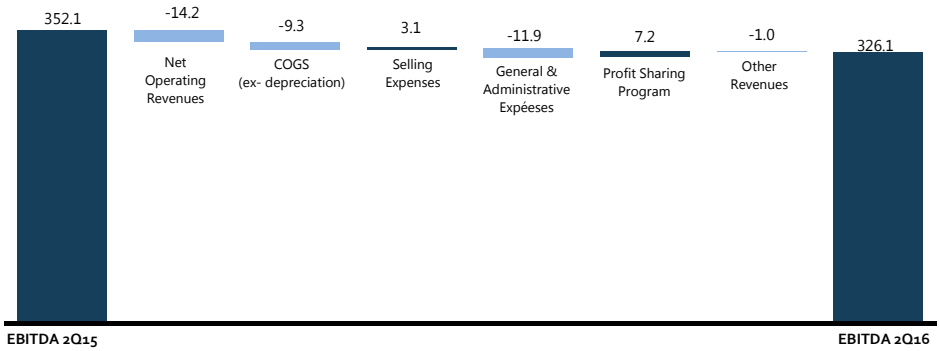
Consolidated selling, general and administrative (SG&A) expenses totaled R$ 354.1 million in 2Q16, 2.9% growth over the 2Q15 and decrease of 1.9% over the previous quarter. Operating expenses represented 15.2% of net operating revenues and, as a result of lower dilution, increased by 0.5 percentage point compared to 2Q15 and 0.2 percentage point compared to 1Q16.
Even in an environment that calls for caution, we have managed to avoid more serious problems in receivables, and the credit provision for doubtful accounts continues within normal levels.

EBITDA and EBITDA Margin

In the 2Q16, EBITDA (according to the Instruction CVM 527/2012) totaled R$ 326.1 million, a decrease of 7.4% over the 2Q15 and decrease of 4.7% over the 1Q16. EBITDA margin reached 14.0%, 1.0 percentage point lower than 2Q15, and 0.2 percentage point lower than 1Q16.

	Q2 2016	Q1 2016	%	Q2 2015	%
Net Operating Revenues	2,335.3	2,416.3	-3.4%	2,349.4	-0.6%
Net Income before Minorities	258.2	287.3	-10.1%	263.2	-1.9%
Net Margin	11.1%	11.9%		11.2%	
(+) Income taxes & Contributions	24.6	30.4	-19.1%	64.9	-62.1%
(+/-) Financial income (expenses)	-41.8	-60.5	-30.9%	-53.5	-21.8%
(+) Depreciation & Amortization	85.1	85.2	-0.1%	77.5	9.8%
EBITDA	326.1	342.2	-4.7%	352.1	-7.4%
EBITDA Margin	14.0%	14.2%		15.0%	

Figures in R$ Million



Net Financial Results

Net financial result was positive in R$ 41.8 million in 2Q16, which compares with a positive result of R$ 53.5 million in the 2Q15 and positive result of R$ 60.5 million in the 1Q16. Despite the continued volatility of the exchange rate, financial results were little influenced, and the income of the derivative transactions used to protect foreign currency exposure was virtually zero.
Despite the increase in risk perception in the Brazilian credit market, WEG continues to find attractive options for its debt as a result of our solid capital structure. The attractive cost of this debt vis-a-vis the interest rates obtained in our cash position is the main explanation of the positive financial result.

Income Tax

In the 2Q16, the provision for "Income Tax and Social Contribution on Net Profit" reached R$ 42.0 million, which compares with R$ 48.5 million and R$ 50.2 million in 2Q15 and 1Q16, respectively. Additionally, a credit of R$ 17.4 million was recorded as ''Deferred Income Tax / social contribution'' in 2Q16, compared to debt of R$ 16.4 million in 2Q15 and credit of 19.8 million in 1Q16. There was no significant increase in the effective rate of income tax in comparison to the previous quarter or the same quarter in 2015. The main reasons are the difference in income tax rates abroad and the lower profitability of the Brazilian operations.

Net Income

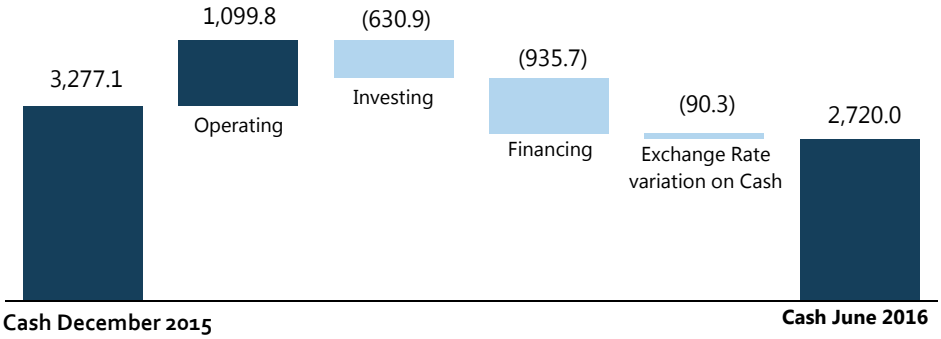
Net income for 2Q16 was R$ 255.0 million, a decrease of 2.3% over 2Q15 and decrease of 9.7% over 1Q16. Net margin of 10.9%, 0.2 percentage point lower than 2Q15 and 0.8 percentage point lower than the previous quarter.

Cash Flow

One of the highlights in the first half of 2016 was the strong cash generation from operating activities of R$ 1,099.8 million, as a result of the consistent efficiency gains in the management of inventories, accounts receivable and payable, and advances from customers, more than offsetting the difficulties of the slowdown in the Brazilian market.

The efforts to optimize production capacity, maximize return on invested capital and the adjustments in the pace cash outflows for the investments in the new manufacturing plants in China and Mexico resulted in a decrease in the cash consumption rate in investing activities in this quarter, which totaled R$ 630.9 million in the first half of 2016.

Finally, we continue to find attractive debt issuance opportunities. We raised R$ 259.3 million in new debt and amortized R$ 697.3 million (net debt amortization of R$ 437.9 million), and paid R$ 502.1 million to capital providers, both on the debt (interest on loans) and the equity (dividends and interest on stockholders' equity). The net result was that the financing activities consumed R$ 935.7 million in the semester.



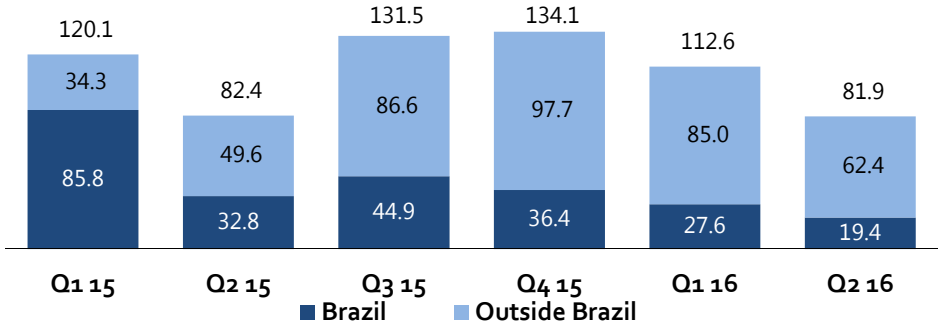
(Figures in R$ Million)

It is important to note that the previous graph shows the cash and cash equivalent positions as presented as current assets. We also have R$ 1,307.0 million as financial investments that do not have immediate liquidity (R$ 1,157.6 million in December of 2015).

Investments

The production capacity expansion abroad, especially the new electric motors industrial plants in Mexico and China, continued to represent the majority of our investments in fixed assets. Although we are adjusting the speed of outflows to optimize the available production capacity in Brazil and maximize the return on capital invested globally, the long-term project does not change.

In the first half of 2016, investments in production capacity expansion and modernization totaled R$ 194.5 million, with 76% allocated to industrial plants and other subsidiaries abroad and 24% for the industrial plants in Brazil.



(Figures in R$ Million)

The 2016 budgeted amount for capacity expansion is R$ 470.0 million. As our investment program has a modular characteristic, we continue to monitor the markets performance and seeking to maximize the return on invested capital.
Expenditures on research, development, and innovation totaled R$ 136 million in the first half of the year. These investments are essential in our business model and for maintaining our global competitiveness. The amount invested is 2.9% of our net operating revenues in half.

Debt and Cash Position

On June 30, 2016, cash, cash equivalents and financial investments totaled R$ 4,193.0 million, invested in first-tier banks and denominated in Brazilian currency. The gross financial debt totaled R$ 4,273.7 million, being 20% in short-term and 80% in long-term. The net debt was of R$ 80.7 million.

(Figures in R$ Million)

	June 2016		December 2015		June 2015	
Cash & Financial instruments	**4,192,985**		**4,813,700**		**4,710,361**	
- Current	4,045,315		4,442,278		4,710,361	
- Long Term	147,670		371,422		-	
Debt	4,273,677	**100%**	5,170,654	**100%**	4,756,053	**100%**
- Current	849,882	20%	1,286,071	25%	2,026,159	43%
- In Brazilian Reais	483,548		638,990		1,182,534	
- In other currencies	366,334		647,081		843,625	
- Long Term	3,423,795	80%	3,884,583	75%	2,729,894	57%
- In Brazilian Reais	1,711,052		1,751,352		1,335,896	
- In other currencies	1,712,743		2,133,231		1,393,998	
Net Cash (Debt)	**(80,692)**		**(356,954)**		**(45,692)**	

The current characteristics of the debt are:

- The total debt duration of 25.5 months. The long-term portion duration is 31.1 months. In December 2015, these durations were 27.7 months and 36.0 months, respectively.
- The duration for portion denominated in Brazilian Reais is 21.1 months and for the portion in foreign currencies is 29.8 months. In December 2015, these durations were 23.2 months and 31.6 months, respectively.
- The weighted average cost of fixed-rate Brazilian Reais denominated debt is approximately 8.0% per year (7.6% per year in December 2015). Floating rate contracts indexed mainly to the Brazilian long-term interest rate TJLP, besides the exchange variation (US$ and local currencies).

Dividends

For the first half of 2016, the Board of Directors approved, ad referendum of a future Annual Shareholders Meeting, the following events as dividends:

- On March 22, as interest on stockholders' equity (JCP), to the gross amount of R$ 89.2 million
- On June 28, as interest on stockholders' equity (JCP) to the gross amount of R$ 107.6 million

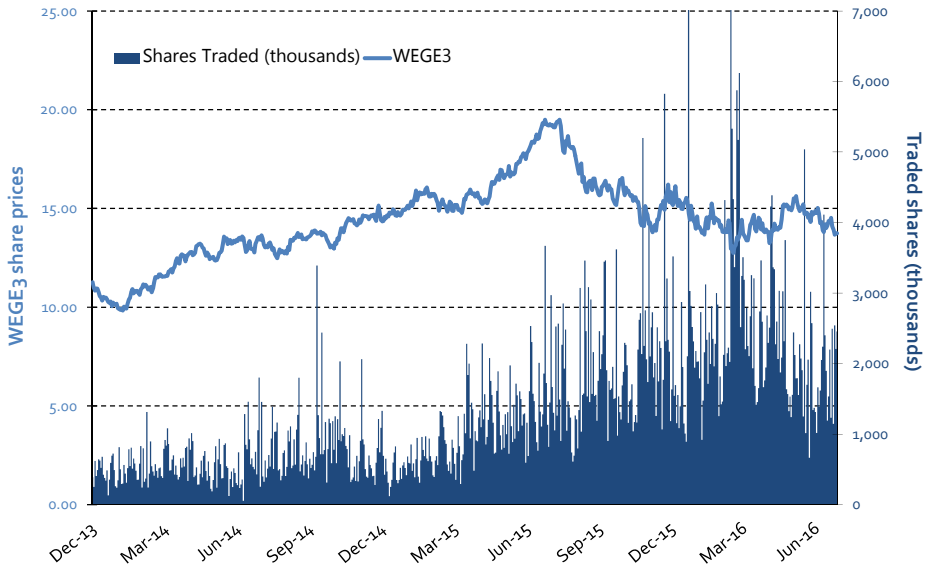
In addition, on July 26, the Board of Directors approved intermediate dividends related to the net income for the first half of 2016, to the total amount of R$ 58.6 million. The proceeds will be paid from August 17, 2016, onwards. Amounts declared as remuneration to shareholders in the first half represented 47.5% of net income for the period.

	1st Half 2016	1st Half 2015	%
Dividends	58.6	133.9	
Interest on Stockholders' Equity	196.8	146.1	
Gross Total	**255.4**	**280.1**	**-8.8%**
Net Earnings	**537.4**	**506.7**	
Total Dividends / Net Earnings	**47.5%**	**55.3%**	

(Figures in R$ Million)

WEGE3 Share Performance

The common shares issued by WEG, traded under the code WEGE3 at BM&F Bovespa, ended the last trading session of June 2016 quoted at R$ 13.74, with a nominal loss of 8.1% in the year and loss of 6.8% considering the dividends and interest on stockholders' equity declared in the period.



The average daily traded volume in 2Q16 was R$ 31.0 million, (R$ 22.5 million in 2Q15). Throughout the quarter 489,646 stock trades were carried out (265.379 stock trades in 2Q15), involving 135.0 million shares (80.0 million in 2Q15) and moving R$ 1,955.3 million (R$ 1,374.9 million in 2Q15).

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

1 Company information

WEG S.A. ("Company") is a publicly-held limited liability corporation headquartered at Avenida Prefeito Waldemar Grubba, 3300, in Jaraguá do Sul - SC, Brazil, holding company comprising the WEG Group ("Group"), whose main activity is the production and trade of capital goods such as electric motors, generators and transformers; gear units and geared motors; frequency converters; motor starters and maneuver devices (circuit breakers); control and protection of electric circuits and industrial automation; electric traction solutions (land and sea); solutions for the generation of renewable and distributed energy, exploring all opportunities in small hydro, thermal biomass, wind and solar energy powerplants; no-breaks and alternators for groups of generators; electric substations; industrial electrical and electronic equipment systems; and industrial paint & varnish. The operations are performed through manufacturing facilities located in Brazil, Argentina, Colombia, Mexico, United Stated, Portugal, Austria, Germany, South Africa, India, and China.
The Company has shares traded on BM&F Bovespa under the code “WEGE3” and has been listed since June 2007 in the special segment of corporate governance called Novo Mercado.
The Company has American Depositary Receipts (ADRs) - Level 1 that are traded on the over-the-counter (*OTC*) market in the United States under the symbol WEGZY.

2 Basis of preparation and statement of compliance

The consolidated and company interim financial statements ("interim financial statements") have been prepared taking into consideration all the Company's significant information prepared in accordance with the International Financial Reporting Standards - "IFRS", which have been implemented in Brazil by the Committee for Accounting Pronouncements ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and the Brazilian Federal Accounting Council ("CFC").

The Technical Pronouncements Review 7 (approved in December 2014) amended CPC 35, CPC 37 and CPC 18 and permitted the use of share of profit of equity-accounted investees in the individual Financial Statements in IFRS, thus eliminating the difference between BR GAAP and IFRS.

The financial statements have been prepared on the historical cost basis, except for the assessment at fair value of certain assets and liabilities and adjusted, when required by the standard.

Authorization to issue this Financial Statement was granted at the executive board's meeting held on July 11, 2016.

The accounting policies, basis of consolidation and methods of calculation adopted in the preparation of quarterly information, as well the estimates and judgments used in applying the accounting policies are the same practiced in preparing the financial statements for the year ended December 31, 2015.

3 Accounting estimates

The financial statements include the use of estimates that took into consideration the Management's assessments and judgments, past and current event experiences, assumptions related to future events and other objective and subjective factors. The significant items subject to those estimates are:
a) credit risk analysis for the determination of the allowance for doubtful accounts;
b) review of the economic useful life of property, plant and equipment, and its recovery in operations;
c) fair value measurement of financial instruments;
d) commitments to employee benefit plan;
e) transactions with stock call option plan;
f) deferred income and social contribution taxes; and
g) provisions for contingencies.

The settlement of transactions involving those estimates may lead to amounts significantly different from those recorded in the financial statements due to the inaccuracies inherent in the estimate process. The aforementioned estimates and assumptions are periodically reviewed.

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

4 Cash and cash equivalents

	COMPANY		CONSOLIDATED	
	06/30/16	**12/31/15**	**06/30/16**	**12/31/15**
a) Cash and banks	**274**	**29**	**285,846**	**477,710**
b) Interest-earning bank deposits	**700,698**	**1,023,328**	**2,434,159**	**2,799,405**
In local currency:	**700,698**	**1,023,328**	**2,374,165**	**2,694,786**
Bank Deposit Certificate (CDB), Repurchase Operation	700,698	1,023,328	2,374,165	2,694,786
In foreign currency:	**-**	**-**	**59,994**	**104,619**
Certificates of Deposits Abroad	-	-	49,440	84,299
Other investments abroad	-	-	10,554	20,320
TOTAL	**700,972**	**1,023,357**	**2,720,005**	**3,277,115**

Investments in Brazil:
Are remunerated at rates ranging between of 100.0% and 105.0% of CDI (100.0% and 105.0% of CDI at December 31, 2015).

Investments abroad:

			CONSOLIDATED	
	Interest rate	**Amounts in the original currency**	**06/30/16**	**12/31/15**
In Euros	0.05% p.a.	583	2,069	13,693
In US Dollars	0.09% to 1.80% p.a.	9,220	29,748	4,212
In Argentine Pesos	27.00% to 32.00% p.a.	67,315	14,827	56,010
In Rand (South Africa)	0.25% to 5.75% p.a.	12,862	2,796	10,384
In other currencies	0.17% to 7.00% p.a.	Sundry	10,554	20,320
TOTAL			**59,994**	**104,619**

5 Financial investments

	COMPANY		CONSOLIDATED	
	06/30/16	**12/31/15**	**06/30/16**	**12/31/15**
Bank Deposit Certificate(CDB) and Repurchase Operations	373,751	-	1,306,954	1,157,644
Other	-	-	178	214
TOTAL	**373,751**	**-**	**1,307,132**	**1,157,858**
Current assets	373,751	-	1,306,954	1,157,644
Non-current assets	-	-	178	214

Financial investments are remunerated at rates ranging between 14.8% to 16.4% p.a. (9.1% to 15.97% p.a. at December 31, 2015).

6 Trade receivables

	CONSOLIDATED	
	06/30/16	**12/31/15**
a) Breakdown of balances:		
Domestic market	1,283,744	1,176,306
External market	1,189,890	1,431,866
SUBTOTAL	**2,473,634**	**2,608,172**
Discounted present value	(7,693)	(6,346)
Allowance for doubtful accounts	(44,368)	(55,899)
TOTAL	**2,421,573**	**2,545,927**
b) Effective losses on doubtful accounts for the period	**9,583**	**21,408**

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

c) Maturity of trade notes:

Due	2,160,092	2,257,888
Overdue: Until 30 days	111,831	155,762
From 31 to 90 days	60,951	101,063
From 91 to 180 days	54,898	30,467
Up to 180 days	85,862	62,992
TOTAL	**2,473,634**	**2,608,172**

The movement of the allowance for doubtful accounts is shown as follows:

Balance at 01/01/2015	**(39,696)**
Losses written off during the year	21,408
Recording of provision for the year	(40,523)
Reversal of provision for the year	2,912
Balance at 12/31/2015	**(55,899)**
Losses written off during the year	9,583
Recording of provision for the year	(5,050)
Reversal of provision for the year	6,998
Balance at 06/30/2016	**(44,368)**

7 Inventories

	CONSOLIDATED	
	06/30/16	**12/31/15**
Finished goods	310,992	303,093
Work in progress	279,771	293,077
Raw materials and other	268,741	315,038
Imports in progress	23,586	62,962
Provision for slow-moving inventory losses	(15,927)	(12,637)
Total inventories - domestic market	**867,163**	**961,533**
Finished goods	448,882	669,880
Work in progress	178,974	199,052
Raw materials and other	215,549	253,980
Provision for slow-moving inventory losses	(66,354)	(75,191)
Total inventories – external market	**777,051**	**1,047,721**
GRAND TOTAL	**1,644,214**	**2,009,254**

The movement of the provision for slow-moving inventory losses is shown as follows:

Balance at 01/01/2015	**(38,944)**
Recording of provision for the year	(51,828)
Reversal of provision for the year	2,944
Balance at 12/31/2015	**(87,828)**
Recording of provision for the year	(3,959)
Reversal of provision for the year	9,506
Balance at 06/30/2016	**(82,281)**

Inventories are insured and their coverage is determined considering the values and level of risk involved. The recording and reversal of provisions for slow-moving inventory losses are recorded in the costs of goods sold.

8 Recoverable taxes

	COMPANY		CONSOLIDATED	
	06/30/16	**12/31/15**	**06/30/16**	**12/31/15**
State VAT (ICMS) on PP&E acquisitions	-	-	25,196	29,824
IVA from foreign subsidiaries	-	-	72,791	109,712
PIS/COFINS on PP&E acquisitions	-	-	2,866	3,670
ICMS	-	-	17,075	20,941
IPI	-	-	18,694	23,925

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

IRPJ/CSLL recoverable	19,577	17,926	122,030	63,254
PIS/COFINS	-	-	26,987	25,327
Reintegra	-	-	892	3,706
Other	-	-	2,845	3,225
TOTAL	**19,577**	**17,926**	**289,376**	**283,584**
Current assets	19,577	17,926	276,319	266,944
Non-current assets	-	-	13,057	16,640

Credits will be realized by the Company and its subsidiaries through regular tax collection, also including tax credits subject to refund and/or offsetting.

9 Related parties

Business transactions of purchase and sale of products, raw materials and contracting of services as well as financial transactions of loans, raising of funds among Group companies and Management fees.

Amount of existing balances:

	COMPANY		CONSOLIDATED	
	06/30/16	**12/31/15**	**06/30/16**	**12/31/15**
EQUITY ACCOUNTS				
Non-current assets	**32**	**10**	**-**	**-**
Management of financial resources				
WEG Equipamentos Elétricos S.A.	32	10	-	-
Current liabilities	**622**	**1,442**	**10,212**	**16,761**
Agreements with the Management	-	-	5,753	3,688
Profit sharing of the Management	622	1,442	4,459	13,073

	COMPANY		CONSOLIDATED	
INCOME ACCOUNTS	**06/30/16**	**06/30/15**	**06/30/16**	**06/30/15**
Management compensation:				
a) Fixed (fees)	**1,182**	**1,061**	**11,526**	**10,894**
Board of Directors	591	487	1,182	975
The Executive Board	591	574	10,344	9,919
b) Variable (profit sharing)	**622**	**1,029**	**4,459**	**8,549**
Board of Directors	311	473	623	945
The Executive Board	311	556	3,836	7,604

Supplementary Information:

a) Business transactions
The purchase and sale transactions regarding inputs and goods are performed under the same conditions performed with unrelated third parties;

b) Management of financial resources
The financial and commercial operations performed between the Group companies are recorded and supported by the Group's convention. The credit/debit contracts executed with the Management are remunerated by interest between 95% and 100% of the CDI variation;

c) Services rendered and other covenants
WEG Equipamentos Elétricos S,A, executed an agreement for "Guarantees and Other Covenants" with Hidráulica Industrial S,A, Ind, e Com. (HISA), for WEG to be the guarantor in loans and provide guarantee to customers (Performance Bond, guarantee insurance, etc,);

d) Sureties and guarantees
WEG SA has sureties and guarantees to subsidiaries abroad, in the amount of US$ 176.6 million (US$ 164.0 million at December 31, 2015);

e) Management's compensation
The Board of Directors members were paid the amount of R$ 1,182 (R$ 975 at June 30, 2015) and the executive board was paid the amount of R$ 10,344 (R$ 9,919 at June 30, 2015), for their services, aggregating the total of R$ 11,526 (R$ 10,894 at June 30, 2015).
It is expected the participation of 0% to 2.5% of consolidated net income to be paid to management provided the minimum operating performance goals are met. The performance goals refer to Return on Capital Investment (50% weight), net operating revenue growth (25% weight) and EBITDA growth (25% weight). The corresponding provision was recorded for the period in the amount of R$ 4,459 (R$ 8,549 at June 30, 2015), under the caption other operating income. The Management receives additional corporate benefits, as follows: Health and dental insurance, life insurance, supplementary private pension fund benefits, among others.

10 Deferred taxes

Deferred income and social contribution tax credits and debts were determined in accordance with the CVM Resolution 599/09 that approved the technical pronouncement CPC 32 - Taxes on income.

a) Breakdown of amounts:

	COMPANY		CONSOLIDATED	
	06/30/16	**12/31/15**	**06/30/16**	**12/31/15**
Corporate income tax (IRPJ) losses	-	-	69,774	73,712
Negative basis of CSLL calculation	-	-	10,506	8,692
Temporary differences:				
Provisions:				
Labor and civil contingencies	-	-	69,873	69,120
Taxes questioned in court	1,591	1,537	34,330	31,008
Losses on trade receivables	-	-	6,840	8,538
Losses on slow-moving inventories	-	-	11,817	13,553
Labor severance pay and contract termination fine	-	-	14,376	16,966
Freight and sales commissions	-	-	8,824	11,055
Third-party services	-	-	57,075	53,660
Employee profit sharing	-	-	17,600	8,842
Unrealized gains from derivatives	-	-	(28,153)	(34,294)
Derivatives - Hedge Accounting	-	-	14,486	-
Acceleration depreciation incentive under Law 11196/05	-	-	(8,152)	(7,067)
Amortization difference between tax goodwill and accounting goodwill	-	-	(28,873)	(28,692)
Amortization difference between tax goodwill and accounting goodwill (useful life)	(15)	(52)	(146,531)	(142,717)
Other	627	765	41,982	44,973
PP&E Deemed costs	(1,459)	(1,469)	(225,341)	(238,718)
TOTAL	**744**	**781**	**(79,567)**	**(111,369)**
Non-current assets	**744**	**781**	**122,810**	**131,327**
Non-current liabilities		**-**	**(202,377)**	**(242,696)**

b) Estimated realization term
Management considers that the deferred assets resulting from temporary differences will be realized in proportion to the realization of contingencies, losses and forecast obligations.

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

In relation to deferred tax credits calculated on income and social contribution tax losses and negative basis of social contribution, management estimates that they will be realized within the next 5 years, taking into consideration the projection of future profits.

11 Investments

11.1 Investments in subsidiaries

	Country	Shareholders Equity	Profit or Loos for the period	Investment in the Capital (%)				Share of profit of equity-accounted investees		Investment book value	
				06/30/16		12/31/15		06/30/16	06/30/15	06/30/16	12/31/15
				Direct	Indirect	Direct	Indirect				
WEG Equipamentos Elétricos S.A. (*)	Brazil	3,915,285	440,033	99.79	0.21	100.00	-	437,212	416,395	3,915,285	4,360,941
RF Reflorestadora Ltda.		163,177	1,557	100.00	-	100.00	-	1,568	2,251	163,177	163,431
WEG Tintas Ltda.		134,370	16,658	99.91	0.09	99.91	0.09	16,643	9,996	133,543	122,014
WEG Amazônia S.A.		42,951	(191)	0.02	99.98	0.02	99.98	-	-	7	7
WEG Administradora de Bens Ltda.		63,843	1,862	79.97	20.03	3.53	96.47	3,169	(145)	51,058	1,120
WEG Logística Ltda.		124,515	9,052	-	100.00	-	100.00	-	-	-	-
WEG Linhares Equips. Elétricos S.A.		247,564	32,754	-	100.00	-	100.00	-	-	1	1
WEG Drives & Controls Aut. Ltda.		431,171	32,594	89.20	10.80	89.20	10.80	29,073	31,295	384,603	370,823
WEG Partner Aerogeradores S.A.		8	-	0.10	99.90	0.10	99.90	-	-	-	-
WEG-Cestari Redut. Motorredut. S.A.		38,741	231	-	50.00	-	50.00	-	-	-	-
WEG Automação Critical Power Ltda.		75,305	2,040	0.01	99.99	0.01	99.99	-	-	11	11
Hidráulica Indl. S.A. Ind. e Com.		33,079	(5,860)	-	62.39	-	62.39	-	-	-	-
Agro Trafo Adm. de Bens S.A.		7,622	(1,008)	91.75	8.25	91.75	8.25	(925)	2,255	6,994	8,770
Injetel Ind. Com. Comp. Plásticos Ltda.		18,716	(478)	-	100.00	-	100.00	-	-	-	-
Paumar S/A Indústria e Comércio		116,348	(5,239)	-	100.00	-	100.00	-	-	-	-
WEG-Jelec Oil and Gas Sol. Aut. Ltda.		10	-	-	100.00	-	100.00	-	-	-	-
Transformadores do Nordeste Ltda.		4,125	(525)	0.01	99.99	0.01	99.99	-	-	-	-
Zest WEG Group Africa (PTY) Ltd.	South Africa	153,588	(6,169)	-	100.00	-	100.00	-	-	-	-
Zest Energy (Pty) Ltd.		5,803	1,501	-	76.09	-	76.09	-	-	-	-
Zest WEG Manufacturing (Pty) Ltd.		1,640	(3,225)	-	100.00	-	100.00	-	-	-	-
Zest WEG Electric (Pty) Ltd.		94,472	(565)	-	74.90	-	74.90	-	-	-	-
Electric/Instrumentations Eng. Cont.(Pty)		17,764	(575)	-	86.67	-	86.67	-	-	-	-
Zest WEG Group Namibia Limited		169	(129)	-	100.00	-	100.00	-	-	-	-
WEG (Germany) GmbH	Germany	37,259	(4,549)	-	100.00	-	100.00	-	-	-	-
Watt Drive GmbH		4,528	(363)	-	100.00	-	100.00	-	-	-	-
Wurttembergische Elektromotoren GmbH		12,644	1,792	-	100.00	-	100.00	-	-	-	-
Antriebstechnik KATT Hessen GmbH		8,139	(201)	-	100.00	-	100.00	-	-	-	-
WEG Equipamientos Electricos S.A.	Argentina	84,943	17,942	10.45	89.55	10.45	89.55	1,755	1,836	8,945	10,386
Pulverlux S.A.		2,686	644	-	100.00	-	100.00	-	-	-	-
EPRIS Argentina S.R.L.		39	(2)	-	100.00	-	100.00	-	-	-	-
WEG Austrália Pty Ltd.	Australia	7,785	(1,317)	-	100.00	-	100.00	-	-	-	-
Watt Drive Antriebstechnik GmbH	Austria	19,130	(6,258)	-	100.00	-	100.00	-	-	-	-
WEG International Trade GmbH		274,899	254,338	-	100.00	-	100.00	-	-	-	-
WEG Holding GmbH		1,691,314	333,402	-	100.00	-	100.00	-	-	-	-
WEG Benelux S.A.	Belgium	36,616	1,984	-	100.00	-	100.00	-	-	-	-
WEG Chile S.A.	Chile	35,004	(479)	8.00	92.00	8.00	92.00	(39)	193	2,882	3,682
WEG (Nantong) Electric Motor Co., Ltd.	China	156,662	14,250	-	100.00	-	100.00	-	-	-	-
Changzhou Machine Master Co., Ltd.		37,432	(2,304)	-	100.00	-	100.00	-	-	-	-
Changzhou Master Machinery Co., Ltd.		(1,283)	(204)	-	100.00	-	100.00	-	-	-	-
Changzhou Sinya Electromotor Co., Ltd.		34,292	(4,869)	-	100.00	-	100.00	-	-	-	-
Changzhou Yatong Jiewei Elect., Ltd.		37,105	(5,821)	-	100.00	-	100.00	-	-	-	-
Wuxi Ecovi Technology Co., Ltd.		2,001	2,307	-	100.00	-	100.00	-	-	-	-
Jiangsu Shiya Elect. Technolog. Co.,Ltd		11,375	(512)	-	100.00	-	100.00	-	-	-	-
The First Drive Technology Co., Ltd.		16,959	-	-	100.00	-	100.00	-	-	-	-
WEG (Jiangsu) Electric Equip. Co., Ltd.		142,101	(5,341)	-	100.00	-	100.00	-	-	-	-
Watt Euro-Drive Far East Pte. Ltd.	Singapore	12,856	878	-	100.00	-	100.00	-	-	-	-
WEG Singapore Pte. Ltd.		3,332	(268)	-	100.00	-	100.00	-	-	-	-
WEG Colômbia S.A.S.	Colombia	50,619	2,916	-	100.00	-	100.00	-	(129)	-	-
FTC Energy Group S.A.		3,806	295	-	100.00	-	51.00	-	-	-	-
Transformadores Suntec S.A.S.		10,786	558	-	100.00	-	100.00	-	-	-	-

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

	Country	Shareeholders Equity	Profit or Loos for the period	Investment in the Capital (%)				Share of profit of equity-accounted investees		Investment book value	
				06/30/16		12/31/15		06/30/16	06/30/15	06/30/16	12/31/15
				Direct	Indirect	Direct	Indirect				
WEG Middle East Fze.	United Arab Emirates	(4,472)	(444)	-	100.00	-	100.00	-	-	-	-
WEG Ibéria Industrial S.L.	Spain	54,218	925	-	100.00	-	100.00	-	-	-	-
Autrial S.L.		(5,068)	1,505	-	51.00	-	51.00	-	-	-	-
WEG Electric Corp.	United States	251,865	12,423	-	100.00	-	100.00	-	-	-	-
Electric Machinery Company Inc.		24,174	1,461	-	100.00	-	100.00	-	-	-	-
WEG Service Co.		12,969	439	-	100.00	-	100.00	-	-	-	-
FTC Energy Group Inc.		271	45	-	51.00	-	51.00	-	-	-	-
Bluffton Motor Works, LLC.		250,924	4,523	-	100.00	-	-	-	-	-	-
MWRG, LLC.		5,871	31	-	100.00	-	-	-	-	-	-
DCPG, LLC.		9,567	412	-	100.00	-	-	-	-	-	-
WEG France SAS	France	15,212	(1,473)	-	100.00	-	100.00	-	-	-	-
Zest Electric Ghana Ltd.	Ghana	1,014	1,316	-	100.00	-	100.00	-	-	-	-
E & I Electrical Ghana Ltd.		(428)	(287)	-	90.00	-	90.00	-	-	-	-
WEG Industries Índia Private Ltd.	India	167,431	8,382	-	100.00	-	100.00	-	-	-	-
WEG Electric (Índia) Private Ltd.		1,787	(836)	-	100.00	5.00	95.00	(8)	52	-	155
WEG (UK) Ltd.	England	22,113	579	-	100.00	-	100.00	-	-	-	-
WEG Itália S.R.L.	Italy	21,712	1,408	-	100.00	-	100.00	-	-	-	-
WEG Electric Motors Japan Co. Ltd.	Japan	2,857	100	-	95.00	-	95.00	-	(8)	-	-
Watt Euro-Drive SDN BHD	Malaysia	1,695	(118)	-	100.00	-	100.00	-	-	-	-
WEG México S.A. de C.V.	Mexico	193,526	16,941	-	100.00	-	100.00	-	-	1	1
WEG Transform. México S.A. de C.V.		55,982	8,228	-	60.00	-	60.00	-	-	-	-
Voltran S.A. de C.V.		70,631	12,801	-	60.00	-	60.00	-	-	-	-
ENI Eletrical Mozambique (Pty) Limited	Mozambique	16	(6)	-	66.67	-	66.67	-	-	-	-
WEG Peru S.A.	Peru	2,111	(530)	0.05	99.95	0.05	99.95	-	-	1	2
WEG Euro Ind. Electrica S.A.	Portugal	69,694	4,491	-	100.00	5.74	94.26	400	422	-	5,037
WEG Electric CIS	Russia	4,508	1,308	-	100.00	-	100.00	-	-	-	-
WEG Scandinavia AB	Sweden	6,685	(4,645)	-	100.00	-	100.00	-	-	-	-
ENI Eletrical Tanzania (Pty) Limited	Tanzania	594	63	-	100.00	-	100.00	-	-	-	-
WEG Indústrias Venezuela C.A.	Venezuela	5,159	(3,898)	-	100.00	-	100.00	-	-	-	-
E & I Zambia Ltd.	Zambia	(518)	(308)	-	50.00	-	50.00	-	-	-	-
TOTAL								**488,848**	**464,413**	**4,666,508**	**5,046,381**

(*)Equity pickup adjusted by unearned income between related parties.

11.2 Acquisitions in 2016

(i) Bluffton Motor Works, LLC.
The subsidiary WEG Electric Corp., acquired the company Bluffton Motors Works, LLC., which operates in the manufacture of electric motors in USA. The goodwill in the amount of R$ 210,364 was initially measured as the excess of the consideration transferred in relation to net assets acquired. Inclusion in the consolidated balance sheet as from March 2016.

12 Property, plant and equipment

		COMPANY		CONSOLIDATED	
		06/30/16	12/31/15	06/30/16	12/31/15
Land		1,440	1,440	368,286	394,311
Constructions and Facilities		5,639	5,639	1,122,261	1,125,488
Equipment		-	-	3,558,277	3,571,271
Furniture and fixtures		-	-	118,521	126,801
Hardware		-	-	103,979	107,294
Construction in progress		-	-	207,126	268,141
Reforestation		-	-	54,558	54,044
Other		-	-	94,665	99,698
Total property, plant and equipment		**7,079**	**7,079**	**5,627,673**	**5,747,048**
Accumulated depreciation/depletion	**Annual depreciation rate (%)**	**(2,541)**	**(2,483)**	**(2,535,641)**	**(2,482,150)**
Constructions and facilities	02 to 03	(2,541)	(2,483)	(303,538)	(303,281)
Equipment	05 to 20	-	-	(2,045,482)	(1,991,669)

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

Furniture and fixtures	07 to 10	-	-	(71,128)	(73,780)
Hardware	20 to 50	-	-	(77,360)	(76,409)
Reforestation	-	-	-	(18,173)	(16,921)
Other	-	-	-	(19,960)	(20,090)
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET		**4,538**	**4,596**	**3,092,032**	**3,264,898**

a) Summary of changes in property, plant and equipment - consolidated:

PP&E Classification	12/31/15	Transfer between classes	Acquisitions	Write-offs	Depreciation and depletion	Foreign Exchange effect	06/30/16
Land	394,311	(1,518)	259	(1,990)	-	(22,776)	368,286
Constructions and facilities	822,207	30,031	30,651	(113)	(15,532)	(48,521)	818,723
Equipment	1,579,602	22,300	132,358	(4,582)	(131,890)	(84,993)	1,512,795
Furniture and fixtures	53,021	(129)	2,046	(299)	(4,274)	(2,972)	47,393
Hardware	30,885	1,101	2,769	(91)	(6,346)	(1,699)	26,619
Construction in progress	268,141	(49,907)	47,736	(14)	-	(58,830)	207,126
Reforestation	37,123	(20)	514	-	(1,232)	-	36,385
Advances to suppliers	71,902	(2,178)	15,241	-	-	(17,372)	67,593
Other	7,706	320	3,846	(504)	(2,041)	(2,215)	7,112
TOTAL	**3,264,898**	**-**	**235,420**	**(7,593)**	**(161,315)**	**(239,378)**	**3,092,032**

b) Amounts offered in guarantee – PP&E items were provided as collateral for loans, financing, labor claims and tax suits in the consolidated amount of R$ 25,005 (R$ 24,145 as of December 31, 2015).

13 Intangible - consolidated

	Amortization / No. of years	Cost	Accumulated amortization	06/30/16	12/31/15
Software license	5	108,407	(74,665)	33,742	36,964
Right to use property	50 – 99	58,802	(18,201)	40,601	51,051
Other	5	206,045	(179,999)	26,046	29,379
Subtotal		**373,254**	**(272,865)**	**100,389**	**117,394**
Goodwill - Acquisition of subsidiaries	-	864,019	(21,352)	842,667	669,320
TOTAL		**1,237,273**	**(294,217)**	**943,056**	**786,714**

a) Summary of changes in intangible assets:

	12/31/15	Additions	Write-offs	Transfer	Amortization	Foreign Exchange effect	06/30/16
Software license	36,964	2,930	(59)	-	(4,930)	(1,163)	33,742
Right to use property	51,051	-	-	-	(376)	(10,074)	40,601
Other	29,379	904	-	-	(3,627)	(610)	26,046
Subtotal	**117,394**	**3,834**	**(59)**	**-**	**(8,933)**	**(11,847)**	**100,389**
Goodwill - Acquisition of subsidiaries	669,320	210,364	-	(1,845)	-	(35,172)	842,667
TOTAL	**786,714**	**214,198**	**(59)**	**(1,845)**	**(8,933)**	**(47,019)**	**943,056**

b) Purchase Price Allocation – PPA:

In February 2016 was finalized the PPA report (Purchase Price Allocation) of the company Antriebstechnik KATT Hessen GmbH., acquired in January 2015. As a result of the PPA the amount of R$ 1,845 initially recognized as goodwill was recorded in property, plant and equipment according to their fair value. The PPA report did not identify other assets or liabilities at fair value to be recognized.

c) Amortization schedule of intangible assets (except goodwill):

	06/30/16	12/31/15
2016	9,055	17,144
2017	17,059	17,120
2018	15,786	15,787
2019	12,400	11,878
2020	6,836	7,646
2021 onwards	39,253	47,819
TOTAL	**100,389**	**117,394**

14 Loans and financing

Direct loans from BNDES and FINEP are guaranteed by the parent company WEG S.A.'s sureties. FINAME operations are guaranteed by sureties and collateral.
All covenant clauses related to indicators of capitalization, current liquidity and the relation between net debt/Ebitda included in the contracts entered into with BNDES are being met.

		CONSOLIDATED	
Modality	**Annual charges at 06/30/16**	**06/30/16**	**12/31/15**
BRAZIL			
SHORT TERM		**492,645**	**736,784**
In Reais, prefixed rate			
Working capital	3.5% to 11.0% p.a.	387,915	573,271
Property, plant and equipment	2.5% to 8.7% p.a.	6,216	4,429
In Reais, floating rate			
Working capital	TJLP (+) 1.4% to 2.0% p.a.	47,569	45,959
Working capital	UFIR (+) 1.0% to 4.0% p.a.	9,524	10,781
In US Dollar			
Working capital (ACCs)	Variation US$ (+) 1.2% p.a.	-	39,833
Prepayment of Export (PPE)	Variation US$ (+) Libor (+) 1.1% p.a.	37,764	59,398
Other			
Other	Sundry	3,657	3,113
LONG TERM		**3,054,899**	**3,464,966**
In Reais, prefixed rate			
Working capital	3.5% to 11.0% p.a.	1,515,910	1,575,013
Property, plant and equipment	2.5% to 8.7% p.a.	19,720	23,018
In Reais, floating rate			
Working capital	TJLP (+) 1.4% to 2.0% p.a.	92,229	116,672
Working capital	UFIR (+) 1.0% to 4.0% p.a.	18,980	24,190
In US Dollar			
Prepayment of Export (PPE)	Variation US$ (+) Libor (+) 1.0% to 1.5% p.a.	1,401,351	1,717,848
Other			
Other	Sundry	6,709	8,225
ABROAD			
SHORT TERM		**326,421**	**547,849**
In US Dollar			
Working capital	Libor (+) 1.4% to 1.55% p.a.	120,396	128,911
In Euros			
Working capital	Euribor (+) 1.3% p.a.	72,468	210,066
In Mexican Pesos			
Working capital	TIIE + 1.1% p.a.	69,071	8,623
In Renmimbi (China)			
Working capital	3.9% to 5.4% p.a.	-	92,664
Other currencies			

Working capital	Local market rates	64,486	107,585
LONG TERM		**300,528**	**403,369**
In US Dollar			
Working capital	Libor (+) 1.5% p.a.	81,087	120,653
In Euros			
Working capital	Euribor (+) 2.0% to 3.0% p.a.	27,809	27,736
In Mexican Pesos			
Working capital	TIIE (+) 1.1% p.a.	129,701	169,825
In Rand (South Africa)			
Working capital	8.4% to 10.5% p.a.	61,385	84,291
Other currencies			
Working capital	Local market rates	546	864
TOTAL SHORT TERM		**819,066**	**1,284,633**
TOTAL LONG TERM		**3,355,427**	**3,868,335**

Maturity of long-term financing and loans:

	06/30/16	12/31/15
2017	531,947	747,392
2018	1,322,488	1,527,427
2019	942,659	1,155,849
2020	60,210	193,391
2021	145,947	48,074
2022 onwards	352,176	196,202
TOTAL	**3,355,427**	**3,868,335**

15 Provisions for contingencies

The Company and its subsidiaries are parties to administrative and judicial proceedings of labor, civil and tax nature arising from the normal activities of their business. The corresponding provisions were recorded for proceedings the likelihood of loss of which was rated as “probable” based on the estimate of value at risk determined by the Company’s legal counselors. The Company's Management estimates that the provision for contingencies recorded is sufficient to cover any possible losses arising from the proceedings in progress.

a) Balance of provisions for contingencies:

		COMPANY		CONSOLIDATED	
		06/30/16	12/31/15	06/30/16	12/31/15
(i) Tax:		**4,680**	**4,520**	**137,798**	**106,635**
- IRPJ and CSLL	(a.1)	-	-	40,632	18,363
- INSS	(a.2)	4,204	4,044	55,403	49,513
- PIS and COFINS	(a.3)	-	-	32,659	30,097
- IRRF		476	476	476	476
- Others		-	-	8,628	8,186
(ii) Labor		**-**	**-**	**158,804**	**146,714**
(iii) Civil		**-**	**-**	**75,268**	**83,107**
(iv) Others		**-**	**-**	**4,063**	**3,512**
TOTAL		**4,680**	**4,520**	**375,933**	**339,968**

b) Changes in the provisions for contingencies for the period - consolidated:

	12/31/15	Additions	Interest	Write-offs	Reversals	06/30/16
a) Tax	106,635	28,765	2,398	-	-	137,798
b) Labor	146,714	18,600	1,230	(7,054)	(686)	158,804
c) Civil	83,107	3,827	(638)	(8,560)	(2,468)	75,268
d) Others	3,512	551	-	-	-	4,063
TOTAL	**339,968**	**51,743**	**2,990**	**(15,614)**	**(3,154)**	**375,933**

c) The provisions recorded basically refer to:

(i) Tax contingencies

(a.1) Refers to the proceeding to IPC difference of January 1989 (Plano Verão) on monetary correction of 16.24% and the process concerning the exclusion in the expenditures calculation basis with the PD&I projects (Lei do Bem);

(a.2) This refers to social security contribution taxes payable. The litigation refers to social security charges levied on the private pension plan, profit sharing, education allowance, among others;

(a.3) Refers to non-ratification by the Brazilian Federal Revenue Department (FRB) about the request for offsetting the credit balance of PIS and COFINS with federal tax debts.

(ii) Labor contingencies

The Company and its subsidiaries are defendants in labor claims primarily involving health and risk exposure, among others. The amount provided for is R$ 158,804 (R$ 146,714 as of December 31, 2015).

(iii) Civil contingencies

These correspond primarily to civil lawsuits, including personal injury, aesthetic damage, occupational diseases and indemnities arising out of occupational accidents. The amount provided for is R$ 75,268 (R$ 83,107 as of December 31, 2015).

d) Judicial deposits:

	COMPANY		CONSOLIDATED	
	06/30/16	**12/31/15**	**06/30/16**	**12/31/15**
Tax	4,249	3,913	34,702	31,718
Labor and Civil	-	4,327	11,576	20,181
Others	-	-	988	991
TOTAL RESTRICTED JUDICIAL DEPOSITS	**4,249**	**8,240**	**47,266**	**52,890**
- Non-restricted judicial deposits	-	-	2,413	2,920
TOTAL JUDICIAL DEPOSITS	**4,249**	**8,240**	**49,679**	**55,810**

The non-restricted judicial deposits related to contingencies are waiting authorization for withdrawal from court.

e) Contingencies assessed as possible losses:

The Company and its subsidiaries are parties to other suits, whose chances of loss are assessed as "possible", for which no provision for contingencies was recorded.

The estimated amount of such litigation relates to the tax proceedings totaling R$ 98,404 (R$ 86,498 as of December 31, 2015). The main proceedings assessed as "possible" loss are:

- taxation on profits earned abroad in the total estimated amount of R$ 48.0 million;
- no approval of IPI credits in the amount of R$10.6 million;
- levy of ICMS-ST on purchase transactions of raw materials amounting to 15.8 million.

16 Private pension plan

The Company and its subsidiaries are sponsors of WEG Social Security - Private Pension Plan, which seeks to supplement the retirement benefits offered by the official social security system.

The Plan managed by WEG Seguridade Social includes monthly income benefits (retirement), annual bonus, supplemental sickness benefits, supplemental disability retirement, pension due to death, supplementation of the annual bonus and death benefit.

The number of participants is 19,656 (22,018 at June 30, 2015). The Company and its subsidiaries made contributions in the amount of R$ 14,590 (R$ 14,678 at June 30, 2015).

Based on actuarial calculations carried out by independent actuaries, aiming to define the liabilitie net value between the defined benefit obligation and the fair value of plan assets in accordance with the procedures established by the CVM Resolution 695/12 – technical pronouncement CPC 33 (R1) Employee Benefits. The Company maintains a provision recorded in the amount of R$ 4,092 (R$ 4,092 at December 31, 2015).

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

17 Equity

a) Capital

The Company's capital consists of 1,614,353,076 registered book-entry ordinary shares with no par value, all with voting rights, including 1,123,981 treasury shares pursuant to item "c".

b) Shareholder compensation - Interest on equity capital

b.1.) Dividends and interest on equity capital

The Company stated on the first semester of 2016, interest on own capital in the gross amount of R$ 196,808 (net R$ 167,287), corresponding to R$ 0.104 per share, after the deduction of pursuant to § 2 of Article 9 of Law No. 9,249 / 95, except for corporate shareholders who are exempt from this tax, according to the following Board of Directors' approval:

I. In March 22, 2016, the Gross value of R$ 89,196 (net R$ 75,817) corresponding to R$ 0.047 per share, after the deduction of pursuant to § 2 of Article 9 of Law No. 9,249 / 95, except for corporate shareholders who are exempt from this tax.

II. In June 28, 2016, the Gross value of R$ 107,612 (net R$ 91,470) corresponding to R$ 0.057 per share ,after the deduction of pursuant to § 2 of Article 9 of Law No. 9,249 / 95, except for corporate shareholders who are exempt from this tax.

b.2.) Dividends

The Board submitted to the Board of Directors approval the proposal of distribution of interim dividends on the results recorded in the first half of 2016, the amount of R$ 58,565 (R$ 0.036 per share). The proposed value is recorded in the line "Proposed dividends" in Equity.

The interest on own capital, pursuant to Article 37 of the Bylaws and Article 9 of Law No. 9,249 / 95, will be imputed to mandatory dividends, paid from August 17, 2016.

The total value of net interim dividends and interest on own capital to be paid is R$ 225.9 millions, equivalent to 42.03% of net profit earned during the period.

c) Treasury shares

The shares acquired by the Company are held in treasury for use in connection with exercise of share purchase option by the beneficiaries of the Share Purchase Option Program of the Company or subsequent disposal or cancellation.

The amount of 381,399 shares were exercised by the beneficiaries of the Share Call Option Plan in the first quarter of 2016. The Company holds in treasury 1,123,981 shares at the average cost of R$ 11.34 per share in the total amount of R$ 12,744 (R$ 17,069 at December 31, 2015).

18 Stock option plan

(i) Plan description

The Plan is managed by the Board of Directors, seeking to grant Stock Call Option Plans of WEG S.A.'s (Company) shares or its subsidiaries with head offices located in Brazil to to its statutory officers so as to attract, motivate and retain them, as well as align their interests to those of the Company and its shareholders.
Each option grants its bearer with the right to acquire 1 (one) ordinary Company-issued share (BM&FBOVESPA: "WEGE3"), strictly according to the terms and conditions established in the Plan ("Option").

The stock options to be granted are limited to the maximum of 2% (two percent) of the total shares representing the Company's capital.
The participant must maintain the invested shares blocked during the retention period, according to the minimum levels determined by the Plan.
The Plan may be extinguished, suspended or altered at any moment, through a proposal approved by the Company's Board of Directors.

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

(ii) Programs description
The Board of Directors may approve, each semester, a Share Purchase Option Programs ("Programs"), which will define the participants, number of Options, exercise price, Option distribution, term and other rules specific to each Program.

In order to participate in each Program, the participant must invest an amount of your variable compensation in each period in Company's shares.

Program	Number of Options Rights	Average value in Reais (R$)				Unearned cash (R$ Thousand)
		Exercise Price	IPCA Corrected Price	Option price	Option difference	
April/11	163,155	8.08	9.36	12.68	3.32	785
September/11	71,398	6.71	7.87	10.40	2.54	236
March/12	169,393	7.38	8.67	11.30	2.64	515
September/12	95,053	6.73	7.91	10.51	2.60	276
April/13	214,688	9.40	11.10	14.33	3.23	692
September/13	108,862	9.60	11.40	15.58	4.19	455
March/14	221,040	10.48	12.54	17.30	4.76	1,053
August/14	91,160	13.12	15.75	19.77	4.03	367
March/15	187,020	14.05	16.90	22.49	5.60	1,046
August/15	181,055	16.60	19.60	25.44	5.84	1,058
March/16	194,575	13.09	15.82	21.85	6.03	1,173
TOTAL	**1,697,399**					**7,656**

The weighted average fair value was determined based on the *Black-Scholes-Merton* method, considering the following aspects:

Program	Option exercise price (R$)	Option lifespan - in days	Current corresponding share price (R$)	Expected volatility in share price (%)	Interest rate free of risk for the option lifespan (%)
April/11	8.08	755 – 1,260	8.50	13.17	12.79 – 12.83
September/11	6.71	756 – 1,259	6.95	14.94	10.90 – 11.22
March/12	7.38	755 – 1,257	7.62	14.93	9.76 – 10.33
September/12	6.73	753 – 1,257	7.73	12.25	8.32 – 8.78
April/13	9.40	760 – 1,260	9.89	14.27	8.67 – 9.24
September/13	9.60	756 – 1,258	10.68	14.13	11.29 – 11.81
March/14	10.48	753 – 1,257	12.16	10.26	12.28 – 12.58
August/14	13.12	754 – 1,257	13.45	10.02	11.26 – 11.28
March/15	14.05	751 – 1,254	15.21	19.73	13.26 – 13.43
August/15	16.60	752 – 1,255	16.62	21.25	13.74 – 13.78
March/16	13.09	753 – 1,256	14.01	33.44	13.79 – 13.93

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

Summary of the plan's shares movement:

Number of shares

Program	12/31/15	Granted	Expired/ Canceled	Exercised	06/30/16
April/11	60,156	-	-	(50,968)	9,188
September/11	38,412	-	-	(26,346)	12,066
March/12	114,576	-	-	(97,806)	16,770
September/12	71,362	-	-	(27,992)	43,370
April/13	171,576	-	-	(85,755)	85,821
September /13	95,038	-	-	(31,462)	63,576
March/14	221,040	-	-	(61,070)	159,970
August/14	91,160	-	(18,000)	-	73,160
March/15	187,020	-	(68,000)	-	119,020
August /15	181,055	-	-	-	181,055
March /16	-	194,575	-	-	194,575
TOTAL	**1,231,395**	**194,575**	**(86,000)**	**(381,399)**	**958,571**

The recognition of expenses on stock options is carried out throughout the period of acquisition of *"vesting rights".*

In June 30, 2016, the amount of R$ 730 (R$ 426 at June 30, 2015) was recorded in the account other income in the financial statements for the year in counterpart to the capital reserve in Equity.

The options exercised in the first quarter of 2016 were recorded in the amount of R$ 1,131 (R$ 374 at June 30, 2015) being recorded in equity the amount of R$ 1,729 (R$ 762 at June 30, 2015) in the legal reserve account and the amount of R$ 598 (R$ 388 at June 30, 2015) reversal to the amount provided for and recognized in the retained earnings account.

The accumulated amount recorded in equity totals as of June 30, 2016 R$ 1,474 (R$ 2,474 as of December 31, 2015).

19 Plan Long Term Incentive (Plan ILP)

The Extraordinary General Meeting held on June 28, 2016 approved the establishment of the compensation plan based on shares, called Long Term Incentive Plan (PLAN ILP) in favor of its directors and managers, and of the cancellation of the Plan Option Company shares, approved by the EGM of February 22, 2011 and subsequent amendments, subject to the contracts already signed and not yet completed.

20 Net revenue

	CONSOLIDATED	
BREAKDOWN OF NET REVENUE	**06/30/16**	**06/30/15**
Gross revenue	**5,416,097**	**5,156,569**
Domestic market	2,471,860	2,651,727
External market	2,944,237	2,504,842
Deductions	**(664,498)**	**(676,846)**
Taxes	(572,126)	(597,393)
Returns/Rebates	(92,372)	(79,453)
Net revenue	**4,751,599**	**4,479,723**
Domestic market	1,942,046	2,079,380
External market	2,809,553	2,400,343

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

21 Construction contracts

Construction contracts' revenues and costs are recognized according to the execution of each project using the method of incurred costs percentage.

	CONSOLIDATED	
	06/30/16	06/30/15
Gross operating revenues recognized	469,186	307,375
Incurred costs	(386,443)	(277,640)

	06/30/16	12/31/15
Advances received	347,326	187,853

22 Operating expenses by nature and function

	CONSOLIDATED	
	06/30/16	06/30/15
EXPENSE BY NATURE	**(4,253,565)**	**(3,931,024)**
Depreciation, amortization and depletion	(170,248)	(151,811)
Personnel expenses	(1,132,044)	(1,002,172)
Raw materials, use materials and consumables	(2,226,692)	(2,036,658)
Freight and insurance costs	(117,081)	(126,599)
Other expenses	(607,500)	(613,784)
EXPENSE BY FUNCTION	**(4,253,565)**	**(3,931,024)**
Cost of goods sold and services rendered	(3,437,178)	(3,169,373)
Selling expenses	(475,199)	(443,036)
General and administrative expenses	(228,345)	(203,475)
Management's fees	(11,526)	(10,894)
Other operating expenses	(101,317)	(104,246)

23 Other operating revenue/expenses

The recorded amounts refer to profit sharing, reversal/ provision for tax lawsuits and other, as follows:

	CONSOLIDATED	
	06/30/16	06/30/15
OTHER OPERATING REVENUES	**8,576**	**6,451**
- Others	8,576	6,451
OTHER OPERATING EXPENSES	**(109,893)**	**(110,697)**
- Profit sharing - Employees	(71,423)	(71,747)
- Profit sharing - foreign subsidiaries	(14,444)	(13,782)
- Profit sharing - Management	(4,459)	(8,549)
- Recording/Reversal of provision for tax lawsuits	(3,685)	(3,209)
- Tax incentives - Rouanet Law	(415)	(2,138)
- Others	(15,467)	(11,272)
TOTAL NET	**(101,317)**	**(104,246)**

24 Financial income, net

	COMPANY		CONSOLIDATED	
	06/30/16	06/30/15	06/30/16	06/30/15
FINANCIAL INCOME	**52,486**	**46,724**	**317,865**	**537,826**
Short-term investment yield	**69,087**	**56,232**	**249,690**	**219,386**
Exchange variation	**-**	**-**	**210,647**	**141,473**
Exchange variation - trade payables	-	-	59,607	54,780
Exchange variation - trade receivables	-	-	48,310	88,745
Exchange variation - Loans	-	-	87,971	32,779

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

Exchange variation - Other	-	-	14,759	(34,831)
Present value adjustment - trade receivables	**-**	**-**	**33,595**	**29,630**
PIS/COFINS on interest on equity capital	**(13,720)**	**(9,647)**	**(13,799)**	**(9,748)**
PIS/COFINS on financial income	**(3,228)**	**-**	**(12,393)**	**-**
Derivative	**-**	**-**	**(193,032)**	**127,427**
PROEX - Equaliz. of Interest rate	**-**	**-**	**11,494**	**8,408**
Other income	**347**	**139**	**31,663**	**21,250**
FINANCIAL EXPENSES	**(136)**	**(82)**	**(215,510)**	**(442,675)**
Interest on loans and financing	**-**	**-**	**(120,540)**	**(98,776)**
Exchange variation	**-**	**-**	**56,562**	**(281,604)**
Exchange variation - trade payables	-	-	(22,313)	(31,055)
Exchange variation - trade receivables	-	-	(115,412)	(44,458)
Exchange variation - Loans	-	-	224,756	(198,552)
Exchange variation - Other	-	-	(30,469)	(7,539)
Present value adjustment - trade payables	**-**	**-**	**(16,346)**	**(13,632)**
Derivative	**-**	**-**	**(102,723)**	**(22,771)**
Other expenses	**(136)**	**(82)**	**(32,463)**	**(25,892)**
NET FINANCIAL INCOME	**52,350**	**46,642**	**102,355**	**95,151**

25 Provision for income and social contribution taxes

The parent company and subsidiaries in Brazil determine income and social contribution taxes according to taxable income, except for WEG Administradora de Bens Ltda, and Agro Trafo Miner., Agric., Pec. e Administradora de Bens S.A., which adopt the determination using the presumed income. The provision for income tax was recorded at a 15% rate, plus of additional of 10% and social contribution net income at a 9% rate. The taxes abroad are recorded according to the legislation of each country.

Reconciliation of income and social contribution taxes:	**COMPANY**		**CONSOLIDATED**	
	06/30/16	**06/30/15**	**06/30/16**	**06/30/15**
Income before taxes on profit	537,706	507,370	600,389	643,850
Statutory combined rates	**34%**	**34%**	**34%**	**34%**
IRPJ and CSLL are calculated at the nominal rate	(182,820)	(172,506)	(204,132)	(218,909)
Adjustment to determine the effective income and social contribution taxes:				
Result form investments in subsidiaries	166,208	157,901	(2,656)	(3,668)
Rate difference on foreign results	-	-	78,470	(7,099)
Tax incentives	-	-	25,278	42,940
Reintegra	-	-	302	4,850
Interest on equity capital	16,483	14,231	67,009	49,780
Provision IRPJ/CSLL (Lei do Bem)	-	-	(22,269)	(763)
Other adjustments	(184)	(256)	3,073	3,034
IRPJ and CSLL on income	**(313)**	**(630)**	**(54,925)**	**(129,835)**
Current tax	(276)	(565)	(92,142)	(124,790)
Defered tax	(37)	(65)	37,217	(5,045)
Effective rate - %	**0.06%**	**0.12%**	**9.15%**	**20.17%**

26 Insurance coverage

The corporate unit in Brazil is responsible for the of the WEG Group's management regarding the insurance portfolio in Brazil and abroad, establishing risk policies for the Group in order to protect its assets. The Company and its subsidiaries implemented the Worldwide Insurance Program - WIP, in which the following world policies established stand out, such as: Transport risk (Export, Import and Domestic), Civil Product Liability, Directors and Officers (liability) insurance (D&O),

Surety Bond, General Civil Liability, Properties and Environment Pollution, Contractual Insurance and Engineering Installation and Assembly Risk.
The insurance policies are issued only in first-tier multinational insurance companies that can meet the WEG Group in the countries where it has operations. The financial structure and sustainability of the aforementioned insurance companies are continuously monitored by WEG's Brazilian corporate unit.
Some of the policies and their insured capital are highlighted below:
- Operating risks (Equity): US$ 36 million;
- Loss of Profits: US$ 13 million (for Paint companies and newly acquired companies for the first 12 months);
- Civil liability: US$ 25 million;
- Products Civil Liability: US$ 50 million;
- Transport: US$ 5 million per shipment (Export, Import and Domestic);
- Environment pollution: US$ 20 million;
- Contractual Insurance: As stipulated in the contract;
- Installation and Assembly Engineering Risk: R$ 150 million in Brazil, R$ 30 million in Latin America (except Cuba) and US$ 5 million in the US;
- Directors & Officers (liability) insurance (D&0): US$30 million.

27 Financial instruments

The Company and its subsidiaries carried out an evaluation of its financial instruments, including derivatives, recorded in the financial statements presented the following values:

	BOOK VALUE		FAIR VALUE	
	06/30/16	12/31/15	06/30/16	12/31/15
Cash and cash equivalents	**2,720,005**	**3,277,115**	**2,720,005**	**3,277,115**
Cash and banks	**285,846**	**477,710**	**285,846**	**477,710**
Short-term investments	**2,434,159**	**2,799,405**	**2,434,159**	**2,799,405**
- In local currency	2,374,165	2,694,786	2,374,165	2,694,786
- In foreign currency	59,994	104,619	59,994	104,619
Short-term investments	**1,307,132**	**1,157,858**	**1,307,132**	**1,157,858**
Derivative	**165,848**	**378,727**	**165,848**	**378,727**
- *Non Deliverable Forwards* - NDF	18,356	6,259	18,356	6,259
- SWAP	147,492	365,892	147,492	365,892
- *Hedge accounting*	-	6,576	-	6,576
Total - assets	**4,192,985**	**4,813,700**	**4,192,985**	**4,813,700**
Loans and financing	**4,174,493**	**5,152,968**	**4,174,493**	**5,152,968**
- In local currency	2,108,429	2,384,671	2,108,429	2,384,671
- In foreign currency	2,066,064	2,768,297	2,066,064	2,768,297
Derivative	**99,184**	**17,686**	**99,184**	**17,686**
- *Non Deliverable Forwards* - NDF	7,058	590	7,058	590
- SWAP	52,247	16,295	52,247	16,295
- *Hedge accounting*	39,879	801	39,879	801
Total liabilities	**4,273,677**	**5,170,654**	**4,273,677**	**5,170,654**

27.1 Risk factors

The risk factors of financial instruments are basically related to:

a) Credit risks

Arises from the possibility of the subsidiaries not receiving amounts arising from sales or credit transactions with financial institutions generated by financial investments. To mitigate the risk arising from sales operations, the Company's subsidiaries adopt a policy of analyzing the financial position of their customers, establishing a credit limit and permanently follow your outstanding balance. With regard to financial investments, the Company and its subsidiaries invests with institutions with low credit risk.

b) Foreign currency risks
The Company and its subsidiaries have import and export operations in various currencies; they manage and monitor their exposure to foreign currency, seeking to balance their financial assets and liabilities within the limits established by Management.
The limit of exposure to foreign exchange sold *(net)* may be equivalent up to two months of exports in foreign currencies as established by the Company's Board of Directors.

The Company and its subsidiaries had export operations totaling US$ 303.3 million (US$ 395.2 million in 2015), which acts as a natural *hedge* for indebtedness and other costs related to other currencies, especially US Dollars.

c) Risks related to debt charges
These risks arise from the possibility that the subsidiaries may suffer losses due to fluctuations in interest rates or other debt indexes, which increase financial expenses related to loans and financings obtained in the market, or decrease financial income related to the subsidiaries' short-term investments. The Company and its subsidiaries continually monitor market interest rates aiming at assessing the possible need for entering into new contracts as a hedge against the volatility of these rates.

27.2 Derivative financial instruments
The Company and its subsidiaries have the following operations with derivative financial instruments:

a) *Non Deliverable Forwards* - NDF, in the notional amount of:
(i) US$ 15.0 million, held by subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging its financing from the fluctuation risks;
(ii) US$ 4.3 million, held by subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging the raw materials purchase operations in foreign currency against the fluctuation risks;
(iii) US$ 18.3 million, held by subsidiary Zest WEG Group Africa (PTY) Ltd, aiming at hedging the import operations of products against the fluctuation risks;
(iv) EUR 19.3 million, held by subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging the exports against the fluctuation risks;
(v) EUR 7.5 million, held by subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging the raw materials purchase operations in foreign currency against the fluctuation risks.

b) SWAP operations, in the notional amount of:
(i) EUR 10 million, held by subsidiary Watt Drive Antriebstechnik GmbH, with the purpose of hedging its financing from the Euribor fluctuation risks;
(ii) US$ 4.3 million held by subsidiary WEG Equipamentos Elétricos S.A. aiming at hedging against Libor increase risks;
(iii) US$ 400.0 million held by the subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging the financing operations against the US$ Dollar spike risks;
(iv) R$ 80 million, held by subsidiary WEG Equipamentos Elétricos S.A., with the purpose to protect against the risk of falling interest rates.

The Company's Management and that of its subsidiaries permanently monitors the derivative financial instruments contracted through its internal control.

The sensitivity analysis statement chart (item 27.3) must be read jointly with the other financial assets and liabilities expressed in foreign currency as of June 30, 2016, as the estimated impact of the foreign currency rate over NDFs and SWAPs presented below will be offset, if effective, in whole or in part, with the devaluation of all assets and liabilities.

Management has determined that, for the probable scenario (market value), should be considered the exchange rates used to mark to market the financial instruments, valid on June 30, 2016. These rates represent the best estimate of the future behavior of prices and these represent the amount by which the positions could be settled at maturity.

The Company and its subsidiaries made the accounting based on their market price on June 30, 2016 at fair value and the accrual basis. These operations had net negative impact at June 30, 2016 in the amount of R$ 295,755 (R$ 103,873

positive at June 30, 2015) as which were recognized in financial income. The Company and its subsidiaries have no margin guarantees for derivative financial instruments outstanding at June 30, 2016.

c) Derivative financial instruments designated to hedge accounting (hedge accounting)
The Company made the formal designation of its operations subject to protection accounting (hedge accounting) for derivative financial instruments purchase of inputs protection and expenses denominated in foreign currency, documenting:

- Date of designation and identification of the hedging relation;
- Description of the purpose of hedging and risk management strategy;
- Hedge compliance statement and risk management;
- Description and identification of the derivative instrument and the hedged item;
- Description of the risks covered and excluded risks;
- Description of the evaluation method of the actual hedge effectiveness;
- Evaluation of Frequency of prospective effectiveness and retrospective;
- Description of hedge accounting policy.

The Company and its subsidiaries it has operations of hedge accounting, at June 30, 2016, n in the notional amount of US$ 34.3 million and EUR 15.4 million, held by subsidiary WEG Equipamentos Elétricos S.A.

The Company and its subsidiaries made the accounting based on their fair value on June 30, 2016, and the accrual basis. The net accrued value of taxes recorded in equity is R$ 28,119 negative (R$ 5,774 positive at December 31, 2015.

The Company and its subsidiaries have no margin guarantees for derivative financial instruments outstanding at June 30, 2016.

27.3 Sensitivity Analysis

The following tables show in real the "cash and expense" of the results of the financial instruments in each scenario.

a) Short-term investments and Financing:

Operation	Risk	Currency	National Value (in thousands)	Market Value in 06/30/2016		Possible scenario 25%		Remote scenario 50%	
				Average price	In R$ Thousands	Average price	In R$ Thousands	Average price	In R$ Thousands
Short-term investments	Decrease of CDI(*)	R$	2,747,916	Taxa 14.13% a.a	388,281	Taxa 10.60% a.a	291,279	Taxa 7.07% a.a.	194,278
	TOTAL				**388,281**		**291,279**		**194,278**
Financing	Increase of TJLP(**)	R$	139,798	Taxa 7.50% a.a.	(10,485)	Taxa 9.38% a.a	(13,113)	Taxa 11.25% a.a.	(15,727)
	Increase of Dollar	US$	447,142	3.2092	(182,254)	4.0115	(540,997)	4.8138	(899,739)
	TOTAL				**(192,739)**		**(554,110)**		**(915,466)**

(*)Analysis of sensitivity variation of investments: risk of the Company in the event of reduction in interest rates, considering the position static applications backed by the CDI rate as of June 30, 2016.
(**)Financing variation sensitivity analysis: the Company's risk in the event of rising interest rates, considering the static funding position backed TJLP of June 30, 2016.

b) *Non Deliverable Forwards* – NDF operations:

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

Operation	Risk	Currency	National Value (in thousands)	Market Value in 06/30/2016		Possible scenario 25%		Remote scenario 50%	
				Average price	In R$ Thousands	Average price	In R$ Thousands	Average price	In R$ Thousands
Non Deliverable Forwards - NDF	Increase of Dollar	US$/R$	15,000	3.2863	4,909	4.1079	(7,416)	4.9294	(19,740)
	Decrease of Dollar	US$/R$	4,310	3.6263	(3,560)	2.7197	(7,468)	1.8131	(11,376)
	Decrease of Dollar	US$/ZAR	18,261	14.6508	(2,022)	10.9586	(16,518)	7.3044	(31,014)
	Total Dollar		**37,571**		**(673)**		**(31,402)**		**(62,130)**
	Decrease of Euro	EUR/ZAR	175	15.9283	(17)	11.9462	(168)	7.9642	(320)
	Increase of Euro	EUR/R$	19,300	3.7112	11,524	4.6390	(6,383)	5.5668	(24,289)
	Decrease of Euro	EUR/R$	1,409	4.0199	(1,301)	3.0150	(2,716)	2.0100	(4,132)
	Decrease of Euro	EUR/COP	7,517	3,768.6600	1,876	2,826.4950	(5,690)	1,884.3300	(13,255)
	Total Euro		**28,401**		**12,082**		**(14,957)**		**(41,996)**
	Decrease of Pound	GBP/ZAR	212	19.0432	(111)	14.2660	(329)	9.5102	(547)
	Total Pound		**212**		**(111)**		**(329)**		**(547)**
	TOTAL				11,298		**(46,688)**		**(104,673)**

c) SWAP operations:

Operation	Risk	Currency	National Value (in thousands)	Market Value in 06/30/2016		Possible scenario 25%		Remote scenario 50%	
				Average price	In R$ Thousands	Average price	In R$ Thousands	Average price	In R$ Thousands
SWAP	Decrease of Euribor	EUR	10,000	Interest (0.26)% p.a.	(10,864)	Interest (0.32)% p.a.	(11,013)	Interest (0.39)% p.a.	(11,162)
	Decrease of Libor	US$	4,286	Interest 0.85% p.a.	(6)	Interest 0.64% p.a.	(15)	Interest 0.42% p.a.	(23)
	Decrease of Dollar	US$	400,000	3.2098	104,801	2.4074	(185,043)	1.6049	(477,976)
	Increase of CDI	R$	80,000	Rate 12.44%	1,313	Rate 15.56%	(4,110)	Rate 18.67%	(9,093)
	TOTAL				**95,244**		**(200,181)**		**(498,254)**

d) *Hedge accounting operations*:

Operation	Risk	Currency	National Value (in thousands)	Market Value in 06/30/2016		Possible scenario 25%		Remote scenario 50%	
				Average price	In R$ Thousands	Average price	In R$ Thousands	Average price	In R$ Thousands
Hedge Accounting	Decrease of Dollar	US$/R$	34,313	3.5336	(25,832)	2.6502	(53,708)	1.7668	(82,762)
	Decrease of Euro	EUR/R$	15,426	3.9973	(14,047)	2.9980	(29,462)	1.9987	(43,877)
	TOTAL				**(39,879)**		**(83,170)**		**(126,639)**

28 Subsidies and Government grants

The Company and its subsidiaries obtained subsidies in the amount of R$ 26,027 (R$24,156 at June 30, 2015) deriving from tax incentives, recognized in the income for the period:

	CONSOLIDATED	
	06/30/16	06/30/15
TOTAL SUBSIDIES AND GOVERNMENT GRANTS	**26,027**	**24,156**
a) WEG Amazônia S.A.	**210**	**184**
- ICMS incentive credit of 90.25%	210	176
- Corporate Income Tax (IRPJ) 75.0% reduction	-	8
b) WEG Linhares Equipamentos Elétricos S.A.	**19,774**	**16,962**
- ICMS incentive credit of 85.0%	16,423	14,793
- Corporate Income Tax (IRPJ) 75.0% reduction	3,279	2,157
- Corporate Income Tax (IRPJ) 30% reduction due to reinvestment	60	-
- Municipal investment	12	12
c) WEG Logística Ltda.	**6,043**	**7,010**
- ICMS incentive credit of 75.0%	6,043	7,010

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

There are no contingencies related to the aforementioned subsidies, and all of the conditions for obtaining government subsidies have been met.

29 Information by segment

	Brazil				Foreign		Adjustments		Consolidated	
	Industry		Energy							
	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15
Revenue from sale of products / services	2,195,213	2,404,474	1,095,095	1,087,991	2,925,598	2,278,991	(1,464,307)	(1,291,733)	4,751,599	4,479,723
Earnings before income taxes	648,279	790,420	427,359	329,678	355,413	98,450	(830,662)	(574,698)	600,389	643,850
Depreciation / Amortization / Depletion	91,616	87,236	31,942	27,754	46,690	36,821	-	-	170,248	151,811
	06/30/16	12/31/15	06/30/16	12/31/15	06/30/16	12/31/15	06/30/16	12/31/15	06/30/16	12/31/15
Identifiable assets	3,051,060	3,060,016	1,937,688	1,932,281	3,902,865	4,473,753	(208,649)	(206,723)	8,682,964	9,259,327
Identifiable liabilities	846,091	786,328	670,965	455,813	1,332,975	1,568,739	(636,302)	(631,202)	2,213,729	2,179,678

Industry: single phase and triple phase motors with low and medium tension, *drives* and *controls*, equipment and services for industrial automation, paints and varnishes.

Energy: electricity generators for thermal and hydraulic power plants (biomass), hydraulic turbines (PCHs), transformers, substations, wind power generators, control dashboards, integration services of renewable and distributed energy systems and solutions.

Foreign: composed of operations carried out by subsidiaries located in various countries.

The adjustment and elimination column includes the eliminations applicable to the Company in the context of the Consolidated Financial Statements.
All operating assets and liabilities are presented herein as identifiable assets and liabilities.

30 Earnings per share

a) Basic
The calculation of basic earnings per share is performed by means of dividing the net income for the year attributable to the holders of the Company's ordinary shares, by the weighted average number of ordinary outstanding shares for the year.

	06/30/16	06/30/15
Earnings attributable to the Company's shareholders.	537,393	506,740
Weighted average number of outstanding ordinary shares (adjusted including splitting) held by shareholders (shares/thousand)	1,613,209	1,613,305
Basic earnings per share - R$	0.33312	0.31410

b) Diluted
Net earnings per share is calculated by dividing the net earnings attributable to Company’s holders of ordinary shares by the weighted average number of outstanding ordinary shares for the year plus the weighted average number of ordinary shares that would be issued upon the conversion of all potential diluted ordinary shares into ordinary shares.

	06/30/16	06/30/15
Earnings attributable to the Company's shareholders.	537,393	506,740
Weighted average number of outstanding ordinary shares (adjusted including splitting) potentially diluting held by shareholders (shares/thousand)	1,614,188	1,614,447
Diluted earnings per share - R$	0.33292	0.31388

WEG S.A.
NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016
(Amounts in thousands of Reais, except otherwise stated)

31 Statement of comprehensive income

The Company and its subsidiaries present as other comprehensive income the amounts of accumulated translation adjustment. These amounts are not taxable.
The presentation of the comprehensive income results is required by CPC 26 - Financial Statement Presentation (R1) and includes other comprehensive income which correspond to revenue and expense items which are not recognized in the financial statements as required or authorized by the pronouncements, interpretations and guidance issued by CPC.

Quarterly Information Review Report

To the Shareholders and Board of Directors
WEG S.A.
Jaraguá do Sul - SC

Introduction
We have reviewed the interim financial statements, individual and consolidated, of Weg S.A. ("Company") contained within the Quarterly Information for the quarter ended June 30, 2016, which comprise the balance sheet as of June 30, 2016 and the related statements of income, comprehensive income, for the three and six months period then ended and the changes in shareholders' equity and cash flows for the six months period then ended, including the notes to the financial statements.

Management is responsible for the preparation of the interim financial statements in accordance with the technical pronouncement CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Information. Our responsibility is to express a conclusion on the interim financial statements based on our review.

Scope of the review
We conducted our review in accordance with Brazilian and international standards for reviewing interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). An interim review consists principally of making enquiries and having discussions with persons responsible for financial and accounting matters, and applying analytical and other review procedures. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion about the interim financial statements
Based on our review, we are not aware of any fact that leads us to believe that the individual and consolidated interim financial statements included in the quarterly information referred to above have not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 issued by the IASB applicable to the Quarterly Information and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other issues

Statements of value added
We have also reviewed the statements of value added, individual and consolidated, for the six months period ended in June 30, 2016, prepared under the responsibility of the Company's Management, whose disclosure in the interim financial statements is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information and considered as supplemental information by international accounting standards (IFRS), which do not require the disclosure of the statement of value added. This statement was submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material aspects, in relation to the interim financial statements, individual and consolidated, taken as a whole.

Joinville July 15, 2016

KPMG Auditores Independentes
CRC SC-000071/F-8

Marcelo Lima Tonini
Contador CRC PR-045569/O-4 T-SC