



Financial and
Economic
Performance
3Q14



Message of the Management

We ended the third quarter of 2014 with a high step toward what will perhaps be the most important moment in the history of new Lupatech. We homologated the capital increase set by the Restructuring Plan. The process that converted in Capital Stock more than R\$ 1.1 billion of Company's debt was successfully concluded. This enables the Company a very positive horizon, though no less challenging, with a most appropriate capital structure and debt profile, substantially in the long-term and with adjusted costs, so that the remaining debt structure enables the Company to resume the path of growth and operational efficiency.

This Restructuring step was fundamental to the Plan could be continued, that now follows with prioritization of strengthening of the Company's cash position. The conclusion of the debt reprofiling process was vital for the generating liquidity actions could be taken, and it was undoubtedly one of the most important achievements of the last periods.

The first significant movement to enhanced cash had a sequence in the end of October, with the signing of the Sale Contract of some units in Argentina, as disclosed in the Relevant Fact of October 28, 2014. Still subject to the satisfaction of certain conditions to the closing, the completion of this transaction will represent an important additional liquidity for the Company. Other actions will be require to complete the cash position to allow full recovery of the Company, especially focused on the implementation of the necessary investments in Capex and normalization of working capital for operations.

With the completion of this structural and liquidity rearrangement, Lupatech follows to consolidate in the coming periods a totally different profile, more balanced, with renewed liquidity and costs of capital adjusted, more conducive to the resumption of its business plan in the oil and gas market. Regaining its space, the Company will can forward to the opportunities and capture what the market as a whole can offer.

Best prospects are composed with the ability to position itself differently in a market that was marked by great difficulties, in which companies operating in the oil and gas industry still face great challenges. Sparing no efforts, we continue committed to relocate the Company, adapting to, or, perhaps, making it courageous to participate of incisive way in the market. The physical structure, good positioning in terms of product and service offerings, brand and relationship, now accompanied by a balanced capital structure, allow more active access in this market.

As for the results reported in this quarter, the operation was quite affected by the faced cash constraint, as in previous quarters. Still, the Company could to keep levels of operation and management of costs and expenses within a limit that allowed even present generation of a positive Adjusted EBITDA, which effectively was an excellent result against the difficulties faced.

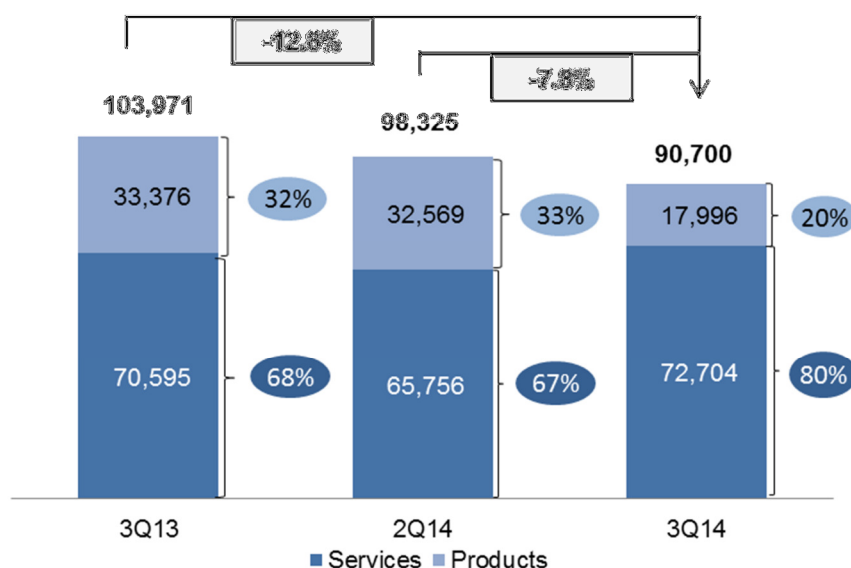
We thank all our shareholders, suppliers, creditors, customers and employees for their partnership and support given to the Company during these challenging times. We hope to repay that loyalty with increasingly optimistic scenarios.

Financial and Economic Performance

Net Revenue

Net Revenue (R\$ thd)	3Q13	3Q14	Chg. %	2Q14	3Q14	Chg. %	9M13	9M14	Chg. %
Products	33,376	17,996	-46.1%	32,569	17,996	-44.7%	104,716	85,050	-18.8%
Oil&Gas Valves	13,274	10,732	-19.2%	13,818	10,732	-22.3%	36,600	35,080	-4.2%
Industrial Valves	11,582	3,291	-71.6%	4,119	3,291	-20.1%	39,522	13,603	-65.6%
Anchoring Ropes	6,960	1,786	-74.3%	12,928	1,786	-86.2%	24,073	30,708	27.6%
Others Products	1,560	2,187	40.2%	1,704	2,187	28.3%	4,521	5,659	25.2%
Services	70,595	72,704	3.0%	65,756	72,704	10.6%	229,206	205,259	-10.4%
Oilfield Services Brazil	47,749	40,659	-14.8%	38,566	40,659	5.4%	154,014	121,450	-21.1%
Oilfield Services Colombia	16,525	24,099	45.8%	21,339	24,099	12.9%	49,281	64,677	31.2%
Tubular Services & Coating	6,321	7,946	25.7%	5,851	7,946	35.8%	25,911	19,132	-26.2%
Total	103,971	90,700	-12.8%	98,325	90,700	-7.8%	333,922	290,309	-13.1%

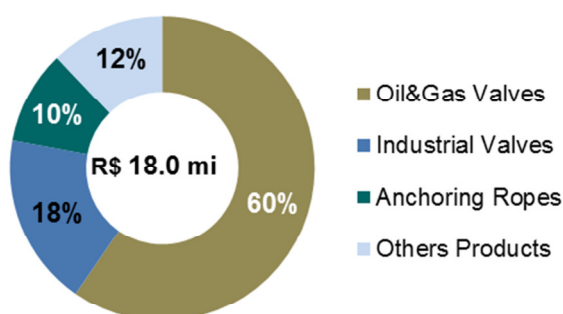
The Net Consolidated Revenue in the 3Q14 totaled R\$ 90.7 million, versus R\$ 98.3 million in the 2Q14 and R\$ 104.0 million in the 3Q13, a decrease of 7.8% and 12.8%, respectively. The Products Segment presented a reduction of 44.7% in the 3Q14 Net Revenue compared to the 2Q14 and a reduction of 46.1% compared to the 3Q13, as primarily consequence of the performance in Anchoring Ropes, Industrial Valves and Oil&Gas Valves Divisions strongly affected by the non-occupation of their manufacturing capacity due to financial constraints for acquisition of raw material. In the Services Segment, on the other hand, the operations in Colombia follow on significant growth in contracts performance and the Oilfield Services Brazil and Tubular Services & Coating Divisions reached better performance due to the operations of Well Services and Drilling & Workover in the 3Q14, resulting in an increase of 10.6% on Services Segment Revenues in the quarter compared to the 2Q14 and an increase of 3.0% compared to the 3Q13.



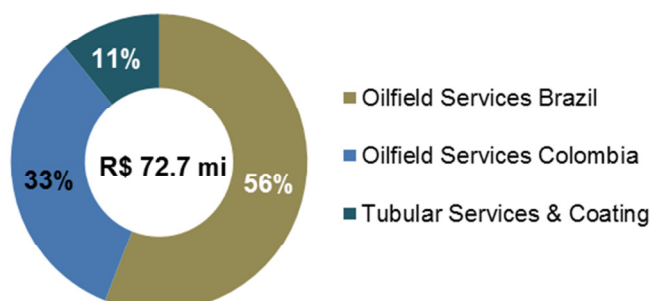
The Net Consolidated Revenue in the 9M14 decreased 13.1% compared to the 9M13, reaching R\$ 290.3 million versus R\$ 333.9 million. Although the divisions Anchoring Ropes and Oilfield Services Colombia have presented growth in revenues in the 9M14 when compared to the 9M13, they were not enough to

compensate the low sales in Industrial Valves, Oilfield Services Brazil and Tubular Services & Coating, affected by limitations of its capacities production by cash restrictions.

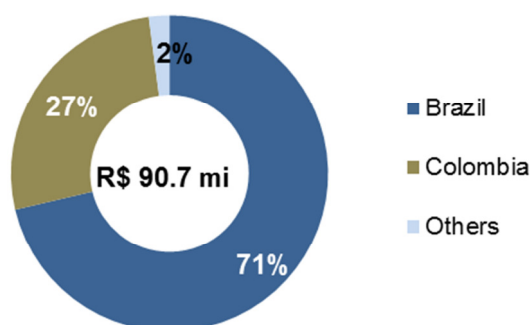
Products



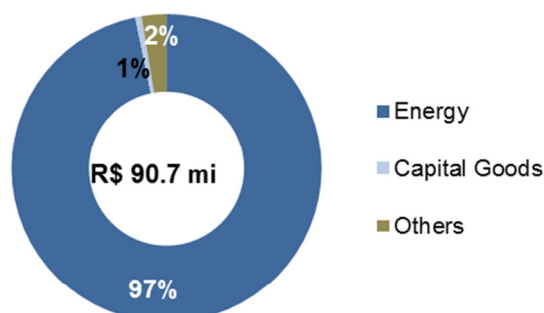
Services



By Region



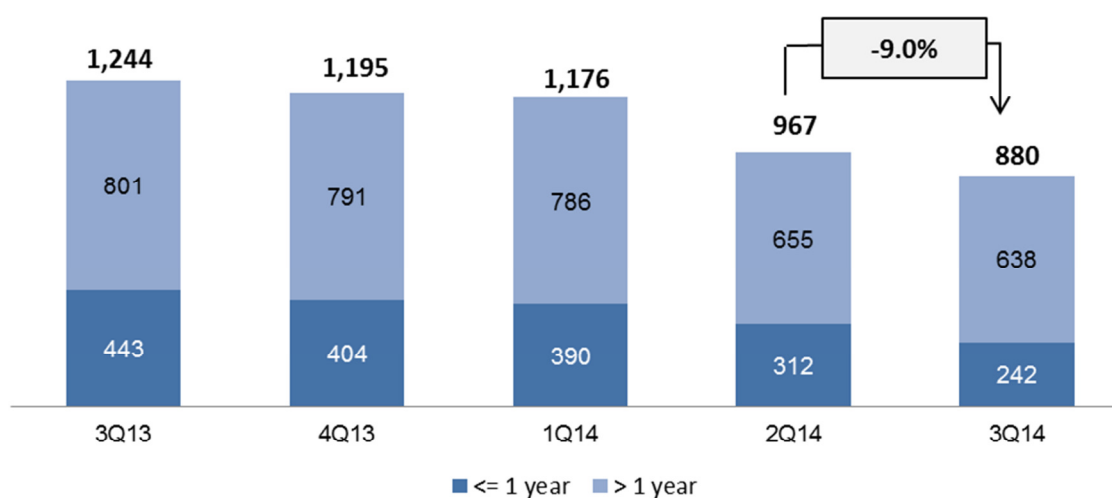
By Industrial Sector



The difficulty in obtaining greater availability of resources for implementation in investments and acquisition of inputs significantly limited the potential for utilization of the plant's capacity and generated longer delivery Backlog, with negative impacts on the generation of the Group Net Revenue.

As a result, our backlog of firm orders on September 30 amounted to R\$ 0.9 billion. The conversion of this backlog is concentrated in the long term (over 1 year) and it depends of the realization of investments in Services Segment. This amount represents the balance provided in signed contracts, even without warranty of consumption, discounting the amounts already billed and does not consider the operations of these Argentinian units: Itasa, Worcester, Esferomatic and Norpatagônica.

Evolution of Backlog

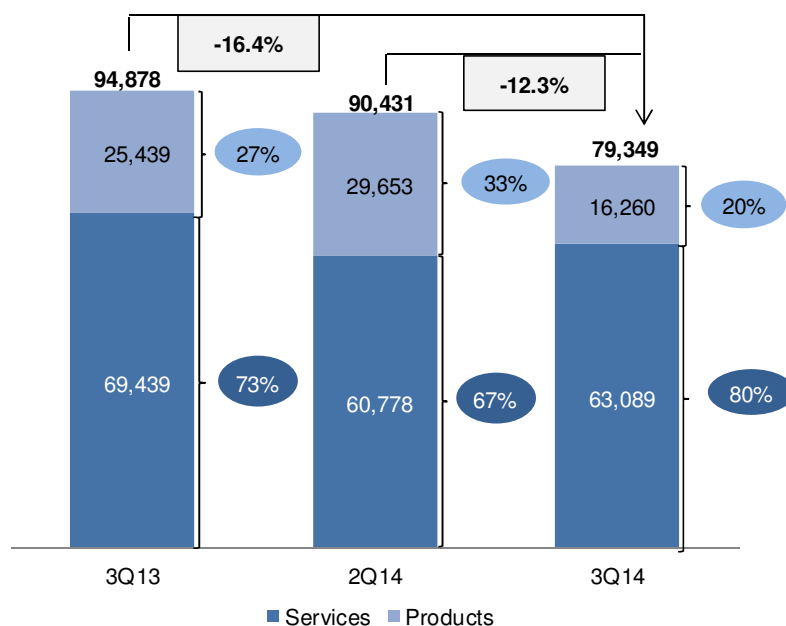


Costs on Goods Sold – COGS

COGS (R\$ thd)	3Q13	3Q14	Chg. %	2Q14	3Q14	Chg. %	9M13	9M14	Chg. %
Products	25,439	16,260	-36.1%	29,653	16,260	-45.2%	85,058	75,185	-11.6%
Services	69,439	63,089	-9.1%	60,778	63,089	3.8%	201,309	182,377	-9.4%
Total	94,878	79,349	-16.4%	90,431	79,349	-12.3%	286,367	257,562	-10.1%

The Consolidated Costs on Goods Sold (COGS) in the 3Q14 decreased 12.3% compared to the 2Q14, reaching R\$ 79.3 million versus R\$ 90.4 million. Although the reduction in COGS of Products Segment has been in line with the reduction of Net Revenue of respective Segment in the 3Q14 due to the non-occupation of plant's manufacturing capacity, the increase in COGS in the Services Segment was lower than the increase in Net Revenue in this Segment primarily due to the reduction of maintenance expenses performed on the Oilfield Services Brazil Divisions.

Compared to the 3Q13, there was reduction of 16.4% in COGS of the 3Q14, higher than the Net Revenue reduction of the same period mainly due to the dismissals costs from Company's restructuring process that burdening COGS in the 3Q13 mostly in the Services Segment.

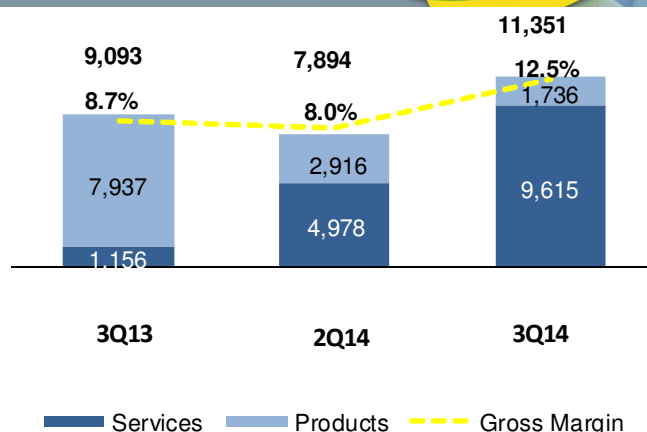


The Consolidated Costs on Goods Sold of the 9M14 totaled R\$ 257.6 million, 10.1% lower than the total of the 9M13.

Gross Profit and Gross Margin

Gross Profit (R\$ thd)	3Q13	3Q14	Chg. %	2Q14	3Q14	Chg. %	9M13	9M14	Chg. %
Products	7,937	1,736	-78.1%	2,916	1,736	-40.5%	19,658	9,865	-49.8%
Gross Margin - Products	23.8%	9.6%	-14.1 p.p.	9.0%	9.6%	0,7 p.p.	18.8%	11.6%	-7.2 p.p.
Services	1,156	9,615	731.7%	4,978	9,615	93.1%	27,897	22,882	-18.0%
Gross Margin - Services	1.6%	13.2%	11.6 p.p.	7.6%	13.2%	5.7 p.p.	12.2%	11.1%	-1.0 p.p.
Total	9,093	11,351	24.8%	7,894	11,351	43.8%	47,555	32,747	-31.1%
Gross Margin - Total	8.7%	12.5%	3.8 p.p.	8.0%	12.5%	4,5 p.p.	14.2%	11.3%	-3.0 p.p.

The Gross Profit in the 3Q14 reached R\$ 11.4 million compared to the R\$ 7.9 million in the 2Q14, a growth of 43.8% mainly due to the performance of Well Services and Drilling & Workover operations in the Services Segment that operate with higher margins. The Gross Margin increased 4.5 percentage points, from 8.0% to 12.5%.



Compared to the 3Q13, the Consolidate Gross Profit increased 24.8%, reaching R\$ 11.4 million in the 3Q14 versus R\$ 9.1 million in the 3Q13. The Consolidated Gross Margin ranged from 8.7% in the 3Q13 to 12.5% in the 3Q14, a growth of 3.8 percentage points. Despite the reduction of 14.1 percentage points in Gross Margin of Products Segment in the 3Q14 compared to the 3Q13 due to the outages of operations by cash restrictions for inputs acquisitions, the Services Segment presented a growth of 11.6 percentage points in Gross Margin due to the elevated dismissals costs occurred in the 3Q13 as mentioned earlier.

In the nine months of the year, the Gross Margin was lower in 3.0 percentage points, from 14.2% in the 9M13 to 11.3% in the 9M14 and reduction of 31.1% in Gross Profit.

Expenses

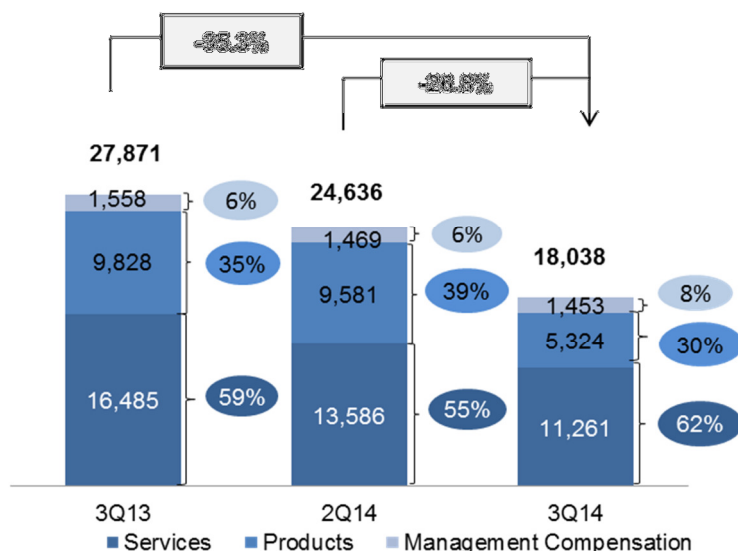
(R\$ thd)	3Q13	3Q14	Chg. %	2Q14	3Q14	Chg. %	9M13	9M14	Chg. %
Total Sales Expenses	6,070	2,722	-55.2%	8,115	2,722	-66.5%	17,300	16,442	-5.0%
Total Administrative Expenses	20,243	13,863	-31.5%	15,052	13,863	-7.9%	64,450	42,968	-33.3%
Products	9,828	5,324	-45.8%	9,581	5,324	-44.4%	28,910	22,780	-21.2%
Total Sales Expenses - Products	5,133	1,153	-77.5%	4,809	1,153	-76.0%	14,616	9,420	-35.6%
Total Administrative Expenses - Products	4,695	4,171	-11.2%	4,772	4,171	-12.6%	14,294	13,360	-6.5%
Services	16,485	11,261	-31.7%	13,586	11,261	-17.1%	52,840	36,630	-30.7%
Total Sales Expenses - Services	937	1,569	67.4%	3,306	1,569	-52.5%	2,684	7,022	161.6%
Total Administrative Expenses - Services	15,548	9,692	-37.7%	10,280	9,692	-5.7%	50,156	29,608	-41.0%
Total Sales and Administratives	26,313	16,585	-37.0%	23,167	16,585	-28.4%	81,750	59,410	-27.3%
Management Compensation	1,558	1,453	-6.7%	1,469	1,453	-1.1%	4,660	4,443	-4.7%
Total Sales, Administratives and Management Compensation	27,871	18,038	-35.3%	24,636	18,038	-26.8%	86,410	63,853	-26.1%

The Consolidated Sales and Administrative Expenses and the Management Salary presented a reduction of 26.8% in the 3Q14 reaching R\$ 18.0 million versus R\$ 24.6 million in the 2Q14.

Compared to the 3Q13, the Sales and Administrative Expenses and the Management Salary decrease 35.3%, reaching R\$ 18.0 million in the 3Q14 versus R\$ 27.9 million in the 3Q13.

The Sales Expenses reduced both compared to the 3Q13 in 55.2% (from R\$ 6.1 million in the 3Q13 to R\$ 2.7 million in the 3Q14), as compared to the 2Q14 in 66.5% (from R\$ 8.1 million in the 2Q14 to R\$ 2.7 million in the 3Q14) and compared to the 9M13 in 5.0% (from R\$ 17.3 million in the 9M13 to R\$ 16.4 million in the 9M14). In the 3Q14 compared to the 2Q14, the reductions were caused primarily by the decrease on

provisions for credit losses on accounts receivable, fines with customers and commissions expenses. Compared to the 3Q13 and to the 9M13, the reductions in sales expenses were caused mainly by the decrease in salaries, commissions, freight and services expenses. The fines with customers recorded in the 9M13 totaled R\$ 3.0 million versus R\$ 6.4 million recorded in the 9M14.



The Administrative Expenses presented a reduction of 31.5% in the 3Q14 compared to the 3Q13 (from R\$ 20.2 million to R\$ 13.9 million) and decreased 33.3% in the 9M14 compared to the 9M13. The mainly impact of this decrease occurred in the Services Segment, especially in the Oilfield Services Brazil Division, with significant reduction in personnel expenses (a decrease of R\$ 4.7 million in the 3Q14 compared to the 3Q13 and of R\$ 15.3 million in the 9M14 compared to the 9M13), as part of Company's restructuring process occurred since from the second half of the year 2013, as well as the reduction in rental, services, communications and travel expenses. Comparing 3Q14 to the previous quarter, the administrative expenses presented a reduction of 7.9%, from R\$ 15.1 million in the 2Q14 to 13.9 million in the 3Q14.

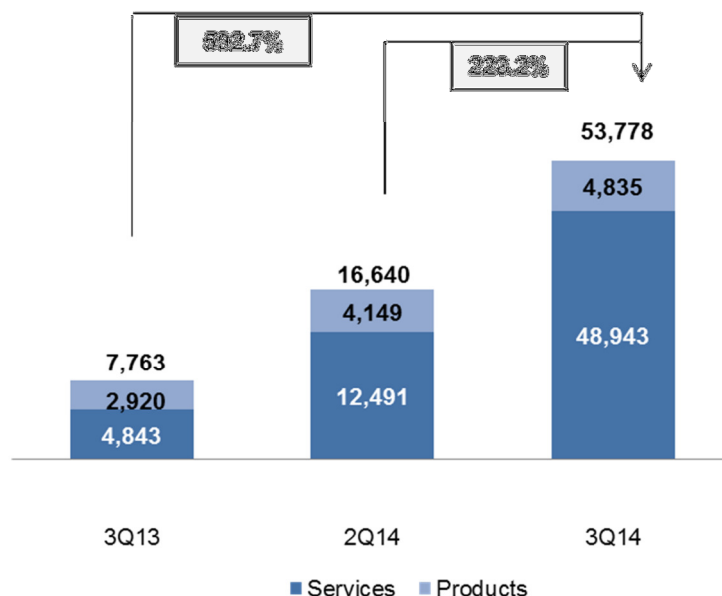
The Management Compensation presented a reduction in all comparative periods: a decrease of 1.1% in the 3Q14 compared to the 2Q14, a reduction of 6.7% in the 3Q14 compared to the 3Q13 and a decrease of 4.7% in the 9M14 compared to the 9M13, resulting in the amount of R\$ 4.4 million in the 9M14 versus R\$ 4.7 million in the 9M13.

Other Operating (Revenues) and Expenses

(R\$ thd)	3Q13	3Q14	Chg. %	2Q14	3Q14	Chg. %	9M13	9M14	Chg. %
Products	2,920	4,835	65.6%	4,149	4,835	16.5%	5,926	8,532	44.0%
Services	4,843	48,943	910.6%	12,491	48,943	291.8%	9,726	122,451	1159.0%
Total	7,763	53,778	592.7%	16,640	53,778	223.2%	15,652	130,983	736.8%

The Other Operating Expenses increased from R\$ 7.8 million in the 3Q13 and from R\$ 16.6 million in the 2Q14 to R\$ 53.8 million in the 3Q14 and they are primarily related to the recognition of provision for fines with customers in the amount of R\$ 37.4 million (R\$ 10.6 million in the 2Q14), losses on the disposal and

sale of fixed assets in the amount of R\$ 10.0 million (R\$ 2.9 million in the 2Q14), cost of idle production in the amount of R\$ 5.4 million (R\$ 1.7 million in the 2Q14), provision for loss of lawsuit in the amount of R\$ 4.9 million (R\$ 2.1 million of reversion in the 2Q14), reversion of expenses with the restructuring process in the amount of R\$ 3.1 million, as part of the expenses of capitalization process recorded in Equity.



In the nine months of the year, the growth in Other Operating Expenses is mainly due to the recognition of provision for fines with customers in the amount of R\$ 95.7 million and to the losses on the disposal and sale of fixed assets in the amount of R\$ 21.2 million in the 9M14, not occurred in the 9M13.

Financial Result

(R\$ thd)	3Q13	3Q14	Chg. %	2Q14	3Q14	Chg. %	9M13	9M14	Chg. %
Interest Income	186	200	7.2%	179	200	11.6%	509	571	12.2%
Embedded Derivatives - Debentures	-	9,442	n/a	-	9,442	n/a	17,732	9,442	-46.8%
Reversal of Premium on Non-Conversion of Debentures	-	41,540	n/a	-	41,540	n/a	-	41,540	n/a
Gain for Non-Conversion of Part of the Bonds	-	36,244	n/a	-	36,244	n/a	-	36,244	n/a
Others	1,178	756	-35.8%	832	756	-9.1%	2,807	3,094	10.2%
Financial Revenue*	1,364	88,182	6365.0%	1,011	88,182	8622.3%	21,048	90,891	331.8%
Interest Expense	-35,748	-20,216	-43.4%	-97,200	-20,216	-79.2%	-108,489	-161,318	48.7%
Embedded Derivatives - Debentures	-	50	-	-	5,321	-	-	50	17146.0%
Losses on Fair Value	-	-	-	-	-	-	-	-	-
Banking Expenses, Taxes and Others	-	2,938	3,784	-	4,481	-	-	7,858	13,238
Financial Expense*	-38,736	-160,183	313.5%	-107,002	-160,183	49.7%	-116,397	-319,362	174.4%
Net Financial Result*	-37,372	-72,001	92.7%	-105,991	-72,001	-32.1%	-95,349	-228,471	139.6%
Exchange Variance Revenue	39,796	66,492	67.1%	18,838	66,492	253.0%	63,443	133,043	109.7%
Exchange Variance Expense	-51,677	-83,882	62.3%	-341	-83,882	24508.2%	-	119,413	-107,839
Net Exchange Variance	-11,881	-17,390	46.4%	18,498	-17,390	n/a	-	-55,970	25,204
Net Financial Result - Total	-49,253	-89,391	81.5%	-87,493	-89,391	2.2%	-151,319	-203,267	34.3%

* Excluding Exchange Variance

The Total Financial Income (excluding Exchange Variance) in the 3Q14 reached R\$ 88.2 million versus R\$ 1.0 million in the 2Q14 and R\$ 1.4 million in the 3Q13, mainly due to the recognition of reversion of embedded derivative - Debentures in the amount of R\$ 9.4 million, gain for non-conversion of part of the Bonds in Capital Stock in the amount of R\$ 36.2 million and reversion of premium on non-conversion of

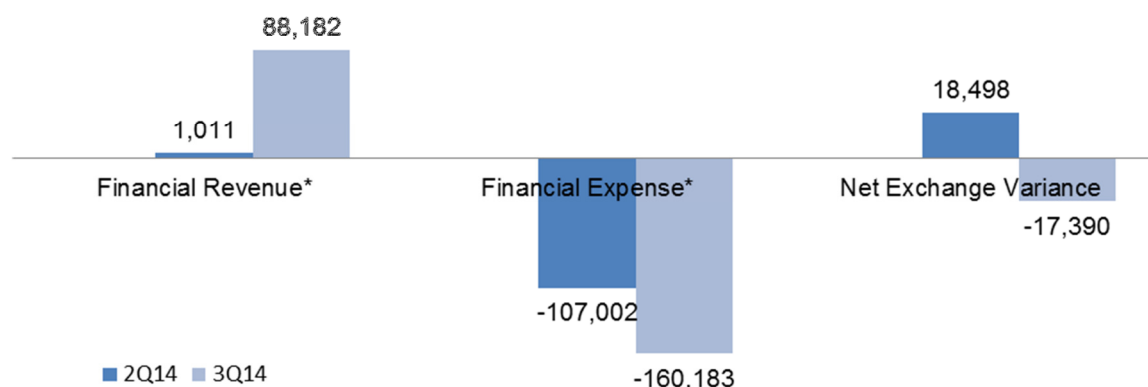
Debentures in the amount of R\$ 41.5 million, been these two latter events consequence of Company's restructuring process in the 3Q14. In the 9M14, the Total Financial Income (excluding Exchange Variance) reached an amount of R\$ 90.9 million versus R\$ 21.1 million in the 9M13, growth due to the recognition of gain for non-conversion of part of the Bonds and reversion of premium on non-conversion of Debentures, as mentioned earlier.

The Total Financial Expense (excluding Exchange Variance) increased 49.7%, from R\$ 107.0 million in the 2Q14 to R\$ 160.2 million in the 3Q14 mainly due to the recognition of losses on fair value in the amount of R\$ 136.2 million as result of the difference between share price fixed under a capital increase of R\$ 0.25 and the market value of R\$ 0.28 on the date of capital increase approval (September 30, 2014) recorded in the Company's Financial Result. There was a reduction of 79.2% of interest expenses on financial debts, Bonds and on Debentures, as result of Company's Debt reduction, due to the completion of restructuring process which enabled the conversion of approximately 70% of the Company's total Debt in Capital Stock in the 3Q14, as widely reported to the market in the Company's Relevant Facts. Related to the 3Q13, the Total Financial Expense (excluding Exchange Variance) increased 313.5%, from R\$ 38.7 million to R\$ 160.2 million in the 3Q14 also due to the recognition of losses on fair value.

In the 9M14, the Total Financial Expense (excluding Exchange Variance) increased 174.4%, reaching R\$ 319.4 million versus R\$ 116.4 million in the 9M13, mainly due to the recognition of losses on fair value in the amount of R\$ 136.2 million and increase of interest and late charges on debentures and other financial debts in the amount of R\$ 57.2 million in the 9M14 compared to the 9M13.

The Net Exchange Variance in the 3Q14 resulted in expense of R\$ 17.4 million versus a revenue of R\$ 18.5 million in the 2Q14 affected by 11.3% valuation in U.S. dollar against Brazilian Real in the 3Q14 versus 2,7% devaluation in the 2Q14. In the 3Q13, due to 0,6% valuation in U.S. dollar against Brazilian Real, the Net Exchange Variance totaled an expense of R\$ 11.9 million. In the 9M14, the Net Exchange Variance resulted in revenue of R\$ 25.2 million versus an expense of R\$ 56.0 million in the 9M13 affected by 4.6% valuation in U.S. dollar against Brazilian Real in the 9M14 and 9,1% valuation in U.S. dollar against Brazilian Real in the 9M13.

The Net Financial Result in the 3Q14 reached the negative amount of R\$ 89.4 million versus the negative amount of R\$ 87.5 million in the 2Q14 and net loss of R\$ 49.3 million in the 3Q13. In the 9M14, the Net Financial Result reached a loss of R\$ 203.3 million versus loss of R\$ 151.3 million in the 9M13, an increase of 34.3%.

Financial Result Breakdown (R\$ thd)


* Excluding Exchange Variance

Adjusted EBITDA from Continuing Operations ¹

The Consolidated Adjusted EBITDA from continuing operations increased from negative R\$ 4.8 million in the 2Q14 to positive R\$ 1.4 million in the 3Q14. The EBITDA Margin in the 3Q14 was 6.5 percentage points higher than in the 2Q14 and closed in 1.6%.

(R\$ thd)	3Q13	3Q14	Chg. R\$	Chg. %	3Q13	2Q14	3Q14	Chg. R\$	Chg. %	9M13	9M14	Chg. R\$	Chg. %
Products	- 1,961	-7,583	-5,622	286.7%	- 1,961	- 3,152	- 7,583	-4,431	140.6%	- 4,442	- 11,370	-6,928	155.9%
Margin	-5.9%	-42.1%	-	-36.3 p.p	-5.9%	-9.7%	-42.1%	-	-32.5 p.p.	-4.2%	-13.4%	-	-9.1 p.p.
Services	- 2,918	9,026	11,944	n/a	- 2,918	- 1,693	9,026	10,719	n/a	9,555	13,307	3,752	39.3%
Margin	-4.1%	12.4%	-	16.5 p.p.	-4.1%	-2.6%	12.4%	-	15.0 p.p.	4.2%	6.5%	-	2.3 p.p.
Total	- 4,878	1,443	6,321	n/a	- 4,878	- 4,845	1,443	6,288	-129.8%	5,112	1,937	- 3,175	-62.1%
Margin	-4.7%	1.6%	-	6.3 p.p.	-4.7%	-4.9%	1.6%	-	6.5p.p.	1.5%	0.7%	-	-0.9 p.p.
% Products	40%	-526%			40%	65%	-526%			-87%	-587%		
% Services	60%	626%			60%	35%	626%			187%	687%		

The growth of Consolidated Adjusted EBITDA in the 3Q14 was primarily consequence of growth in the Company's Gross Profit and gain of Gross Margin mainly due to the performance of Well Services and Drilling & Workover operations in the Services Segment as mentioned earlier, as well as by reduction of sales operating expenses with provisions for credit losses on accounts receivable, fines with customers and commissions, both in the industrial units of Products Segment as of Services Segment.

In the 9M14, the Adjusted EBITDA Margin of Products Segment reduced 9.1 percentage points due to the decrease in Gross Margin of Products Segment by the outages of operations by cash restrictions for inputs

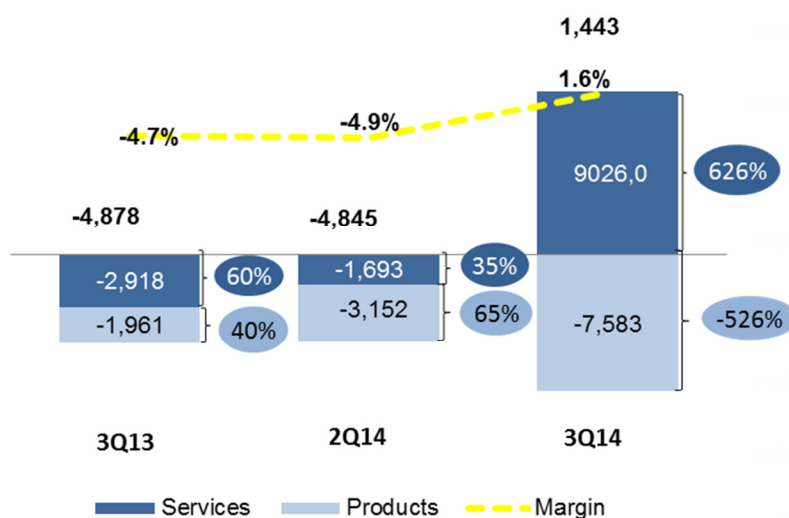
¹ EBITDA from continuing operations is calculated as the net income (loss) before income tax and social contribution, financial income (expense), Equity Pick-up Result and depreciation and amortization. The Adjusted EBITDA from continuing operations reflects the EBITDA from continuing operations, adjusted to exclude the expenses with employees and management participation in the profits and results, provisions for inventory losses, net result on sold assets, provisions for lawsuits, provisions for fines with customers and expenses related to the Company's restructuring process. EBITDA is not a measure used in Brazilian accounting practices and does not represent cash flow for the periods under review. It should not be considered as an alternative for net income, as an indicator of operational performance or as an alternative for cash flow in the form of an indicator of liquidity. EBITDA does not have a standardized meaning and the Company's definition of EBITDA may not be comparable with the EBITDA or adjusted EBITDA of other companies. While in accordance with accounting practices used in Brazil EBITDA does not provide a measure of operational cash flow, management uses it to measure operational performance. In addition, the Company understands that certain investors and financial analysts use EBITDA as an indicator of the operational performance of a company and/or its cash flow. The EBITDA reconciliation as calculated by the Company can be found in Attachment II of this report.

acquisitions, especially in Anchoring Ropes Division. On the other hand, the Adjusted EBITDA Margin of Services Segment increased 2.3 percentage points, mainly due to the reduction of sales and administrative expenses mentioned before. The Total Adjusted EBITDA Margin decreased 0.9 percentage points, reaching 0.7% in the 9M14 versus 1.5% in the 9M13. Thus, the Consolidated Adjusted EBITDA from continuing operations reduced from R\$ 5.1 million in the 9M13 to R\$ 1.9 million in the 9M14.

Adjusted Ebitda Reconciliation (R\$ thd)	1Q14	2Q14	3Q14
Gross Profit	13,502	7,894	11,351
SG&A	-19,659	-23,167	-16,585
Management Compensation	-1,522	-1,469	-1,453
Depreciation and Amortization	12,629	12,427	12,470
Operational Revenues/Expenses	-60,563	-16,640	-53,778
Ebitda from Continuing Operations	-55,613	-20,955	-47,995
Provision for Variable Compensation	210	225	83
Provision for Losses, Impairment and Net Profit/Loss on Disposal of Assets	11,171	1,847	14,326
Fines with Customers	47,685	10,591	37,372
Acquired Investment Integration and Restructuring Process	1,886	3,447	-2,343
Adjusted EBITDA from Continuing Operations	5,339	-4,845	1,443

The Consolidated Adjusted EBITDA from continuing operations in the 3Q14 compared to the 3Q13 increased from negative R\$ 4.9 million in the 3Q13 to positive R\$ 1.4 million in the 3Q14. The Consolidated Adjusted EBITDA Margin increased 6.3 percentage points, from -4.7% in the 3Q13 to 1.6% in the 3Q14. This growth was primarily result of reduction in sales and administrative expenses with commissions, salaries, freight and services in the 3Q14 as part of restructuring process that aim to improve Company's margins and operational efficiency.

Adjusted EBITDA (R\$ thd)



The cash constraints continue impacting Company's EBITDA, plus extraordinary expenses due to Company's restructuring process. Below, a reconciliation of Adjusted EBITDA from continuing operations of 3Q14, by Segment:

	3Q14		
Adjusted Ebitda Reconciliation (R\$ thd)	Products	Services	Total
Gross Profit	1,736	9,615	11,351
SG&A	-5,324	-11,261	-16,585
Management Compensation	-269	-1,184	-1,453
Depreciation and Amortization	2,230	10,240	12,470
Operational Revenues/Expenses	-4,835	-48,943	-53,778
Ebitda from Continuing Operations	-6,462	-41,533	-47,995
Provision for Variable Compensation	-	83	83
Provision for Losses, Impairment and Net Profit/Loss on Disposal of Assets	-744	15,070	14,326
Fines with Customers	-	37,372	37,372
Acquired Investment Integration and Restructuring Process	-377	-1,966	-2,343
Adjusted EBITDA from Continuing Operations	-7,583	9,026	1,443

The non-recurring expenses that totaled R\$ 14.3 million refers to the registration of reversion of provisions for losses on inventory obsolescence and adjustment in the amount of R\$ 0.6 million, provision for loss of lawsuit in the amount of R\$ 4.9 million and result of fixed assets sold in the negative amount of R\$ 10.0 million.

Net Result

Net Result (R\$ thd)	3Q13	3Q14	Chg. %	2Q14	3Q14	Chg. %	9M13	9M14	Chg. %
Result Before Income Tax and Social Contribution	-79,113	-149,022	88.4%	-129,789	-149,022	14.8%	-218,131	-381,047	74.7%
Income Tax and Social Contribution - Current	1,256	-186	n/a	-144	-186	29.2%	-74	-698	843.2%
Income Tax and Social Contribution - Deferred	986	-716	n/a	-1,752	-716	-59.1%	2,945	-1,578	n/a
Result of Discontinued Operation	6	-91,906	n/a	9,853	-91,906	n/a	-23,105	-75,334	226.1%
Net Result	-76,865	-241,830	214.6%	-121,832	-241,830	98.5%	-238,365	-458,657	92.4%
Net Result per 1000 Shares	-0.49	-1.54	214.6%	-0.78	-1.54	98.5%	-1.52	-2.92	92.4%

The Net Result in the 3Q14 was a loss of R\$ 241.8 million versus a loss of R\$ 121.8 million in the 2Q14 and a loss of R\$ 76.9 million in the 3Q13. The increase of the Company's Net Loss in the 3Q14 compared to the previous quarter of 98.5% and of 214.6% compared to the 3Q13 is primarily consequence of negative financial result in the 3Q14 by recognition of losses on new shares' fair value in the amount of R\$ 136.2 million and by the registration of loss by non-recoverability of goodwill on acquisition of Argentina's units in the amount of R\$ 98.1 million.

Were it not for the extraordinary events: (i) R\$ 136.2 million of recognition of losses on new shares' fair value; (ii) R\$ 98.1 million of loss by non-recoverability of goodwill on acquisition of Argentina's units; (iii) R\$ 36.2 million of gain for non-conversion of part of the Bonds in Capital Stock; (iv) R\$ 41.5 million of reversion of premium on non-conversion of Debentures and (v) R\$ 47.4 million of expenses with provisions for fines

with customers and negative result of fixed assets sold, the result of the quarter will be a loss of R\$ 37.8 million.

In the 9M14, the Consolidated Net Result resulted in loss of R\$ 458.7 million versus R\$ 238.4 million in the 9M13, an increase of 92.4%, primarily occurred by the registration of loss by non-recoverability of goodwill on acquisition of Argentina's units in the amount of R\$ 98.1 million and losses on new shares' fair value in the amount of R\$ 136.2.

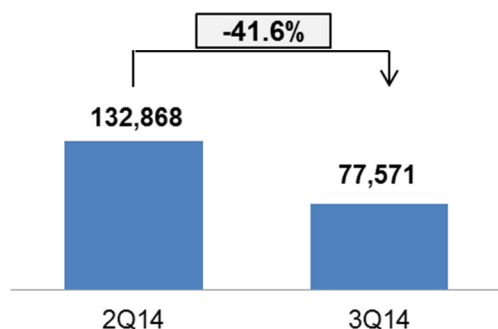
Were it not for the extraordinary events: (i) R\$ 136.2 million of recognition of losses on new shares' fair value; (ii) R\$ 98.1 million of loss by non-recoverability of goodwill on acquisition of Argentina's units; (iii) R\$ 36.2 million of gain for non-conversion of part of the Bonds in Capital Stock; (iv) R\$ 41.5 million of reversion of premium on non-conversion of Debentures and (v) R\$ 116.7 million of expenses with provisions for fines with customers and negative result of fixed assets sold, the result of the year will be a loss of R\$ 185.4 million.

Working Capital

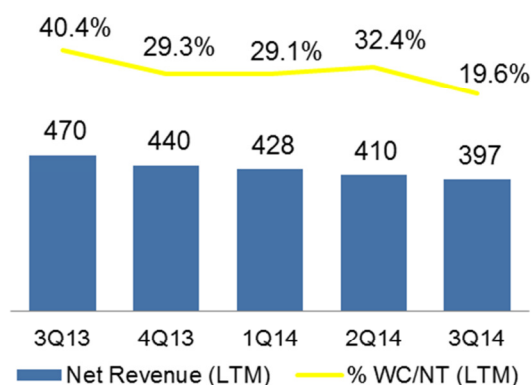
Working Capital (R\$ thd)	2Q14	3Q14	Chg. %	Chg. R\$
Accounts Receivable	135,683	112,888	-16.8%	-22,795
Inventories	126,455	72,828	-42.4%	-53,627
Accounts Payable	123,205	103,965	-15.6%	-19,240
Advances from Clients	6,065	4,180	-31.1%	-1,885
Employed Working Capital	132,868	77,571	-41.6%	-55,297
Employed Working Capital Variance	8,431	- 55,297		
% Working Capital/Net Revenues*	32.4%	19.6%		

*LTM: last 12 months

Working Capital (R\$ thd)



Net Revenue vs. Working Capital (R\$ thd)

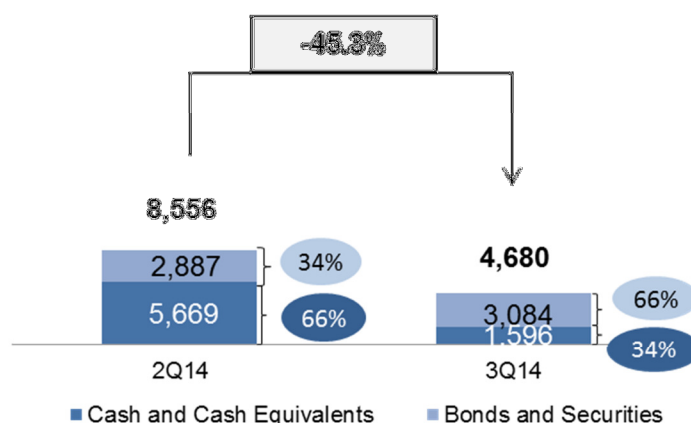


The rate of working capital needs upon accumulated Net Revenue (12 months) in the 3Q14 reached 19.6%, a reduction of 12.8% when compared to the rate of 2Q14.

The decrease of R\$ 55.3 million in the Employed Working Capital in the 3Q14 compared to the 2Q14 is primarily result of the classification of assets held for sale related to operations in Argentina in the 3Q14 whose Employed Working Capital in the period was of R\$ 61.9 million. Thus, disregarding the effect of the reclassification of the operations in Argentina, the increase of R\$ 6.6 million in the Employed Working Capital in the 3Q14 was mainly affected by reduction of the amounts payable to suppliers in Oilfield Services Brazil and Oil&Gas Valves operations.

Cash and Cash Equivalents

The consolidated position in Cash and Cash Equivalents of the Company in the 3Q14 reached R\$ 4.7 million, reduction of 45.3% compared to the 2Q14, affected by the classification of assets held for sale related to operations in Argentina, whose balance of Cash and Cash Equivalents in the quarter was of R\$ 4.1 million.



The financing activities consumed R\$ 8.0 million of Cash in the 3Q14 for the payment of interest and principal on loans and financing. In addition, the net cash of operating activities was negative in R\$ 2.4 million, while the investment activities generated positive cash of R\$ 6.2 million, primarily due to resources from the sale of fixed assets.

The difficulty in obtaining resources for investments and raw material acquisition limits Lupatech Cash generation, reflecting in a lower capacity of plants utilization and delay to deliver the Backlog.

Debt

Lupatech's Gross Debt ended the quarter in R\$ 400.1 million, 74.9% lower than in the 2Q14. Such reduction is consequence of Company's restructuring process that enabled the conversion of substantial part of Company's Debt in Capital Stock, resulting in a reduction of R\$ 1,015.5 million of debt with Debentures and

Bonds and in the net reduction of R\$ 175.6 million in debt with financial institutions. In addition, the remaining portion of Bonds and new issued Debentures in the amount of R\$ 185.7 million are classified as long-term obligations.

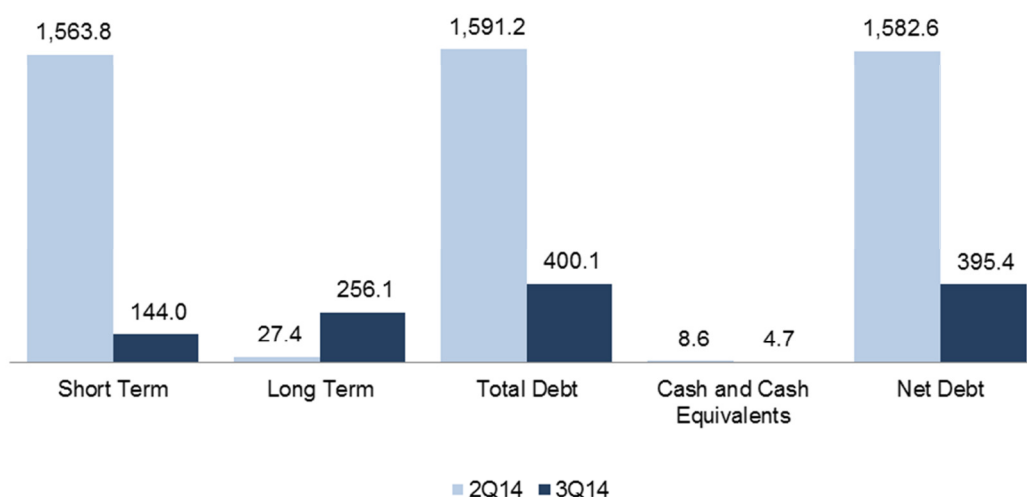
Debt (R\$ thd)	2Q14	3Q14	Chg. %	Chg. R\$
Short Term	1,563,820	144,001	-90.8%	- 1,419,819
Financing Lines	362,667	144,001	-60.3%	- 218,666
Debentures	501,537	-	n/a	- 501,537
Bonds	699,616	-	n/a	- 699,616
Long Term	27,382	256,097	835.3%	228,715
Financing Lines	27,382	70,424	157.2%	43,042
Debentures	-	68,393	n/a	68,393
Bonds	-	117,280	n/a	117,280
Total Debt	1,591,202	400,098	-74.9%	- 1,191,104
Cash and Cash Equivalents	8,556	4,680	-45.3%	- 3,876
Net Debt	1,582,646	395,418	-75.0%	- 1,187,228

Below is the table showing the effects of the restructuring process of the Company's Debt and capital conversion:

	Balances before restructuring	Restructuring process	Balances after the closing of the restructuring process
<u>CURRENT LIABILITIES</u>			
Loans and financing	365.955	(221.954)	144.001
Debentures	433.378	(433.378)	-
Perpetual bonds	689.538	(689.538)	-
Costs of the capitalization process	-	21.691	21.691
	1.488.871	(1.323.179)	165.692
<u>NON-CURRENT LIABILITIES</u>			
Loans and financing	46.089	24.335	70.424
Debentures	-	68.393	68.393
Bonds	-	117.280	117.280
	46.089	210.008	256.097
<u>SHAREHOLDERS' EQUITY</u>			
Paid-up Capital	742.438	1.113.171	1.855.609

Combined Cash and Cash Equivalents, the Company's Net Debt ended the quarter in R\$ 395.4 million, reduction of 75.0% compared to the 2Q14.

Debt Breakdown (R\$ thd)

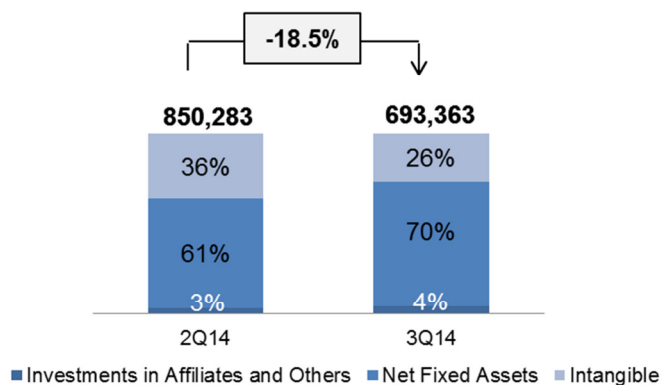


Investment Balances

Lupatech's Investment Balances totaled R\$ 693.4 million, a reduction of 18.5% compared to the R\$ 850.3 million presented in the 2Q14.

(R\$ thd)	2Q14	3Q14	Chg. %	Chg. R\$
Investments in Affiliates and Others	26,208	26,208	0.0%	-0
Net Fixed Assets	517,836	485,561	-6.2%	-32,275
Intangible	306,239	181,594	-40.7%	-124,645
Total	850,283	693,363	-18.5%	-156,920

The reduction of R\$ 32.3 million in Net Fixed Assets is primarily consequence of assets sold in the Oilfield Services Brazil division and due to the recognition of depreciation in the period. The Intangible, with reduction of R\$ 124.6 million is the primarily responsible for 79.4% of the total reduction of Investment Balances, due to the registration of loss by non-recoverability of goodwill on acquisition of Argentina's units and the consideration of the other balance part as discontinued operation in the current quarter.



Capex for 3Q14 was R\$ 3.7 million and 11.1 million in 2014, invested, in principal, in the Services Segment units. Capex has been applied in investments needed to improve production efficiency and execute Company's Backlog.

Attachment I – Consolidated Income Statement (R\$ thd)

	2Q14	3Q14	% Change
Net Sales of Goods and Services	98,325	90,700	-8%
Cost of Goods and Services Sold	(90,431)	(79,349)	-12%
Gross Profit	7,894	11,351	44%
Operating Revenues/Expenses	(50,190)	(70,982)	41%
Sales	(8,115)	(2,722)	-66%
General and Administrative	(15,052)	(13,863)	-8%
Management Compensation	(1,469)	(1,453)	-1%
Equity Pick-up	(8,914)	834	n/a
Other Operation Income (Expenses)	(16,640)	(53,778)	223%
Net Financial Result	(87,493)	(89,391)	2%
Financial Income	1,011	88,182	8622%
Financial Expenses	(107,002)	(160,183)	50%
Net Exchange Variance	18,498	(17,390)	n/a
Earnings Before Income Tax and Social Contribution	(129,789)	(149,022)	15%
Income Tax and Social Contribution - Current	(144)	(186)	29%
Income Tax and Social Contribution - Deferred	(1,752)	(716)	-59%
Loss from Discontinued Operations	9,853	(91,906)	n/a
Net Loss for the Period	(121,832)	(241,830)	98%

Attachment II – Reconciliation of Adjusted EBITDA from Continuing Operations (R\$ thd)

	2Q14	3Q14	% Change
Adjusted EBITDA from Continuing Operations	(4,845)	1,443	n/a
Provision for Variable Remuneration	(225)	(83)	-63%
Restructuring Process	(3,447)	2,343	n/a
Provision for Losses, Impairment and Net Result on Disposal of Assets	(1,847)	(14,326)	676%
Fines with Costumers	(10,591)	(37,372)	253%
EBITDA from Continuing Operations	(20,955)	(47,995)	129%
Depreciation and Amortization	(12,427)	(12,470)	0%
Equity Pick-up Result	(8,914)	834	n/a
Net Financial Result	(87,493)	(89,391)	2%
Income Tax and Social Contribution - Current and Deferred	(1,896)	(902)	-52%
Result from Discontinued Operations	9,853	(91,906)	n/a
Net Loss from Continuing and Discontinued Operations	(121,832)	(241,830)	98%

Attachment III – Consolidated Balance Sheet (R\$ thd)

	2Q14	3Q14	% Change
Total Asset	1,283,607	1,173,810	-9%
Current Assets	336,793	382,632	14%
Cash and Cash Equivalents	5,669	1,596	-72%
Securities-restricted	2,887	3,084	7%
Accounts Receivable	135,683	112,888	-17%
Inventories	126,455	72,828	-42%
Recoverable Taxes	25,856	21,895	-15%
Other Accounts Receivable	31,184	31,896	2%
Anticipated Expenses	9,059	9,242	2%
Assets held for sale	-	129,203	n/a
Non-Current Assets	946,814	791,178	-16%
Securities	4,500	4,500	0%
Judicial Deposits	22,056	23,489	6%
Recoverable Taxes	50,900	49,816	-2%
Other Accounts Receivable	19,075	20,010	5%
Investments	26,208	26,208	0%
Fixed Assets	517,836	485,561	-6%
Intangible	306,239	181,594	-41%
Total Liabilities and Shareholders' Equity	1,283,607	1,173,810	-9%
Current Liabilities	1,911,001	438,864	-77%
Accounts Payable	123,205	103,965	-16%
Loans and Financings	362,667	144,001	-60%
Debentures	501,537	-	n/a
Perpetual Bonds	699,616	-	n/a
Salaries, Provisions and Social Contribution	33,403	41,087	23%
Commissions Payable	2,941	2,850	-3%
Taxes Payable	37,665	51,631	37%
Advances from Clients	6,065	4,180	-31%
Participations in the Result	103	-	n/a
Services Payable	-	14,453	n/a
Other Obligations	129,918	37,936	-71%
Acquisitions Payable	13,881	14,397	4%
Liabilities held for sale	-	24,364	n/a
Non-Current Liabilities	177,766	520,961	193%
Loans and Financings	27,382	70,424	157%
Debentures	-	68,393	n/a
Perpetual Bonds	-	117,280	n/a
Taxes Payable	3,396	3,060	-10%
Deferred Income Tax and Social Contribution	32,633	34,055	4%
Provision for Taxes, Labor and Civil Risks	96,685	101,166	5%
Other Obligations	4,397	112,061	2449%
Provision for Negative Equity in Subsidiaries	13,273	14,522	9%
Shareholders Equity	(805,160)	213,985	-127%
Capital Stock	742,438	1,855,609	150%
Capital Transaction Reserve	-	136,183	n/a
Stock Options	13,549	13,549	0%
Equity Evaluation Adjustment	(75,389)	(63,768)	-15%
Accrued Losses	(1,485,758)	(1,727,588)	16%

Attachment IV – Consolidated Cash Flow (R\$ thd)

	2Q14	3Q14	% Change
Cash Flow from Operating Activities			
Net Result for the Period	(121,832)	(241,830)	98%
Adjustment:			
Depreciation of Fixed Assets	12,767	12,842	1%
Equity Pick-Up Result	8,914	(834)	n/a
Result on Sale of Fixed Assets	(2,309)	11,242	n/a
Financial Expenses and Exchange Variation	83,492	88,124	6%
Provision for Loss by Non-Recoverability of Assets	-	98,043	n/a
Income Tax and Social Contribution - Deferred	2,115	633	-70%
Losses on Inventory Obsolescence	718	(614)	n/a
Provision of Contractual Fines	15,087	37,365	148%
Allowance for Doubtful Accounts	448	(1,464)	n/a
Changes in Assets & Liabilities			
(Increase) Decrease in Accounts Receivable	(18,653)	(10,394)	-44%
(Increase) Decrease in Inventories	6,662	11,891	78%
(Increase) Decrease in Recoverable Taxes	4,473	4,200	-6%
(Increase) Decrease in Other Assets	1,422	5,390	279%
(Increase) Decrease in Accounts Payable	5,106	(7,241)	n/a
(Increase) Decrease in Taxes Payable	5,321	(235)	n/a
(Increase) Decrease in Others Accounts Payable	(12,591)	(9,466)	-25%
Net Cash Generated (Invested) in Operating Activities	(8,860)	(2,348)	-73%
Cash Flow from Investment Activities			
Cash of Discontinued Operations	-	(4,050)	n/a
Rescue Financial Application	531	14	-97%
Proceeds from Sales of Fixed Assets	7,709	14,000	82%
Aquisition of Fixed Assets	(3,048)	(2,967)	-3%
Additions to Intangible	(196)	(751)	283%
Net Cash Generated (Invested) in Investment Activities	4,996	6,246	25%
Cash Flow from Financing Activities			
Loans and Financings Contracted	35,614	50,679	42%
Loans and Financings Paid	(36,189)	(56,483)	56%
Interests on Loans and Financings Paid	(2,152)	(2,174)	1%
Net Cash Generated (Invested) in Financing Activities	(2,727)	(7,978)	193%
Effects of Exchange Variation over Cash and Cash Equivalents of Subsidiaries Abroad	3	7	133%
Net Increase (Decrease) in Cash and Cash Equivalents	(6,588)	(4,073)	-38%
At the Beginning of the Period	12,257	5,669	-54%
At the End of the Period	5,669	1,596	-72%

About Lupatech

Lupatech S.A. is one of the main Brazilian suppliers of products and services with high value added with focus in the oil and gas sector. Our businesses are organized in two Segments: Products and Services. The Products Segment offers mainly to the oil and gas sector, anchoring ropes for production platforms, valves, completion tools and gas compressors. The Services Segment offers services as workover, well intervention, coating and inspection of pipes.

This release contains forward-looking statements subject to risks and uncertainties. Such forward-looking statements are based on the management's beliefs and assumptions and information currently available to the Company. Forward-looking statements include information on our intentions, beliefs or current expectations, as well as on those of the Company's Board of Directors and Officers. The reservations as to forward-looking statements and information also include information on possible or presumed operating results, as well as any statements preceded, followed or including words such as "believes", "may", "will", "expects", "intends", "plans", "estimates" or similar expressions. Forward-looking statements are not performance guarantees; they involve risks, uncertainties and assumptions because they refer to future events and, therefore, depend on circumstances which may or may not occur. Future results may differ materially from those expressed or suggested by forward-looking statements. Many of the factors which will determine these results and figures are beyond Lupatech' control or prediction capacity.