LUPATECH

Financial and Economic Performance

1Q15



Message from the Management

To Shareholders

As mentioned in the end of the year 2014, we successfully completed the process that converted into share over R$ 1.1 billion of Company's debt and we homologated the capital increase set by the Restructuring Plan.

The conclusion of this restructuring step was essential to the Plan could be continued, which currently follows with prioritizing the strengthening of the Company's cash position.

The first significant move to cash injection had sequence at the end of October 2014, with the signing of the sales contract of a relevant group of units in Argentina, as disclosed in the Relevant Fact on October 28, 2014, generating the entry of US$ 22.0 million in November 2014.

Continuing the process of non-core assets divestments, on January 2015 we completed the sale of remaining operations in Argentina, Jefferson's operations, in the total amount of US$ 5.7 million, generating the entry of US$ 4.3 million, of which US$ 1.3 million will be paid within 03 years, according to the conditions of contract.

Other actions are critical execution to complete the cash position in order to permit the full resumption of operations, especially to focus on implementing the necessary investments in Capex and normalization of working capital.

In the end of the year 2014 there was a significant change in the Oil&Gas scenario, as result of the drastic fall in oil barrel price and the crisis in which the main customer of Lupatech, Petrobras, go through. It's important to mention that the Company does not have any relationship with the currents complaints involving suppliers and Petrobras itself, but, still, the instability generated from this situation is having a negative effect on the entire supply chain. Such a change of scenario raise difficulties from demobilization of non-core assets, obtain credit facilities from financial institutions and achieve potential investors to the Company to be significantly more challenging.

We understand that Lupatech has a differentiated position that represents important basis to go through this troubled moment of both economy and the Oil&Gas Segment. This position mainly involves the following factors: i) has executed the restructuring of its financial debt, with significant reduction in the amount, having its financial debt balance reprofiled in large proportion in the long term, with financial costs very adequate; ii) has completed over 2013 and 2014 a strong restructuring process and operational suitability to reduce its costs and expenses; iii) be a Company not mustered the current crisis now facing its main customer and other several suppliers of the segment and iv) has the physical structure, with good positioning in terms of product and services offer, which keeps Lupatech in unique position to meet the demands of its customers.

Sparing no efforts, we remained committed to completing the restructuring of Lupatech, relentlessly pursuing financial stability, in particular with regard to the Company's working capital. The Company also has alternatives to conclude certain demobilizations of non-core assets, as well as the possibility to attracting new investors to its assets.

As for the results obtained for the period of three months ended in March 31st, 2015, the operations were seriously affected by the crisis scenario in the Oil&Gas segment and, consequently, by the Company's cash constraints, reaching adjusted EBITDA in the 1Q15 negative of R$ 4.1 million that consumed the positive EBITDA accumulated in previous quarters.

We thank all our shareholders, suppliers, creditors, customers and employees for their partnership and support given to the Company during these challenging times.

Nova Odessa, May 15, 2015

The Management

Financial and Economic Performance

Net Revenue

Net Revenue (R$ thd)	1Q14	1Q15	Chg. %	4Q14	1Q15	Chg. %
Products	**34,484**	**13,700**	**-60.3%**	**21,310**	**13,700**	**-35.7%**
Oil&Gas Valves	10,530	3,072	-70.8%	6,081	3,072	-49.5%
Industrial Valves	6,193	3,261	-47.3%	4,715	3,261	-30.8%
Anchoring Ropes	15,994	6,724	-58.0%	8,347	6,724	-19.4%
Others Products	1,767	643	-63.6%	2,167	643	-70.3%
Services	**66,800**	**69,513**	**4.1%**	**72,668**	**69,513**	**-4.3%**
Oilfield Services Brazil	42,226	39,804	-5.7%	36,201	39,804	10.0%
Oilfield Services Colombia	19,240	21,666	12.6%	33,706	21,666	-35.7%
Tubular Services & Coating	5,334	8,043	50.8%	2,761	8,043	191.3%
Total	**101,284**	**83,213**	**-17.8%**	**93,978**	**83,213**	**-11.5%**

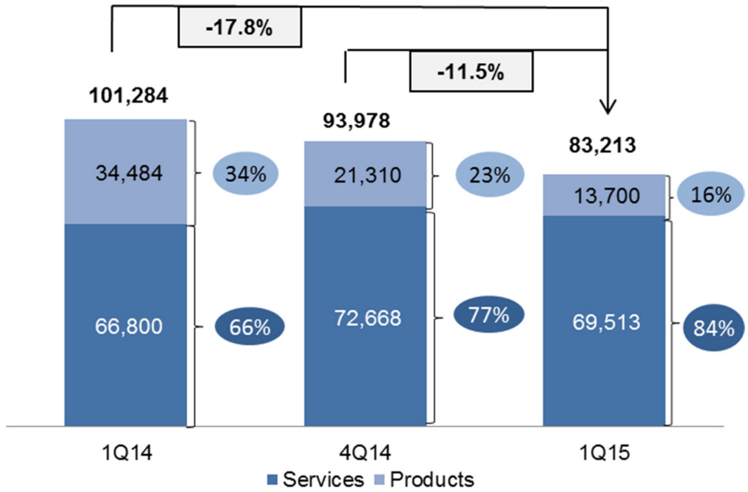
The Consolidated Net Revenue in the 1Q15 reached R$ 83.2 million, versus R$ 94.0 million in the 4Q14 and R$ 101.3 million in the 1Q14, a reduction of 11.5% and 17.8%, respectively.

The performance of Products Segment was primarily responsible for reduction in the Net Consolidated Revenue in both comparative periods mentioned above. The Oil&Gas Valves and Anchoring Ropes divisions were the most affected by cash constraints, staying well below their real potential and having part of their operations paralyzed during the quarter by lack of resources. Thus, these divisions showed net revenue reductions that, combined, represent 60.9% of total revenue decrease in the Products Segment in the 1Q15 compared to the 4Q14 and 80.5% of total revenue decrease in the 1TQ5 compared to the 1Q14 in the same Segment.

The Services Segment presented a reduction of 4.3% in net revenue in the 1Q15 compared to the 4Q14, from R$ 72.7 million in the 4Q14 to R$ 69.5 million in the 1Q15. Although the divisions Oilfield Services Brazil and Tubular Services & Coating have presented significant growth in the period due to the performance of Well Services projects and on Flexible Tubing and Hydraulic Key operations, they were not enough to compensate the reduction in net revenue of Colombia operations that were affected by the decrease of two production facilities due to the oil price.

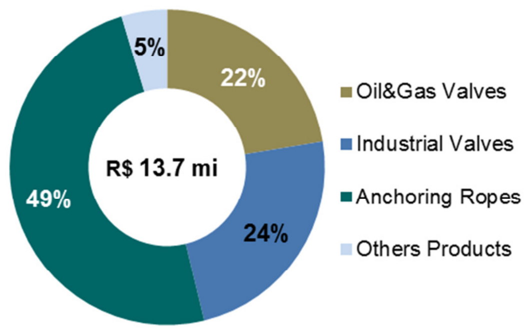
Compared to the 1Q14, the net revenue of the Services Segment increase 4.1%, from R$ 66.8 million in the 1Q14 to R$ 69.5 million in the 1Q15, primarily due to the performance of Tubular Services & Coating division.

Net Operating Revenue (R$ thd)

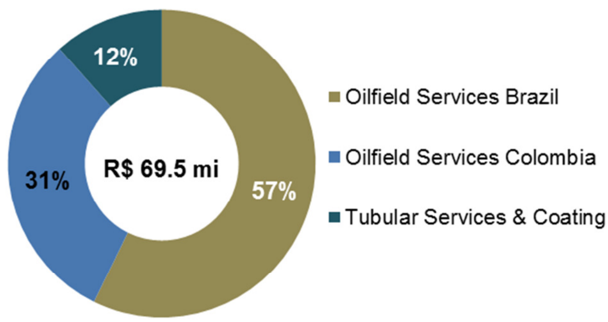


Revenue Distribution – 1Q15

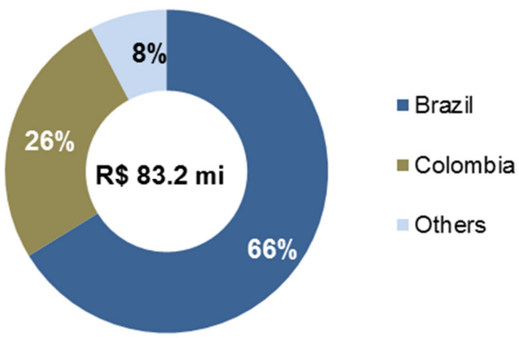
Products



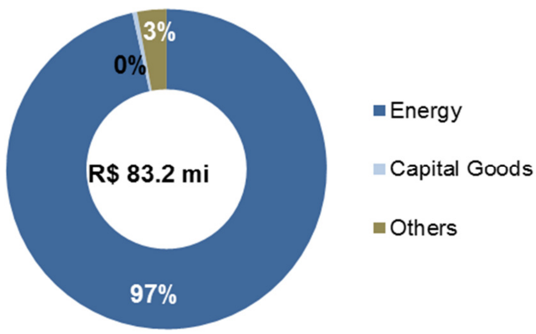
Services



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 services provision, which generated longer delivery Backlog, with negative impacts on the generation of the Group Net Revenue.

As a result, our backlog of firm orders on March 31 amounted to R$ 0.6 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.

Costs on Goods Sold – COGS

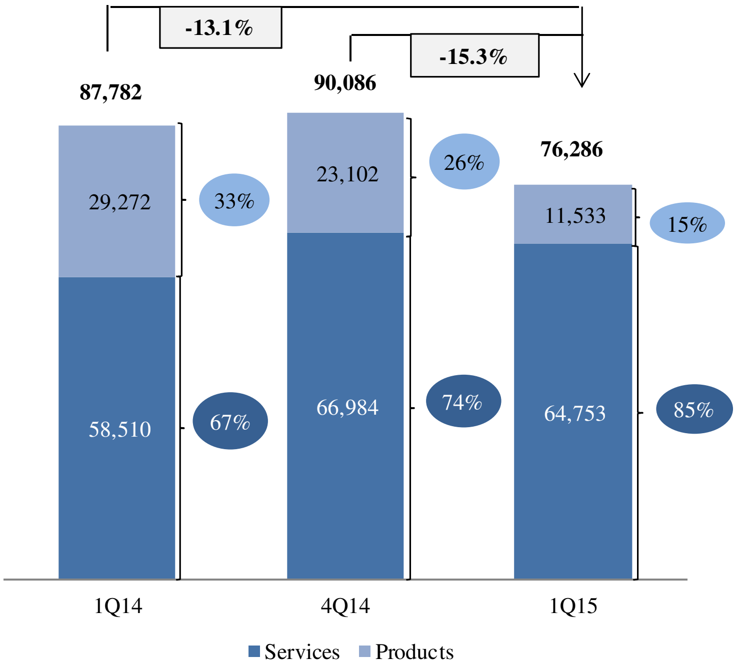
COGS (R$ thd)	1Q14	1Q15	Chg. %	4Q14	1Q15	Chg. %
Products	29,272	11,533	-60.6%	23,102	11,533	-50.1%
Services	58,510	64,753	10.7%	66,984	64,753	-3.3%
Total	**87,782**	**76,286**	**-13.1%**	**90,086**	**76,286**	**-15.3%**

The Consolidated Costs on Goods Sold (COGS) in the 1Q15 decreased 15.3% compared to the 4Q14, reaching R$ 76.3 million versus R$ 90.1 million.

This reduction was higher than the decreased of 11.5% recorded on Consolidated Net Revenue especially due to reduction in costs with inventory adjustments in the amount of R$ 3.5 million that burdening COGS in Products Segment in the 4Q14.

Compared to the 1Q14, there was decrease of 13.1% in the Consolidated COGS in the 1Q15. This decreased was lower than reduction in Net Revenue of 17.8% in the same period primarily due to increase on import costs in the system of temporary admission of Services Segment in the 1Q15, in the amount of R$ 3.0 million.

COGS (R$ thd)



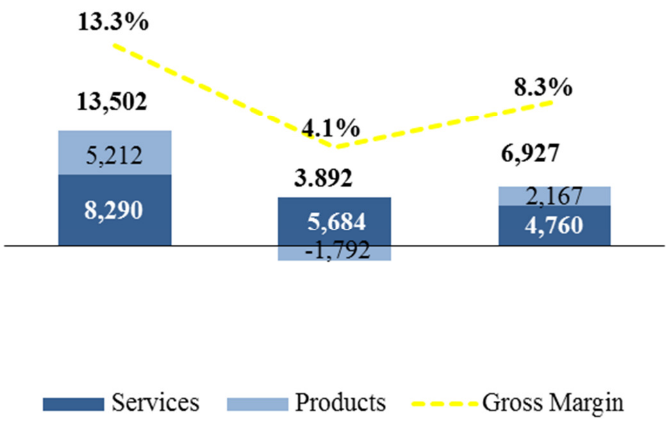
Gross Profit and Gross Margin

Gross Profit (R$ thd)	1Q14	1Q15	Chg. %	4Q14	1Q15	Chg. %
Products	**5,212**	**2,167**	**-58.4%**	**-1,792**	**2,167**	**n/a**
Gross Margin - Products	15.1%	15.8%	0.7 p.p.	-8.4%	15.8%	24.2 p.p.
Services	**8,290**	**4,760**	**-42.6%**	**5,684**	**4,760**	**-16.3%**
Gross Margin - Services	12.4%	6.8%	-5.6 p.p.	7.8%	6.8%	-1.0 p.p.
Total	**13,502**	**6,927**	**-48.7%**	**3,892**	**6,927**	**78.0%**
Gross Margin - Total	13.3%	8.3%	-5.0 p.p.	4.1%	8.3%	4.2 p.p.

The Gross Profit in the 1Q15 reached R$ 6.9 million compared to R$ 3.9 million in the 4Q14, an increase of 78.0%, primarily due to costs with inventory adjustments occurred in the Products Segment in the 4Q14, as mentioned earlier. On the other hand, compared to the 1Q14, the Gross Profit reduced 48.7%, from R$ 13.5 million in the 1Q14 to R$ 6.9 million in the 1Q15, especially due to the reduction in Net Revenue of Products Segment by cash constraints and due to the increase on import costs in the Services Segment.

The Gross Margin of Products Segment increased from -8.4% in the 4Q14 to 15.8% in the 1Q15 as mainly consequence of improvement in the margin of Oil&Gas Valves and Anchoring Ropes divisions due to non-occurrence of significant inventory adjustments in the 1Q15, unlike what occurred in the 4Q14. Compared to the 1Q14, the Gross Margin of Products Segment increased 0.7 percentage points, from 15.1% in the 1Q14 to 15.8% in the 1Q15. This growth is especially due to reduction in personnel costs in the amount of R$ 1.1 million which mainly impacted the Oil&Gas Valves division.

Gross Profit (R$ thd) and Gross Margin (%)



The Gross Margin of Services Segment decreased 5.6 percentage points in the 1Q15 compared to the 1Q14, from 12.4% in the 1Q14 to 6.8% no 1Q15, mainly due to the increase in personnel costs impacted by termination in the Oilfield Services Brazil in the 1Q15 in the amount of R$ 0.6 million. Although the operations of Tubular Services&Coating had presented improvements of performance in the quarter, the Gross Margin of Services Segment reduced 1.0 percentage point in the 1Q15 compared to the 4Q14, primarily affected by decrease in Colombia operations, as mentioned before.

Expenses

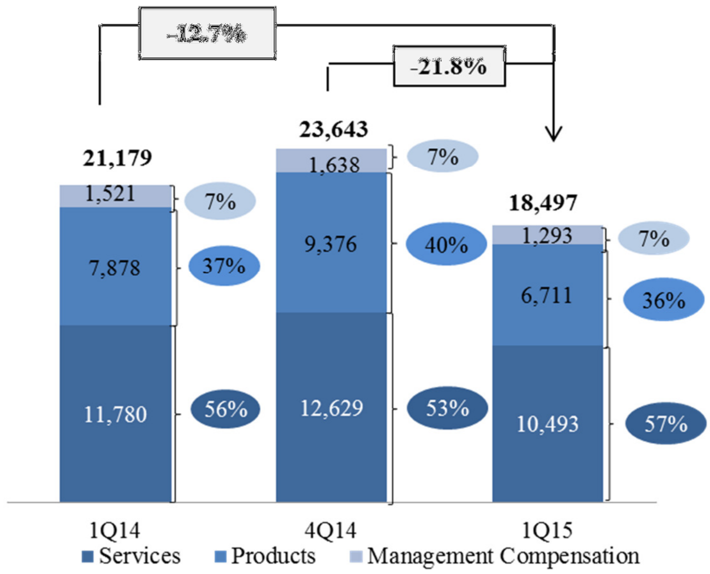
(R$ thd)	1Q14	1Q15	Chg. %	4Q14	1Q15	Chg. %
Total Sales Expenses	5,605	4,458	-20.5%	8,040	4,458	-44.6%
Total Administrative Expenses	14,053	12,746	-9.3%	13,965	12,746	-8.7%
Products	**7,878**	**6,711**	**-14.8%**	**9,376**	**6,711**	**-28.4%**
Total Sales Expenses - Products	3,459	2,864	-17.2%	5,198	2,864	-44.9%
Total Administrative Expenses - Products	4,419	3,847	-12.9%	4,178	3,847	-7.9%
Services	**11,780**	**10,493**	**-10.9%**	**12,629**	**10,493**	**-16.9%**
Total Sales Expenses - Services	2,146	1,594	-25.7%	2,842	1,594	-43.9%
Total Administrative Expenses - Services	9,634	8,899	-7.6%	9,787	8,899	-9.1%
Total Sales and Administratives	**19,658**	**17,204**	**-12.5%**	**22,005**	**17,204**	**-21.8%**
Management Compensation	1,521	1,293	-15.0%	1,638	1,293	-21.1%
Total Sales, Administratives and Management Compensation	**21,179**	**18,497**	**-12.7%**	**23,643**	**18,497**	**-21.8%**

The Consolidated Sales and Administrative Expenses and the Management Salary presented reduction of 21.8% in the 1Q15 reaching R$ 18.5 million versus R$ 23.6 million in the 4Q14, and reduction of 12.7% compared to the 1Q14 that reached R$ 21.2 million.

The Sales Expenses decreased both compared to the 1Q14 as compared to the 4Q14, from R$ 5.6 million in the 1Q14 and from R$ 8.0 million in the 4Q14 to R$ 4.5 million in the 1Q15, a reduction of 20.5% and 44.6%, respectively. This reduction primarily occurred due to decrease in expenses of fines with customers in both segments, decrease of provision for doubtful accounts in the Services Segment and reduction of commissions in the Products Segment due to decrease in Net Revenue.

Similarly, there was reduction in Administrative Expenses in both comparative period, from R$ 14.1 million in the 1Q14 and R$ 14.0 million in the 4Q14 to R$ 12.7 million in the 1Q15, a decrease of 9.3% and 8.7%, respectively. The main factor of reduction in both periods was the decrease of personnel and charges expenses as part of Company's restructuring process.

Operating Expenses (R$ thd)



The Management Compensation presented reduction of 15.0% in the 1Q15 compared to the 1Q14, from R$ 1.5 million in the 1Q14 to R$ 1.3 million in the 1Q15. Also presented a decrease of 21.1% in the 1Q15 when compared to the 4Q14, from R$ 1.6 million in the 4Q14 to R$ 1.3 million in the 1Q15.

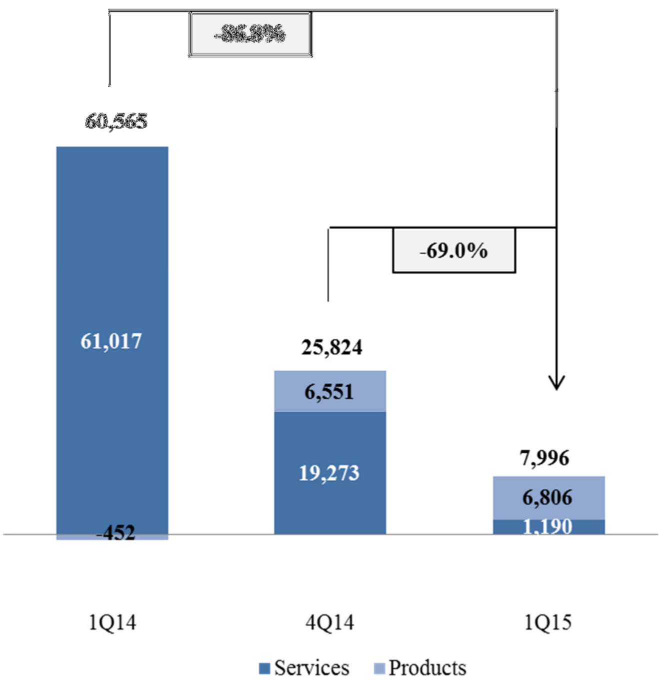
Other Operating (Revenues) and Expenses

Other Expenses (Income) (R$ thd)	1Q14	1Q15	Chg. %	4Q14	1Q15	Chg. %
Products	-452	6,806	n/a	6,551	6,806	3.9%
Services	61,017	1,190	-98.0%	19,273	1,190	-93.8%
Total	**60,565**	**7,996**	**-86.8%**	**25,824**	**7,996**	**-69.0%**

The Other Operating Expenses reduced 69.0% in the 1Q15 compared to the 4Q14, totaling R$ 8.0 million against R$ 25.8 million in the 4Q14 and they are primarily related to the following factors: (i) revenue on the disposal and sale of fixed assets of R$ 0.3 million (R$ 10.5 million of expenses in the 4Q14); (ii) provision for loss of lawsuit of R$ 0.9 million (R$ 10.0 million of expenses in the 4Q14) and (iii) cost of idle production of R$ 7.3 million (R$ 6.0 million in the 4Q14).

Compared to the 1Q14, the Other Operating Expenses reduced 86.8%, from R$ 60.6 million in the 1Q14 to R$ 8.0 million in the 1Q15. The main factors that impacted this reduction are related to the recognition of provision for fines with customers in the amount of R$ 47.7 million in the 1Q14 not occurred in the 1Q15, as well as losses on disposal and sale of fixed assets in the amount of R$ 8.3 million in the 1Q14.

Other Operating Expenses (R$ thd)



Financial Result

Financial Result (R$ thd)	1Q14	1Q15	Chg. %	4Q14	1Q15	Chg. %
Interest Income	192	199	3.6%	337	199	-40.9%
Monetary Variation	318	172	-45.9%	510	172	-66.3%
Adjustment to Present Value	-	-	n/a	412	0	n/a
Interest on Receivables	537	303	-43.6%	303	303	0.0%
Others	651	104	-84.0%	1,134	104	-90.8%
Financial Revenue*	**1,698**	**778**	**-54.2%**	**2,696**	**778**	**-71.1%**
Interest Expense	-43,897	-6,796	-84.5%	-9,611	-6,796	-29.3%
Embedded Derivatives - Debentures	-3,303	-	n/a	-	-	n/a
Losses on Fair Value	-	-	n/a	-3,404	-	n/a
Provision for Interest on Suppliers	-	-567	n/a	-9,495	-567	-94.0%
Banking Expenses, Taxes and Others	-4,977	-3,357	-32.6%	-3,139	-3,357	6.9%
Financial Expense*	**-52,177**	**-10,720**	**-79.5%**	**-25,649**	**-10,720**	**-58.2%**
Net Financial Result*	**-50,479**	**-9,942**	**-80.3%**	**-22,953**	**-9,942**	**-56.7%**
Exchange Variance Revenue	47,712	151,904	218.4%	64,278	151,904	136.3%
Exchange Variance Expense	-23,616	-179,194	658.8%	-70,863	-179,194	152.9%
Net Exchange Variance	**24,096**	**-27,290**	**n/a**	**-6,585**	**-27,290**	**314.4%**
Net Financial Result - Total	**-26,383**	**-37,232**	**41.1%**	**-29,538**	**-37,232**	**26.0%**

* Excluding Exchange Variance

The Total Financial Income (excluding Exchange Variance) in the 1Q15 reached R$ 0.8 million versus R$ 2.7 million in the 4Q14 and R$ 1.7 million in the 1Q14, a reduction of 71.1% and 54.2%, respectively, primarily due to reduction of the following financial incomes: (i) interest on escrow deposits in both comparative periods; (ii) interest on receivables in comparison with 1Q14 and (iii) revenue of adjustment to present value in comparison with 4Q14.

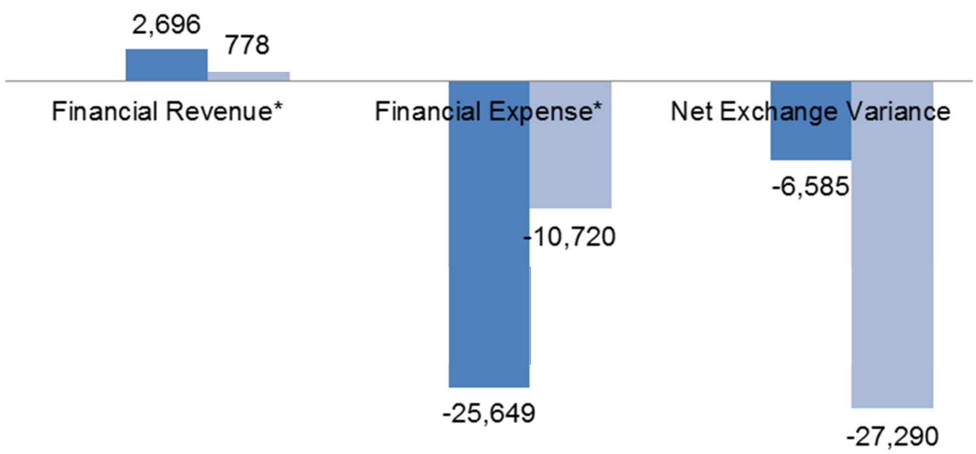
The Total Financial Expense (excluding Exchange Variance) reduced 58.2% in the 1Q15 compared to the 4Q14 reaching R$ 10.7 million versus R$ 25.6 million in the 4Q14 primarily due to reduction of expenses with losses on fair value and provision of interest on late payment of securities suppliers.

Compared to the 1Q14, the Total Financial Expense (excluding Exchange Variance) decreased 79.5%, reaching R$ 10.7 million versus R$ 52.2 million in the 1Q14 primarily due to the losses with embedded derivative of debentures recorded in the 1Q14 and non-recurring in the 1Q15, as well as by reduction of expenses with interests on financial debts, bonds and debentures, as result of Company's debt decrease finalized in the third quarter 2015.

The Net Exchange Variance in the 1Q15 resulted in expense of R$ 27.3 million versus an expense of R$ 6.6 million in the 4TQ4 and an income of R$ 24.1 million in the 1Q14 affected by valuation of 20.8% in U.S. dollar against Brazilian Real in the 1Q15 versus a valuation of 8.4% in U.S. dollar in the 4Q14 and a devaluation of 3.4% in the 1Q14.

Primarily due to the Net Exchange Variance effect, the Total Net Financial Result in the 1Q15 resulted in expense and increased 26.0% when compared to the 4Q14, totaling R$ 37.2 million versus R$ 29.5 million in the 4Q14. Compared to the 1Q14, the Net Financial Result also presented an increase in expense and totaled R$ 37.2 million versus R$ 26.4 million in the 1Q14, higher in 41.1%.

Financial Result Breakdown (R$ thd)



* Excluding Exchange Variance

Adjusted EBITDA from Continuing Operations[1]

The Consolidated Adjusted EBITDA from Continuing Operations was negative in R$ 4.1 million in the 1Q15, versus negative result of R$ 8.9 million in the 4Q14. The EBITDA Margin in the 1Q15 was negative of 5.0% with variation of 4.4 percentage points compared to the presented in the 4Q14, negative of 9.4%.

Adjusted EBITDA (R$ thd)	1Q14	1Q15	Chg. R$	Chg. %	4Q14	1Q15	Chg. R$	Chg. %
Products	**- 636**	**- 7,869**	**- 7,233**	**1137.2%**	**- 13,162**	**- 7,869**	**5,293**	**-40.2%**
Margin	-1.8%	-57.4%		-55.6 p.p.	-61.8%	-57.4%	-	4.4 p.p.
Services	**5,975**	**3,749**	**- 2,226**	**-37.2%**	**4,291**	**3,749**	**-542**	**-12.6%**
Margin	8.9%	5.4%		-3.5 p.p.	5.9%	5.4%	-	-0.5 p.p.
Total	**5,339**	**- 4,119**	**- 9,458**	**n/a**	**- 8,871**	**- 4,119**	**4,751**	**-53.6%**
Margin	5.3%	-5.0%		-10.3 p.p.	-9.4%	-5.0%	-	4.4 p.p.
% Products	-12%	191%			148%	191%		
% Services	112%	-91%			-48%	-91%		

The reduction of negative Consolidated Adjusted EBITDA in the 1Q15 was primarily consequence of recovery of Gross Margin in the Products Segment due to non-occurrence of inventory adjustments that

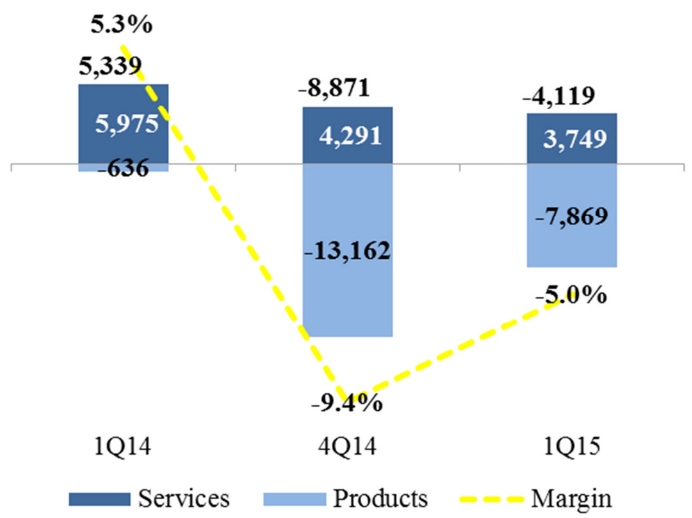
[1] *EBITDA from continuing operations is calculated as the net income (loss) before income tax and social contribution, financial income (expense), Equity Pick-up Result and depreciation and amortization. The Adjusted EBITDA from continuing operations reflects the EBITDA from continuing operations, 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.*

burdened 4Q14 in the amount of R$ 3.5 million, besides the reduction in sales and administrative expenses resulting from improvements made by operational restructuring.

Adjusted Ebitda Reconciliation (R$ thd)	1Q14	4Q14	1Q15
Gross Profit	13,502	3,892	6,927
SG&A	-19,658	-22,005	-17,204
Management Compensation	-1,521	-1,638	-1,293
Depreciation and Amortization	12,629	12,535	12,392
Operational Revenues/Expenses	-60,565	-25,824	-7,996
Ebitda from Continuing Operations	**-55,613**	**-33,040**	**-7,174**
Provision for Variable Compensation	210	757	-21
Provision for Losses, Impairment and Net Profit/Loss on Disposal of Assets	11,171	19,018	934
Fines with Customers	47,685	3,436	1,352
Restructuring Process	1,886	958	789
Adjusted EBITDA from Continuing Operations	**5,339**	**-8,871**	**-4,119**

The Consolidated Adjusted EBITDA from Continuing Operations in the 1Q15 compared to the 1Q14 reduced from R$ 5.3 million positive in the 1Q14 to R$ 4.1 million negative in the 1Q14. The Consolidated Adjusted EBITDA Margin reduced 10.3 percentage points, from 5.3% in the 1Q14 to -5.0% in the 1Q15. This reduction was primarily result of decrease in net revenue of Products Segment by cash constraints, by increase in import costs in the Services Segment and by the costs of idle production in the amount of R$ 7.3 million that impacted 1Q15, but was not occurred in a relevant way in the 1Q14.

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 1Q15, by Segment:

	1Q15		
Adjusted Ebitda Reconciliation (R$ thd)	**Products**	**Services**	**Total**
Gross Profit	2,167	4,760	6,927
SG&A	-6,711	-10,493	-17,204
Management Compensation	-219	-1,074	-1,293
Depreciation and Amortization	2,239	10,153	12,392
Operational Revenues/Expenses	-6,806	-1,190	-7,996
Ebitda from Continuing Operations	**-9,330**	**2,156**	**-7,174**
Provision for Variable Compensation	0	-21	-21
Provision for Losses, Impairment and Net Profit/Loss on Disposal of Assets	288	647	934
Fines with Customers	1,001	351	1,352
Restructuring Process	173	616	789
Adjusted EBITDA from Continuing Operations	**-7,869**	**3,749**	**-4,119**

Non-recurring expenses that totaled R$ 0.9 million are primarily related to the record of provisions for loss of lawsuits.

Net Result

Net Result (R$ thd)	**1Q14**	**1Q15**	**Chg. %**	**4Q14**	**1Q15**	**Chg. %**
Result Before Income Tax and Social Contribution	-102,236	-56,798	-44.4%	-76,540	-56,798	-25.8%
Income Tax and Social Contribution - Current	-368	-612	66.3%	-1,566	-612	-60.9%
Income Tax and Social Contribution - Deferred	890	689	-22.6%	534	689	29.0%
Result of Discontinued Operation	6,719	-22,054	-428.2%	-94,779	-22,054	-76.7%
Net Result	**-94,995**	**-78,775**	**-17.1%**	**-172,351**	**-78,775**	**-54.3%**
Net Result per 1000 Shares	-0.60	-0.50	-16.8%	-1.10	-0.50	-54.3%

The Net Result in the 1Q15 was a loss of R$ 78.8 million, compared to a loss of R$ 172.3 million in the 4Q14. The main extraordinary events that contributed for that performance in the 1Q15 were: (i) R$ 22.0 million of expenses with low of investment in Jefferson units; (ii) R$ 1.3 million of expenses with provisions for fines with customers; (iii) R$ 1.7 million of litigation and restructuring expenses and (iv) R$ 7.3 million in costs of idle production. Were it not for these extraordinary events, the accumulated result in the 1Q15 would be a loss of R$ 46.5 million. The 4Q14 was impacted by the recognition of R$ 23.3 million of loss by non-recoverability of goodwill on acquisition of Argentina's units; R$ 73.4 million of expenses with the loss of investment in Argentina and R$ 10.5 million of losses on the disposal and sale of fixed assets.

Compared to the 1Q14, the Consolidated Net Result presented reduction of 17.1% in the loss, from R$ 95.0 million in the 1Q14 to R$ 78.8 million in the 1Q15. The result of 1Q14 was primarily influenced by the recognition of fines with customers in the amount of R$ 47.7 million.

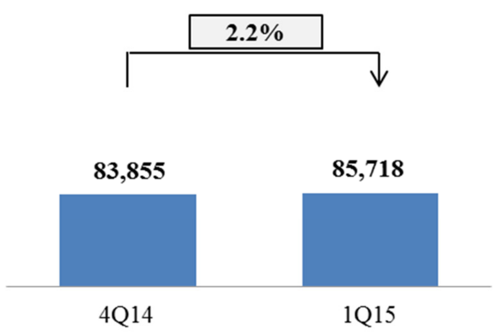
Working Capital

Working Capital (R$ thd)	4Q14	1Q15	Chg. %	Chg. R$
Accounts Receivable	115,483	119,012	3.1%	3,529
Inventories	69,644	66,795	-4.1%	-2,849
Accounts Payable	98,389	97,822	-0.6%	-567
Advances from Clients	2,883	2,267	-21.4%	-616
Employed Working Capital	**83,855**	**85,718**	**2.2%**	**1,863**
Employed Working Capital Variance	- 45,263	1,863		
% Working Capital/Net Revenues*	21.8%	23.4%		

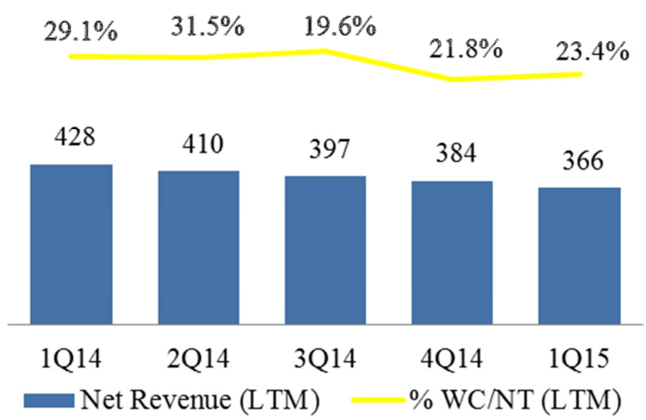
**LTM: last 12 months*

The rate of Working Capital Needs upon accumulated Net Revenue (12 months) in the 1Q15 reached 23.4%, an increase of 1.6 percentage points when compared to the rate of 4Q14.

Working Capital (R$ thd)



Net Revenue vs. Working Capital (R$ thd)

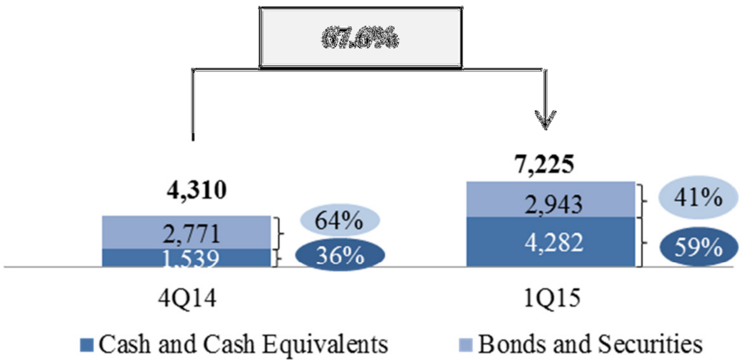


The increase of R$ 1.9 million in Employed Working Capital in the 1Q15 compared to the 4Q14 is primarily result of growth in receivables of Oilfield Services Brazil and Colombia divisions.

Cash and Cash Equivalents

The consolidated position in Company's Cash and Cash Equivalents in the 1Q15 reached R$ 7.2 million, an increase of R$ 2.9 million, or 67.6%, compared to the 4Q14.

Cash and Cash Equivalents Balances (R$ thd)



The difficulty in obtaining resources for investments and raw material acquisition limits of an important way the capability of operating cash flow of Lupatech, reflecting in a lower capacity of industrial units and lower capacity of provide services, having as consequence the higher delivery of Backlog.

Debt

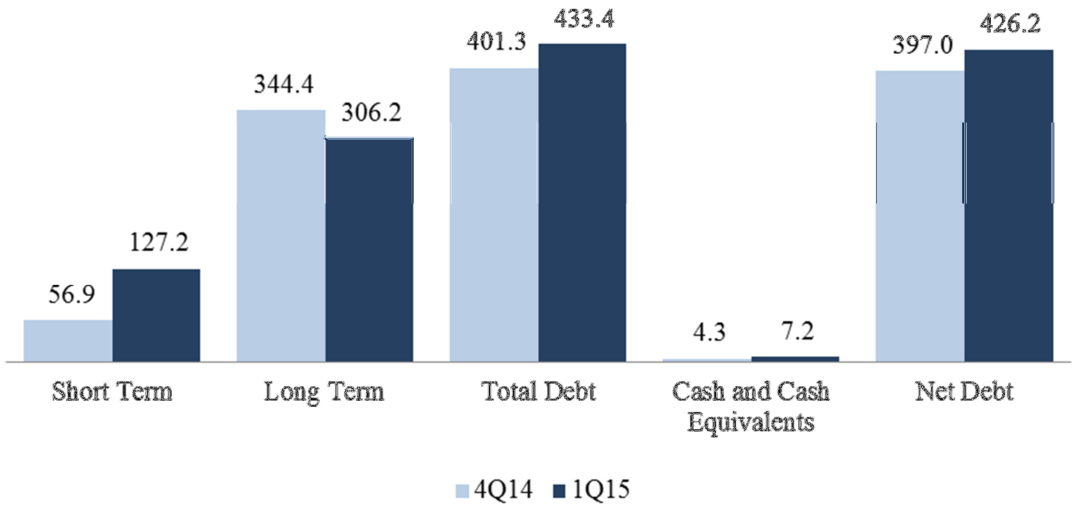
Lupatech's Gross Debt ended the quarter in R$ 433.4 million, 8.0% higher than reported in the 4Q14.

Debt (R$ thd)	4Q14	1Q15	Chg. %	Chg. R$
Short Term	**56,884**	**127,219**	**123.6%**	**70,335**
Financing Lines	56,884	127,219	123.6%	70,335
Long Term	**344,425**	**306,226**	**-11.1%**	**- 38,199**
Financing Lines	144,742	78,269	-45.9%	- 66,473
Debentures	71,715	72,254	0.8%	539
Bonds	127,968	155,703	21.7%	27,735
Total Debt	**401,309**	**433,445**	**8.0%**	**32,136**
Cash and Cash Equivalents	4,310	7,225	67.6%	2,915
Net Debt	**396,999**	**426,220**	**7.4%**	**29,221**

This increase is primarily consequence of exchange variance upon bonds due to the valuation of 20.8% in U.S. dollar against Brazilian Real in the 1Q15.

Combined Cash and Cash Equivalents, the Company's Net Debt ended the quarter in R$ 426.2 million, an increase of 7.4% against the amount in the 4Q14.

Debt Breakdown (R$ million)



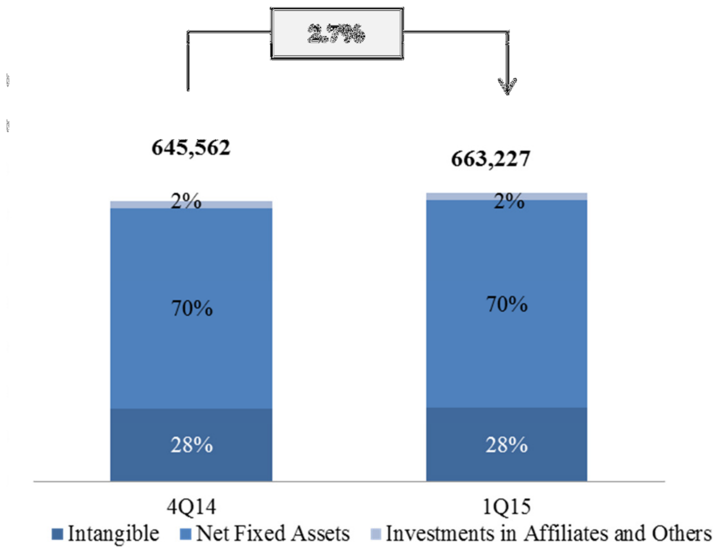
Investment Balances

Lupatech's Investment Balances in the quarter totaled R$ 663.2 million, a growth of 2.7% compared to the R$ 645.6 million presented in the 4Q14.

Investments (R$ thd)	4Q14	1Q15	Chg. %	Chg. R$
Investments in Affiliates and Others	15,960	15,960	0.0%	0
Net Fixed Assets	449,950	465,422	3.4%	15,472
Intangible	179,652	181,845	1.2%	2,193
Total	**645,562**	**663,227**	**2.7%**	**17,665**

The Fixed Assets, with a growth of R$ 15.5 million, is the main responsible for 87.6% of total Investments increase, especially due to the recognition of the conversion effect of the financial statements on the fixed assets registered in foreign subsidiaries, which reflect the valuation of 20.8% of U.S. dollar against Brazilian Real in the 1Q15.

Investment Balances (R$ thd)



Capex was R$ 2.9 million in the 1Q15 invested, in principal, in the Services Segment units. Capex has been applied in investments needed to improve production efficiency and execute Company’s Backlog, however the amount applied is still significantly lower than that required.

Attachments

Attachment I – Consolidated Income Statement (R$ thd)

	1Q14	1Q15	% Change
Net Sales of Goods and Services	101,284	83,213	-18%
Cost of Goods and Services Sold	(87,782)	(76,286)	-13%
Gross Profit	13,502	6,927	-49%
Operating Revenues/Expenses	(89,355)	(26,493)	-70%
Sales	(5,605)	(4,458)	-20%
General and Administrative	(14,053)	(12,746)	-9%
Management Compensation	(1,521)	(1,293)	-15%
Equity Pick-up	(7,611)	-	n/a
Other Operation Income (Expenses)	(60,565)	(7,996)	-87%
Net Financial Result	(26,383)	(37,232)	41%
Financial Income	1,698	778	-54%
Financial Expenses	(52,177)	(10,720)	-79%
Net Exchange Variance	24,096	(27,290)	n/a
Earnings Before Income Tax and Social Contribution	(102,236)	(56,798)	-44%
Income Tax and Social Contribution - Current	(368)	(612)	66%
Income Tax and Social Contribution - Deferred	890	689	-23%
Loss from Discontinued Operations	6,719	(22,054)	n/a
Net Loss for the Period	(94,995)	(78,775)	-17%

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

	1Q14	1Q15	
Adjusted EBITDA from Continuing Operations	5,339	(4,119)	n/a
Provision for Variable Remuneration	(210)	21	n/a
Reestructuring Process	(1,886)	(789)	-58%
Provision for Losses, Impairment and Net Result on Disposal of Assets	(11,171)	(934)	-92%
Fines with Costumers	(47,685)	(1,352)	-97%
EBITDA from Continuing Operations	(55,613)	(7,174)	-87%
Depreciation and Amortization	(12,629)	(12,392)	-2%
Equity Pick-up Result	(7,611)	-	n/a
Net Financial Result	(26,383)	(37,232)	41%
Income Tax and Social Contribution - Current and Deferred	522	77	-85%
Result from Discontinued Operations	6,719	(22,054)	n/a
Net Loss from Continuing and Discontinued Operations	(94,995)	(78,775)	-17%

Attachment III – Consolidated Balance Sheet (R$ thd)

	4Q14	1Q15	% Change
Total Asset	**1,022,629**	**1,025,222**	**0%**
Current Assets	**277,799**	**256,388**	**-8%**
Cash and Cash Equivalents	1,539	4,282	178%
Securities-restricted	2,771	2,943	6%
Accounts Receivable	115,483	119,012	3%
Inventories	69,644	66,795	-4%
Recoverable Taxes	24,686	27,170	10%
Other Accounts Receivable	5,145	6,119	19%
Antecipated Expenses	10,970	7,784	-29%
Advances to Suppliers	25,139	22,283	-11%
Assets held for sale	22,422	-	-100%
Non-Current Assets	**744,830**	**768,834**	**3%**
Securities	4,500	4,500	0%
Judicial Deposits	25,295	25,204	0%
Recoverable Taxes	47,452	46,635	-2%
Deferred Income Tax and Social Contribution	489	1,062	117%
Other Accounts Receivable	21,532	28,206	31%
Investments	15,960	15,960	0%
Fixed Assets	449,950	465,422	3%
Intangible	179,652	181,845	1%
Total Liabilities and Shareholders´Equity	**1,022,629**	**1,025,222**	**0%**
Current Liabilities	**296,031**	**370,280**	**25%**
Accounts Payable	98,389	97,822	-1%
Loans and Financings	56,884	127,219	124%
Salaries, Provisions and Social Contribution	29,479	30,932	5%
Commissions Payable	3,182	3,319	4%
Taxes Payable	57,652	55,297	-4%
Advances from Clients	2,883	2,267	-21%
Participations in the Result	655	-	n/a
Other Obligations	20,101	25,490	27%
Provision Contractual Fines	20,721	27,934	35%
Liabilities held for sale	6,085	-	-100%
Non-Current Liabilities	**631,240**	**582,939**	**-8%**
Loans and Financings	144,742	78,269	-46%
Debentures	71,715	72,254	1%
Bonds	127,968	155,703	22%
Taxes Payable	6,443	5,629	-13%
Deferred Income Tax and Social Contribution	33,780	33,179	-2%
Povision for Taxes, Labor and Civil Risks	107,948	109,223	1%
Other Obligations	6,453	7,570	17%
Provision Contractual Fines	112,399	101,320	-10%
Provision for Negative Equity in Subsidiaries	19,792	19,792	0%
Shareholders Equity	**95,358**	**72,003**	**-24%**
Capital Stock	1,853,684	1,853,684	0%
Capital Transaction Reserve	136,183	136,183	0%
Stock Options	13,549	13,549	0%
Equity Evaluation Adjustment	(8,119)	47,301	n/a
Accrued Losses	(1,899,939)	(1,978,714)	4%

Attachment IV – Consolidated Cash Flow (R$ thd)

	1Q14	1Q15	% Change
Cash Flow from Operating Activities			
Net Result for the Period	(94,995)	(78,775)	-17%
Adjustment:			
Depreciation of Fixed Assets	12,989	12,418	-4%
Equity Pick-Up Result	7,611	-	n/a
Result on Sale of Fixed Assets	12,995	(331)	n/a
Loss (Gain) on Disposal of Investments	-	21,879	n/a
Financial Charges and Exchange Variation on Financing and Debentures	20,674	33,584	62%
Income Tax and Social Contribution - Deferred	(878)	(531)	-40%
Losses on Inventory Obsolescence	1,734	2	-100%
Provision of Contractual Fines	49,550	1,352	-97%
Allowance for Doubtful Accounts	526	733	39%
Changes in Assets & Liabilities			
(Increase) Decrease in Accounts Receivable	(7,598)	5,657	n/a
(Increase) Decrease in Inventories	(3,894)	3,532	n/a
(Increase) Decrease in Recoverable Taxes	11,257	(882)	n/a
(Increase) Decrease in Other Assets	16,074	(4,914)	n/a
(Increase) Decrease in Accounts Payable	(7,493)	1,574	n/a
(Increase) Decrease in Taxes Payable	(9,986)	(372)	-96%
(Increase) Decrease in Others Accounts Payable	(8,559)	(25)	n/a
Net Cash Generated (Invested) in Operating Activities	**7**	**(5,099)**	**n/a**
Cash Flow from Investment Activities			
Payment for Acquisition of Investment	(200)	-	n/a
Securities - Restricted Account	324	27	-92%
Disposal of Discontinued Operations	-	11,922	n/a
Proceeds from Sales of Fixed Assets	3,000	1,703	-43%
Aquisition of Fixed Assets	(3,424)	(2,257)	-34%
Aquisition of Intangible	(720)	(635)	-12%
Net Cash Generated (Invested) in Investment Activities	**(1,020)**	**10,760**	**n/a**
Cash Flow from Financing Activities			
Loans and Financings Contracted	27,226	54,094	99%
Loans and Financings Paid	(32,508)	(56,458)	74%
Interests on Loans and Financings Paid	(2,120)	(2,598)	23%
Net Cash Generated (Invested) in Financing Activities	**(7,402)**	**(4,962)**	**-33%**
Effects of Exchange Variation over Cash and Cash Equivalents of Subsidiaries Abroad	(4)	2	n/a
Net Increase (Decrease) in Cash and Cash Equivalents	**(8,419)**	**701**	**n/a**
At the Beginning of the Period	20,676	3,581	-83%
At the End of the Period	12,257	4,282	-65%

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.