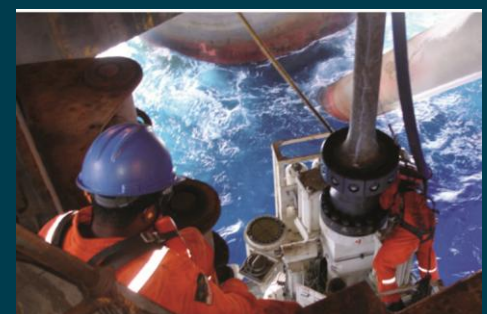




# Financial and Economic Performance 2015



## Judicial Recovery

On May 25, 2015, as disclosed in the Relevant Fact, the Company filed, together with the other companies in the Lupatech Group, the request for judicial recovery. The request has been approved by the Courts on June 23, 2015 and all information relating to the process are available on the website of Brazilian Securities Exchange Commission and of Investor Relations of Lupatech S/A - In Judicial Recovery.

On August 24, 2015, the Company presented the judicial recovery plan with the description of the recovery means to be employed, as well the report with appraisals of property and assets of the Company. The Company also presented the list of creditors to be paid under the terms and conditions set forth in the plan.

The notice containing the list of creditors was published on October 16, 2015. On October 26, 2015, the Company published notice calling on creditors to gathered General Meeting of Creditors or (GMC) to vote the Judicial Recovery Plan, with completion in first call on November 11, 2015, and in second call on November 18, 2015.

On November 11, 2015, the court-appointed administrator verified that the present creditors did not reach the minimum quorum required by the Law 11.101/2005 for the installation of General Meeting of Creditors in first call and, thus, communicated to creditors its no installation, summoning them to appear on November 18, 2015, to carry out the General Meeting of Creditors in second call, opportunity that the meeting will be installed with any numbers of present creditors.

On November 18, 2015, the General Meeting of Creditors approved the Judicial Recovery Plan, which was ratified on December 11, 2015 by the judgment of the First Court of Bankruptcies, Judicial Recoveries and Conflicts Related to the Arbitration of São Paulo, without any restrictions.

## Financial and Economic Performance

### Net Revenue

Net Revenue (R\$ thd)	1Q15	2Q15	3Q15	4Q15	Chg. %	2014	2015	Chg. %
<b>Products</b>	<b>13,700</b>	<b>9,684</b>	<b>1,646</b>	<b>4,889</b>	<b>197.0%</b>	<b>106,359</b>	<b>29,919</b>	<b>-71.9%</b>
Oil&Gas Valves	3,072	3,184	1,248	973	-22.0%	41,161	8,477	-79.4%
Industrial Valves	3,261	2,797	4,937	3,916	-20.7%	18,318	14,911	-18.6%
Anchoring Ropes	6,724	3,221	-	4,539	-	39,055	5,406	-86.2%
Others Products	643	482	-	-	n/a	7,825	1,125	-85.6%
<b>Services</b>	<b>69,513</b>	<b>56,250</b>	<b>65,093</b>	<b>47,519</b>	<b>-27.0%</b>	<b>277,928</b>	<b>238,375</b>	<b>-14.2%</b>
Oilfield Services Brazil	39,804	32,356	33,072	21,991	-33.5%	157,652	127,223	-19.3%
Oilfield Services Colombia	21,666	19,979	24,788	20,653	-16.7%	98,384	87,086	-11.5%
Tubular Services & Coating	8,043	3,915	7,233	4,875	-32.6%	21,892	24,066	9.9%
<b>Total</b>	<b>83,213</b>	<b>65,934</b>	<b>66,739</b>	<b>52,408</b>	<b>-21.5%</b>	<b>384,287</b>	<b>268,294</b>	<b>-30.2%</b>

The Consolidated Net Revenue in the 2015 reached R\$ 268.3 million versus R\$ 384.3 million in the 2014, a reduction of 30.2%.

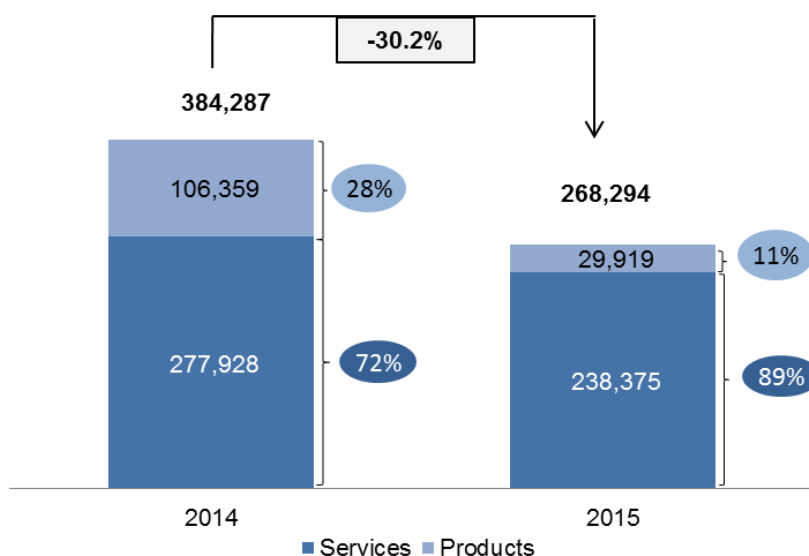
The Products Segment presented strong decrease of 71.9% in Consolidated Net Revenue of 2015 compared to 2014, from R\$ 106.4 million in 2014 to R\$ 29.9 million in 2015. This reduction was primarily consequence of cash restrictions that drastically limited the Oil&Gas Valves and Anchoring Ropes operations during 2015, leading to cancellation of orders by customers. Additionally, as a result of financial crisis, the Company had suspended the CRCC (Certificate of Registration and Cadastral Classification) by Petrobras in the third quarter of 2015, preventing the Company to capture new revenue related to Petrobras. In the fourth quarter of 2015, the CRCC was reactivated, however, due to the crisis of Oil Gas segment, there was a relevant reduction in the segment demand, so that the resumption of the backlog has been slow.

The Services Segment also presented a reduction in Consolidated Net Revenue, from R\$ 277.9 million in 2014 to R\$ 238.4 million in 2015, a decrease of 14.2%. The Tubular Services & Coating division presented a growth of 9.9% in Net Revenue of this period due to prioritization of resources to contract conclusion. The operations of Oilfield Services Brazil division presented a reduction in Net Revenue of 19.3%, especially due cash restrictions for acquisition of materials and supplies for maintenance, which limited the Company's capacity to provide equipment and comply with demand of existing contracts, enhanced by reduction of Petrobras' services demand. The operations in Colombia were affected by decrease of oil price in 2015, with the consequent retraction of exploration on that market, presenting a reduction of 11.5%.

The Consolidated Net Revenue in the 4Q15 presented a reduction of 21.5% compared to the 3Q15, reaching R\$ 52.4 million versus R\$ 66.7 million. The decrease of 27.0% in Net Revenue of Services Segment was largely responsible for the reduction in Consolidated Net Revenue in the 4T15, due to cash restrictions that limited the availability of equipment and services, as well as to reduction of Petrobras' demand with the finalizing of contracts and to the performance of unit in Colombia by retraction in market demand. The Net Revenue of Products Segment was from R\$ 1.6 million in the 3Q15 to R\$ 4.9 million in the 4Q15. In the

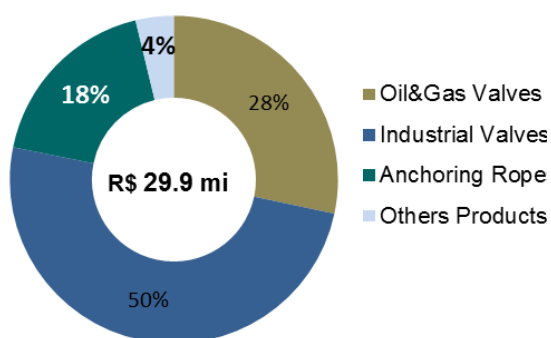
3Q15 there was a reversal of canceled income of R\$ 4.5 million that affects the comparative period. The Oil&Gas Valves and Industrial Valves Segments presented a decrease of 22.0% and 20.7%, respectively, as result of working capital constraint for replenishment of supplies, materials and finished products, as well as the impact of the restrictions resulting from the CRCC suspension by Petrobras and the reduction of the segment demand.

### Net Operating Revenue (R\$ thd)

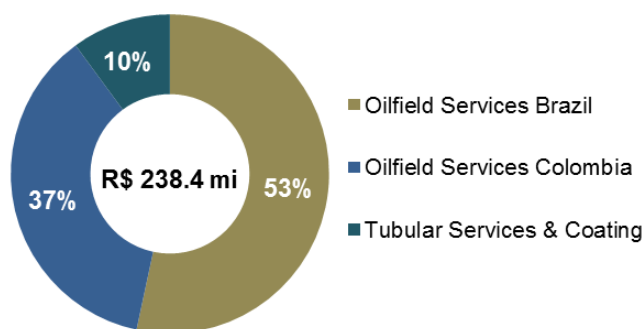


### Revenue Distribution – 2015

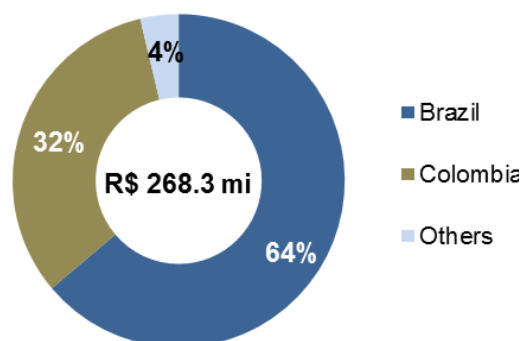
#### Products



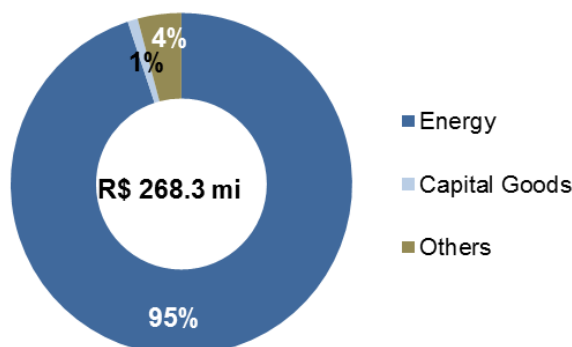
#### Services



### By Region



### By Industrial Sector



The suspension of Petrobras CRCC (Certificate of Registration and Cadastral Classification), reinstated in the 4Q15, and the difficulty in obtaining greater availability of resources for execution of hired investments and for acquisition of materials and supplies, added to reduction of Oil&Gas segment demand, 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 December 31, 2015, amounted R\$ 0.5 billion. The conversion of this Backlog is concentrated in the next eighteen months and may be limited in the amount of R\$ 0.3 billion. 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)	1Q15	2Q15	3Q15	4Q15	Chg. %	2014	2015	Chg. %
Products	11,533	6,876	4,778	7,179	50.3%	98,287	30,366	-69.1%
Services	64,753	54,878	73,862	54,670	-26.0%	249,361	248,163	-0.5%
<b>Total</b>	<b>76,286</b>	<b>61,754</b>	<b>78,640</b>	<b>61,849</b>	<b>-21.4%</b>	<b>347,648</b>	<b>278,529</b>	<b>-19.9%</b>

The Consolidated Costs on Goods Sold (COGS) presented a reduction of 19.9% in 2015 compared to 2014, reaching R\$ 278.5 million in 2015 versus R\$ 347.6 million in 2014, lower than the reduction of Consolidated Net Revenue that was of 30.2%.

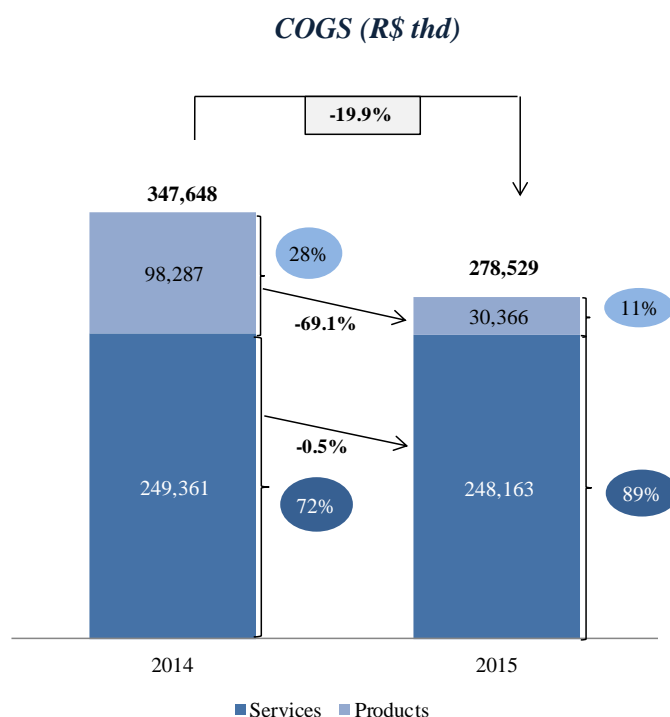
In Products Segment, the decrease of COGS was of 69.1% in 2015 compared to 2014, in line with the reduction of Net Revenue of this Segment in the same period.

In the Services Segment, the reduction of COGS was of 0.5% in 2015 compared to 2014, versus a reduction of 14.2% in Net Revenue of this Segment in the same period, primarily due to the increase of non-recurring storage costs of R\$ 16.1 million that burdened the Oilfield Services Brazil division in 2015.

The Consolidated COGS presented a decrease of 21.4% comparing the 4Q15 with the 3Q15, from R\$ 78.6 million in the 3Q15 to R\$ 61.8 million in the 4Q15.

In the Products Segment, the COGS increased 50.3% in the 4Q15 compared to the 3Q15, due to the impact of cancellation of orders in execution process that affected the Anchoring Ropes division in the 3Q15 and due to the registration of inventory adjustment of R\$ 0.4 million in the 4Q15.

In the Services Segment, the COGS presented a reduction of 26.0% in the 4Q15 compared to the 3Q15, primarily due to the decrease of non-recurring storage costs in the Oilfield Services Brazil division in the amount of R\$ 16.1 million that occurred in the 3Q15.





## Gross Profit and Gross Margin

Gross Profit (R\$ thd)	1Q15	2Q15	3Q15	4Q15	Chg. %	2014	2015	Chg. %
<b>Products</b>	<b>2,167</b>	<b>2,808</b>	<b>-3,132</b>	<b>-2,290</b>	<b>-26.9%</b>	<b>8,072</b>	<b>-447</b>	<b>n/a</b>
Gross Margin - Products	15.8%	29.0%	-190.3%	-46.8%	143.5%	7.6%	-1.5%	-9,1 p.p.
<b>Services</b>	<b>4,760</b>	<b>1,372</b>	<b>-8,769</b>	<b>-7,151</b>	<b>-18.5%</b>	<b>28,567</b>	<b>-9,788</b>	<b>n/a</b>
Gross Margin - Services	6.8%	2.4%	-13.5%	-15.0%	-1.5%	10.3%	-4.1%	-14,4 p.p.
<b>Total</b>	<b>6,927</b>	<b>4,180</b>	<b>-11,901</b>	<b>-9,441</b>	<b>-20.7%</b>	<b>36,639</b>	<b>-10,235</b>	<b>n/a</b>
Gross Margin - Total	8.3%	6.3%	-17.8%	-18.0%	-0.2%	9.5%	-3.8%	-13,3 p.p.

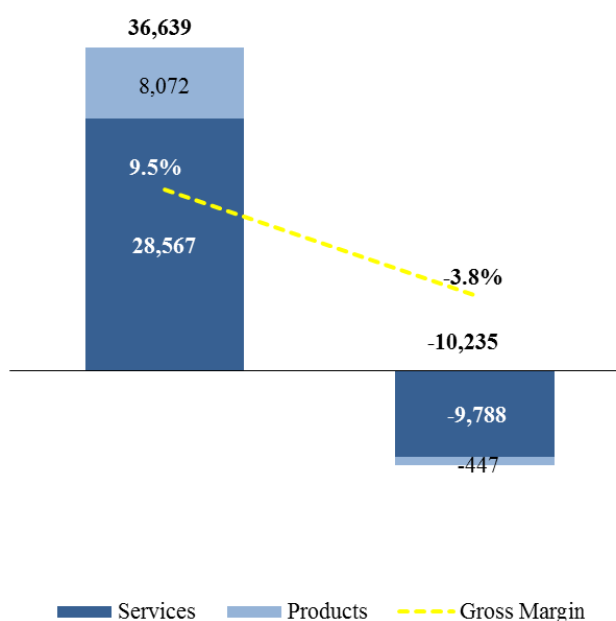
Due to reduction of Consolidated Net Revenue of R\$ 116.0 million (30.2%), dismissal costs that totaled R\$ 11.2 million and storage costs in the amount of R\$ 16.1 million, the Total Gross Profit was negative in R\$ 10.2 million in 2015 compared to the positive amount of R\$ 36.6 million in 2014. The Total Gross Margin presented a decrease of 13.3 percentage points in 2015 when compared to the 2014.

In the 4Q15, the Total Gross Profit was negative of R\$ 9.4 million and the Total Gross Margin was negative of 18.0% comparing with the negative Gross Profit of R\$ 11.9 million and negative Gross Margin of 17.8% in the 3Q15.

In the Products Segment, the Gross Profit was negative of R\$ 2.3 million in the 4Q15 and the Gross Margin negative of 46.8%, as primarily result of decrease in revenue as mentioned above, as well as due to inventory adjustment of R\$ 0.4 million.

In the Services Segment, the Gross Profit was negative of R\$ 7.2 million in the 4Q15 and the Gross Margin was negative of 15.0%, as primarily result of decrease in revenue as mentioned above, as well as due to dismissal costs of R\$ 7.5 million and storage costs of R\$ 16.1 million.

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



## Expenses

Expenses (R\$ thd)	1Q15	2Q15	3Q15	4Q15	Chg. %	2014	2015	Chg. %
Total Sales Expenses	4,458	3,161	2,839	-1,647	n/a	24,482	8,811	-64.0%
Total Administrative Expenses	12,746	11,668	13,861	9,419	-32.0%	56,934	47,694	-16.2%
<b>Products</b>	<b>6,711</b>	<b>5,099</b>	<b>4,511</b>	<b>4,075</b>	<b>-9.7%</b>	<b>32,159</b>	<b>20,396</b>	<b>-36.6%</b>
Total Sales Expenses - Products	2,864	1,491	2,031	1,566	-22.9%	14,619	7,952	-45.6%
Total Administrative Expenses - Products	3,847	3,608	2,480	2,509	1.2%	17,540	12,444	-29.1%
<b>Services</b>	<b>10,493</b>	<b>9,730</b>	<b>12,189</b>	<b>3,697</b>	<b>-69.7%</b>	<b>49,257</b>	<b>36,109</b>	<b>-26.7%</b>
Total Sales Expenses - Services	1,594	1,670	808	-3,213	n/a	9,863	859	-91.3%
Total Administrative Expenses - Services	8,899	8,060	11,381	6,910	-39.3%	39,394	35,250	-10.5%
<b>Total Sales and Administratives</b>	<b>17,204</b>	<b>14,829</b>	<b>16,700</b>	<b>7,772</b>	<b>-53.5%</b>	<b>81,416</b>	<b>56,505</b>	<b>-30.6%</b>
Management Compensation	1,293	2,848	1,096	1,110	1.3%	6,081	6,347	4.4%
<b>Total Sales, Administratives and Management Compensation</b>	<b>18,497</b>	<b>17,677</b>	<b>17,796</b>	<b>8,882</b>	<b>-50.1%</b>	<b>87,497</b>	<b>62,852</b>	<b>-28.2%</b>

The Consolidated Sales and Administrative Expenses and the Management Salary presented a decrease of 28.2% in the comparative period of 2015 with 2014 and reduction of 50.1% comparing the 4Q15 with the 3Q15, from R\$ 87.5 million in 2014 to R\$ 62.9 million in 2015 and from R\$ 17.8 million in the 3Q15 to R\$ 8.9 million in the 4Q15.

The Sales Expenses reduced 64.0% in 2015 compared to 2014, from R\$ 24.5 million in 2014 to R\$ 8.8 million in 2015. In the Products Segment, the Sales Expenses decreased 45.6% in 2015 compared to 2014, primarily due to reduction of expenses with commissions, freights, fines with customers and allowance for doubtful accounts in the total amount of about R\$ 5.3 million, consequence related to the reduction in Net Revenue also. In the Services Segment, the Sales Expenses decreased 91.3% compared to 2014, especially due to reduction in expenses with fines with customers, salaries and allowance for doubtful accounts, in the total amount of about R\$ 8.0 million.

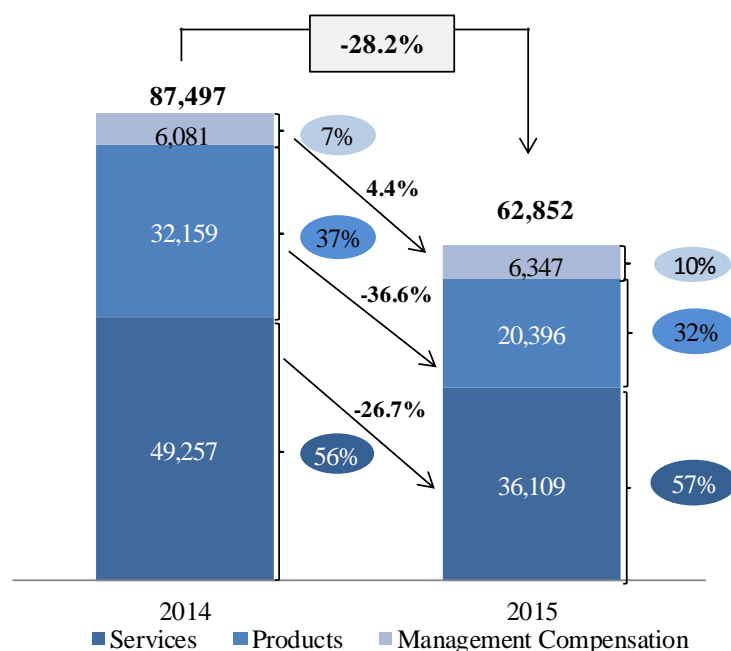
The Sales Expenses went from R\$ 2.8 million of expense in the 3Q15 to R\$ 1.6 million of revenue in the 4Q15, primarily due to reversal of fines with customers in the amount of R\$ 4.7 million.

The Administrative Expenses reduced 16.2% in 2015 compared to 2014 (from R\$ 56.9 million in 2014 to R\$ 47.7 million in 2015), and 32.0% in the 4Q15 compared to the 3Q15 (from R\$ 13.9 million in the 3Q15 to R\$ 9.4 million in the 4Q15). The decrease in salary expenses and consulting and advisory services in the Services Segment, in the amount of R\$ 3.5 million approximately, was the main reason to reduction of Administrative Expenses in the comparative period of 4Q15 with the 3Q15. In 2015, the reduction of Administrative Expenses both in Products Segments and Services Segment especially occurred due to decrease in salary expenses comparing with the year of 2014 in the amount of R\$ 12.5 million approximately.

The Management Salary remained stable both in the quarter, R\$ 1.1 million in the 3Q15 and in the 4Q15, and in the comparative period of 2015 (R\$ 6.3 million) with 2014 (R\$ 6.1 million).



### Operating Expenses (R\$ thd)



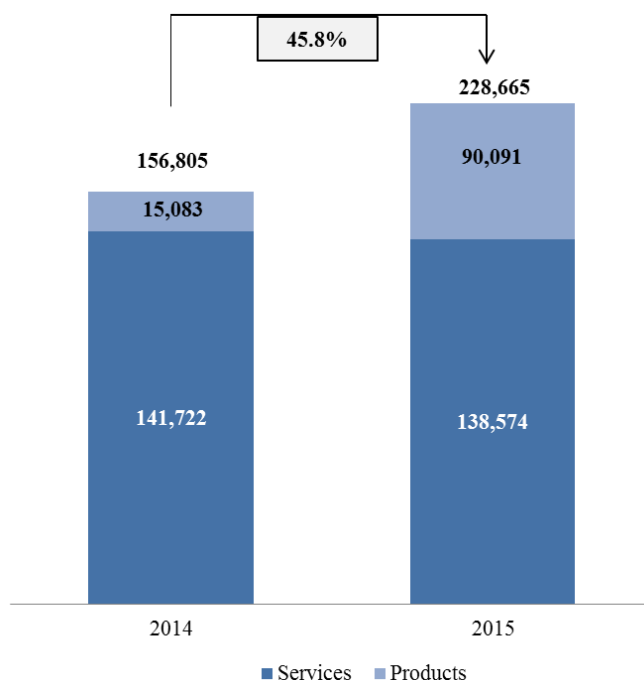
### Other Operating (Revenues) and Expenses

Other Expenses (Income) (R\$ thd)	1Q15	2Q15	3Q15	4Q15	Chg. %	2014	2015	Chg. %
Products	6,806	71,002	6,386	5,897	-7.7%	15,083	90,091	497.3%
Services	1,190	18,950	110,540	7,894	-92.9%	141,722	138,574	-2.2%
<b>Total</b>	<b>7,996</b>	<b>89,952</b>	<b>116,926</b>	<b>13,791</b>	<b>-88.2%</b>	<b>156,805</b>	<b>228,665</b>	<b>45.8%</b>

The Other Operating Expenses increased from R\$ 156.8 million in 2014 to R\$ 228.7 million in 2015, a growth of 45.8%, and they are primarily related to the follow factors: (i) R\$ 85.2 million of impairment provision of fixed assets, according to the evaluation report prepared in accordance with the demand of Judicial Recovery process; (ii) R\$ 60.0 million of loss by the non-recoverability of goodwill; (iii) R\$ 40.7 million of provision for loss of lawsuit (R\$ 13.2 million in 2014); (iv) R\$ 13.3 million of provision for losses on inventory obsolescence and (v) R\$ 26.1 million of cost of idle production (R\$ 13.2 million in 2014).

Comparing the 4Q15 with the 3Q15, the Other Operating Expenses reduced from R\$ 116.9 million in the 3Q15 to R\$ 13.8 million in the 4Q15. While the 3Q15 was primarily affected by the registration of R\$ 84.4 million of impairment provision of fixed assets, R\$ 26.0 million of provision for loss of lawsuit and R\$ 5.2 million of cost of idle production, the 4Q15 was especially impacted by the registration of R\$ 4.6 million of reversal of provision for loss of lawsuit against R\$ 8.8 million of provision for losses on inventory obsolescence, R\$ 4.5 million of loss of non-recoverable taxes and contributions and R\$ 3.8 million of cost of idle production.

### Other Operating Expenses (R\$ thd)



### Financial Result

Financial Result (R\$ thd)	1Q15	2Q15	3Q15	4Q15	Chg. %	2014	2015	Chg. %
Income from financial investments	199	207	247	307	24.3%	771	960	24.5%
Present value adjustment	-	-	-	394,788	n/a	412	394,788	95722.3%
Embedded Derivatives - Debentures	-	-	-	-	n/a	9,442	-	n/a
Reversal of Premium on Non-Conversion of Debentures	-	-	-	-	n/a	41,540	-	n/a
Gain for Non-Conversion of Part of the Bonds	-	-	-	-	n/a	36,244	-	n/a
Monetary Variation	172	62	493	431	-12.6%	1,353	1,158	-14.4%
Interest on Receivables	303	564	309	310	0.3%	2,486	1,486	-40.2%
Others	104	459	153	78	-49.0%	1,339	794	-40.7%
<b>Financial Revenue*</b>	<b>778</b>	<b>1,292</b>	<b>1,202</b>	<b>395,914</b>	<b>32837.9%</b>	<b>93,587</b>	<b>399,186</b>	<b>326.5%</b>
Interest Expense and Fines on Loans and Financing	-6,796	-9,265	-18,830	12,284	n/a	-170,929	-22,607	-86.8%
Losses on Fair Value	-	-	-	-	n/a	-139,587	-	n/a
Embedded Derivatives - Debentures	-	-	-	-	n/a	-8,623	-	n/a
Provision for Interest on Suppliers	-567	-944	-2,051	12,146	n/a	-9,495	8,584	n/a
Banking Expenses, Taxes and Others	-3,357	-2,132	-2,921	-2,090	-28.4%	-16,377	-10,500	-35.9%
<b>Financial Expense*</b>	<b>-10,720</b>	<b>-12,341</b>	<b>-23,802</b>	<b>22,340</b>	<b>n/a</b>	<b>-345,011</b>	<b>-24,523</b>	<b>-92.9%</b>
<b>Net Financial Result*</b>	<b>-9,942</b>	<b>-11,049</b>	<b>-22,600</b>	<b>418,254</b>	<b>n/a</b>	<b>-251,424</b>	<b>374,663</b>	<b>n/a</b>
Exchange Variance Revenue	151,904	173,318	261,858	58,014	-77.8%	197,321	645,094	226.9%
Exchange Variance Expense	-179,194	-177,531	-322,972	-20,381	-93.7%	-178,702	-700,078	291.8%
<b>Net Exchange Variance</b>	<b>-27,290</b>	<b>-4,213</b>	<b>-61,114</b>	<b>37,633</b>	<b>n/a</b>	<b>18,619</b>	<b>-54,984</b>	<b>n/a</b>
<b>Net Financial Result - Total</b>	<b>-37,232</b>	<b>-15,262</b>	<b>-83,714</b>	<b>455,887</b>	<b>n/a</b>	<b>-232,805</b>	<b>319,679</b>	<b>n/a</b>

\* Excluding Exchange Variance

The Total Financial Income (excluding Exchange Variance) in 2015 reached R\$ 399.2 million versus R\$ 93.6 million in 2014, an increase of 326.5%, primarily due to the registration in 2015 of revenue for present value adjustment of suppliers, loans, fines, debentures and Bonds in the amount of R\$ 394.8 million.

The Total Financial Income (excluding Exchange Variance) in the 4Q15 increased from R\$ 1.2 million in the 3Q15 to R\$ 395.9 million due to the registration of present value adjustment of Company's obligations as mentioned above.

The Total Financial Expense (excluding Exchange Variance) reduced 92.9% in 2015 compared to 2014, reaching R\$ 24.5 million versus R\$ 345.0 million in 2014 primarily due to recognition in 2014 of losses on share's fair value in the amount of R\$ 139.6 million and loss with embedded derivatives of Debentures in the amount of R\$ 8.6 million not occurred in 2015, as well as due to reduction of interest expenses on loans and financial debts, Bonds and on Debentures, as result of Company's Debt reduction ended in the third quarter of 2014, and the reversal of R\$ 8.6 million of provision for interest on suppliers in 2015.

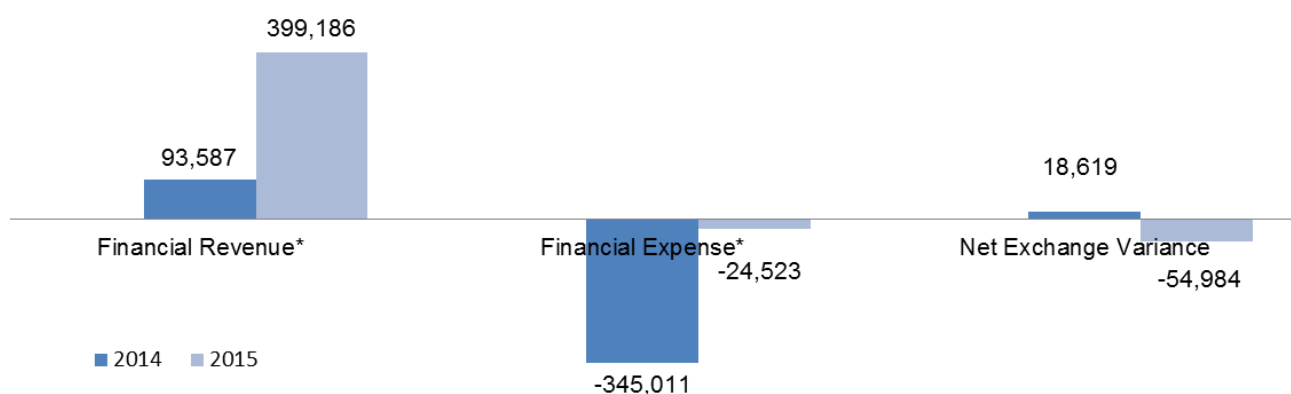
In the quarter, the Total Financial Expense (excluding Exchange Variance) decreased from R\$ 23.8 million of expense in the 3Q15 to R\$ 22.3 million of revenue in the 4T15. This reduction was primarily consequence of reversal in provision for interest on suppliers in the amount of R\$ 12.1 million and of reversal of interest expense on loans, financing and debentures in the amount of R\$ 12.3 million to establish the Company's obligations under the Judicial Recovery Plan approved in November 18, 2015, at the General Meeting of Creditors.

The Net Exchange Variance in 2015 resulted in expense of R\$ 55.0 million versus a revenue of R\$ 18.6 million in 2014 affected by valuation of 47.0% in U.S. dollar against Brazilian Real in 2015. In the 4Q15, the Net Exchange Variance resulted in revenue of R\$ 37.6 million versus an expense of R\$ 61.1 million in the 3Q15 affected by devaluation of 1.7% in U.S. dollar against Brazilian Real in the 4Q15 versus a valuation of 28.0% in U.S. dollar in the 3Q15.

The Total Net Financial Result in 2015 resulted in revenue of R\$ 319.7 million versus an expense of R\$ 232.8 million in 2014 primarily due to the registration of present value adjustment of suppliers, loans, fines, debentures and Bonds in the amount of R\$ 394.8 million in 2015.

The Total Net Financial Result went from an expense of R\$ 83.7 million in the 3Q15 to a revenue of R\$ 455.9 million in the 4Q15, especially due to the registration of revenue for present value adjustment, already mentioned, and due to positive effect of net exchange variance in the 4Q15.

### *Financial Result Breakdown (R\$ thd)*



\* Excluindo Variação Cambial

## Adjusted EBITDA from Continuing Operations<sup>1</sup>

The Consolidated Adjusted EBITDA from Continuing Operations was negative in R\$ 20.4 million in 2015 versus negative result of R\$ 6.9 million in 2014. The EBITDA Margin was negative of 7.6% in 2015, with negative variance of 5.8 percentage points compared to the Margin presented in 2014.

Adjusted EBITDA (R\$ thd)	1Q15	2Q15	3Q15	4Q15	Chg. R\$	Chg. %	2014	2015	Chg. R\$	Chg. %
<b>Products</b>	- 7,869	- 5,710	- 9,563	- 7,537	2,026	-21.2%	- 24,532	- 30,678	- 6,146	25.1%
Margin	-57.4%	-59.0%	-581.0%	-154.2%		426.8p.p.	-23.1%	-102.5%		-79.4 p.p.
<b>Services</b>	3,749	4,259	8,702	- 6,460	- 15,162	n/a	17,599	10,250	- 7,349	-41.8%
Margin	5.4%	7.6%	13.4%	-13.6%		-27.0 p.p.	6.3%	4.3%		-2.0 p.p.
<b>Total</b>	- 4,119	- 1,451	- 861	- 13,997	- 13,136	1525.7%	- 6,933	- 20,428	- 13,496	194.7%
Margin	-5.0%	-2.2%	-1.3%	-26.7%		-25.4 p.p.	-1.8%	-7.6%		-5.8 p.p.
% Products	191%	394%	1111%	54%			354%	150%		
% Services	-91%	-294%	-1011%	46%			-254%	-50%		

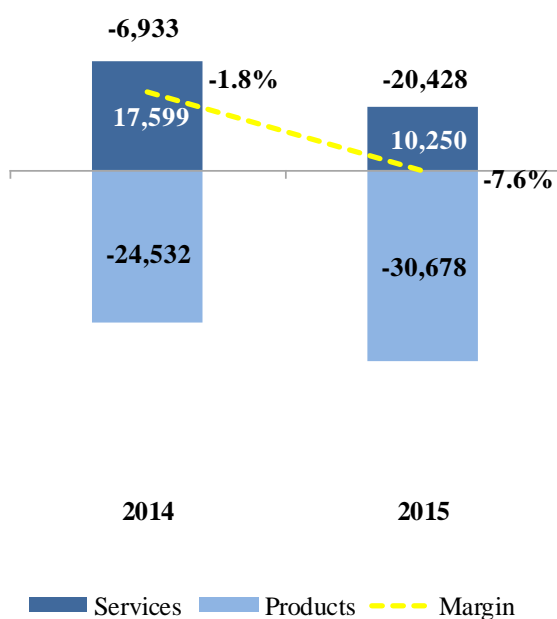
Both the Consolidated Adjusted EBITDA of Products Segment and of Services Segment presented reduction in 2015 compared to 2014, primarily consequence of cash restrictions for acquisition of materials and suppliers, creating high limitations to operations, leading to loss of revenue, including the cancellation of orders. Additionally, the Company was affected by reduction in demand of products and services, as result of crisis in the Oil&Gas segment, as well as by suspension, even temporary, of CRCC with Petrobras, as a result of Lupatech's financial crisis, creating limitations to capture new revenue.

Adjusted Ebitda Reconciliation (R\$ thd)	1Q15	2Q15	3Q15	4Q15	2015
Gross Profit	6,927	4,180	-11,901	-9,441	-10,235
SG&A	-17,204	-14,829	-16,700	-7,772	-56,505
Management Compensation	-1,293	-2,848	-1,096	-1,110	-6,347
Depreciation and Amortization	12,392	12,581	12,820	13,247	51,040
Operational Revenues/Expenses	-7,996	-89,952	-116,926	-13,791	-228,665
<b>Ebitda from Continuing Operations</b>	<b>-7,174</b>	<b>-90,868</b>	<b>-133,803</b>	<b>-18,867</b>	<b>-250,712</b>
Provision for Variable Compensation	-21	175	218	4,243	4,615
Provision for Losses, Impairment and Net Profit/Loss on Disposal of Assets	934	80,456	112,749	5,069	199,208
Fines (Reversion of Fines) with Customers	1,352	408	-17	-3,316	-1,573
Restructuring Process and Other Extraordinary Expenses	790	8,378	19,992	-1,126	28,034
<b>Adjusted EBITDA from Continuing Operations</b>	<b>-4,119</b>	<b>-1,451</b>	<b>-861</b>	<b>-13,997</b>	<b>-20,428</b>

The Consolidated Adjusted EBITDA from Continuing Operations in the 4Q15 comparatively to 3Q15 reduced from negative R\$ 0.9 million in the 3Q15 to negative R\$ 14.0 million in the 4Q15. The Consolidated EBITDA Margin decreased 25.4 percentage points, from negative 1.3% in the 3Q15 to negative 26.7% in the 4Q15.

<sup>1</sup> **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.

### Adjusted EBITDA (R\$ thd)



2015

Adjusted Ebitda Reconciliation (R\$ thd)	Products	Services	Total
Gross Profit	-447	-9,788	-10,235
SG&A	-20,396	-36,109	-56,505
Management Compensation	-639	-5,708	-6,347
Depreciation and Amortization	8,073	42,967	51,040
Operational Revenues/Expenses	-90,091	-138,574	-228,665
<b>Ebitda from Continuing Operations</b>	<b>-103,500</b>	<b>-147,212</b>	<b>-250,712</b>
Provision for Variable Compensation	899	3,716	4,615
Provision for Losses, Impairment and Net Profit/Loss on Disposal of Assets	67,341	131,868	199,208
Fines (Reversion of Fines) with Customers	1,037	-2,610	-1,573
Restructuring Process and Other Extraordinary Expenses	3,545	24,489	28,034
<b>Adjusted EBITDA from Continuing Operations</b>	<b>-30,678</b>	<b>10,250</b>	<b>-20,428</b>

The non-recurring expenses that totaled R\$ 199.2 million primarily refers to impairment provision of fixed assets in the amount of R\$ 85.2 million, loss by the non-recoverability of goodwill in the amount of R\$ 60.0 million, provision for loss of lawsuit in the amount of R\$ 40.7 million and provision for losses on inventory obsolescence in the amount of R\$ 13.3 million.

## Net Result

Net Result (R\$ thd)	1Q15	2Q15	3Q15	4Q15	Chg. %	2014	2015	Chg. %
Result Before Income Tax and Social Contribution	-56,798	-119,082	-227,756	443,509	n/a	-457,587	39,873	n/a
Income Tax and Social Contribution - Current	-612	-612	-1,623	181	n/a	-2,264	-2,666	17.8%
Income Tax and Social Contribution - Deferred	689	601	-655	-91,016	13795.6%	-1,044	-90,381	8557.2%
Result of Discontinued Operation	-22,054	91	-	-	n/a	-170,113	-21,963	-87.1%
<b>Net Result</b>	<b>-78,775</b>	<b>-119,002</b>	<b>-230,034</b>	<b>352,674</b>	<b>n/a</b>	<b>-631,008</b>	<b>-75,137</b>	<b>-88.1%</b>
Net Result per 1000 Shares	-0.50	-0.76	-1.47	2.25	n/a	-4.02	-0.48	-88.1%

The Net Result in 2015 was a loss of R\$ 75.1 million, compared to a loss of R\$ 631.0 million in 2014. The main extraordinary events that contributed for that performance in 2015 were: (i) R\$ 85.2 million of impairment provision of fixed assets; (ii) R\$ 60.0 million of loss by the non-recoverability of goodwill; (iii) R\$ 40.7 million of provision for loss of lawsuit; (iv) R\$ 16.1 million of storage costs; (v) R\$ 26.1 million of costs of idle production; (vi) R\$ 22.0 million of expenses with low of investment in discontinued operations - Jefferson units and (vii) R\$ 13.3 million of provision for losses on inventory obsolescence. Were it not for these extraordinary events, the accumulated result in 2015 would be a profit of R\$ 188.3 million.

In the quarter, the Net Result went from a loss of R\$ 230.0 million in the 3Q15 to a profit of R\$ 352.7 million in the 4Q15. This performance in the 4Q15 is primarily due to positive financial result impacted by the registration of revenue for present value adjustment of suppliers, loans, fines, debentures and Bonds in the amount of R\$ 394.8 million. The 3Q15, however, was primarily affected by the extraordinary events: (i) R\$ 84.4 million of impairment provision of fixed assets; (ii) R\$ 26.0 million of provision for loss of lawsuit and (iii) R\$ 16.1 million of storage costs.

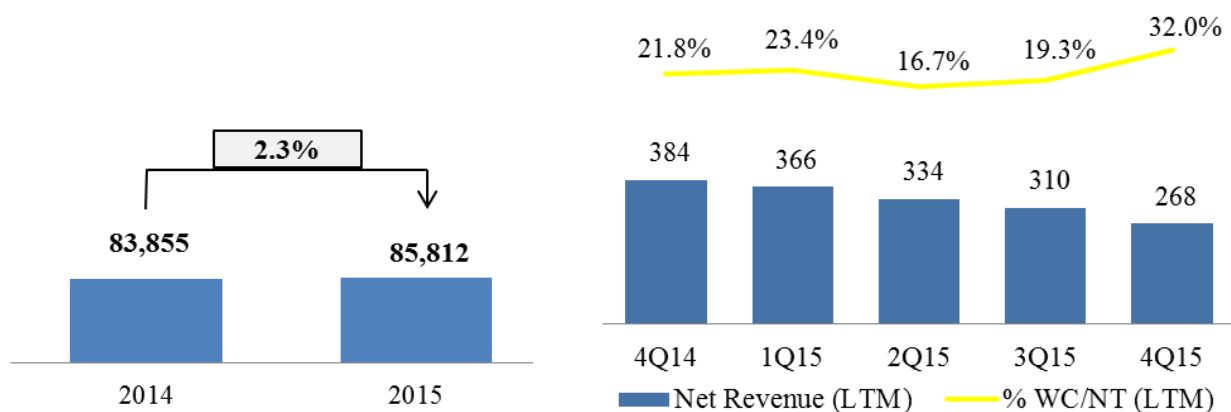
## Working Capital

Working Capital (R\$ thd)	2014	2015	Chg. %	Chg. R\$
Accounts Receivable	115,483	62,330	-46.0%	-53,153
Inventories	69,644	56,349	-19.1%	-13,295
Accounts Payable	98,389	29,084	-70.4%	-69,305
Advances from Clients	2,883	3,783	31.2%	900
<b>Employed Working Capital</b>	<b>83,855</b>	<b>85,812</b>	<b>2.3%</b>	<b>1,957</b>
Employed Working Capital Variance	- 45,263	1,957		
% Working Capital/Net Revenues*	21.8%	32.0%		

\*LTM: last 12 months

The rate of Working Capital Needs upon accumulated Net Revenue (12 months) in 2015 reached 32.0%, an increase of 10.2 percentage points when compared to the rate of 2014.



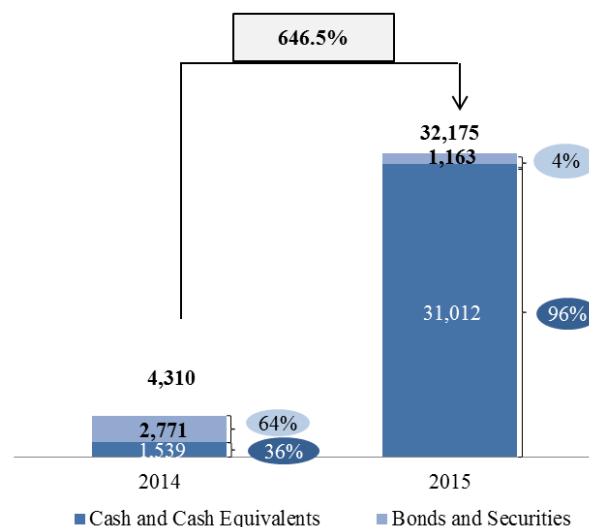
**Working Capital (R\$ thd)**
**Net Revenue vs. Working Capital (R\$ thd)**


The reception of accrued revenue of approximately two years resulting from Hydraulic Key, Lifting Frame and Flexitubo projects in the Services Segment was the main factor that resulted in the decrease of 46.0% of the Accounts Receivable balance.

Additionally, there was a reduction of 70.4% of Accounts Payable balance in 2015 compared to 2014, as consequence of Company's Judicial Recovery process and of the registration of revenue for present value adjustment with impact in the amount of R\$ 156.9 million. The balance of R\$ 72.0 million of Accounts Payable has become chargeable in the long term.

**Cash and Cash Equivalents**

The consolidated position in Company's Cash and Cash Equivalents in 2015 reached R\$ 32.2 million compared to the amount of R\$ 4.3 million in 2014, due to the reception of revenues from Hydraulic Key, Lifting Frame and Flexitubo projects in the Services Segment.

**Cash and Cash Equivalents Balances (R\$ thd)**


The Company will make use of such availability of resources for the acquisition of materials and supplies that contribute to higher operating cash flow, increasing the utilization of the units' industrial capacity and the ability to provide services.

## Debt

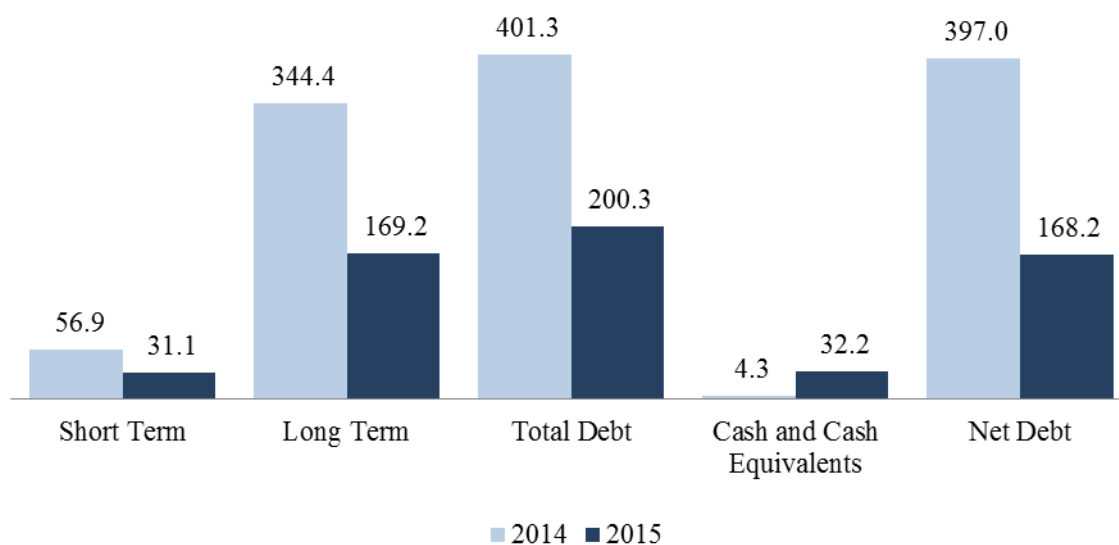
Company's Gross Debt ended the year 2015 in R\$ 200.3 million, 50.1% lower than reported in 2014.

Debt (R\$ thd)	2014	2015	Chg. %	Chg. R\$
<b>Short Term</b>	<b>56,884</b>	<b>31,145</b>	<b>-45.2%</b>	<b>- 25,739</b>
Financing Lines	56,884	31,145	-45.2%	- 25,739
<b>Long Term</b>	<b>344,425</b>	<b>169,203</b>	<b>-50.9%</b>	<b>- 175,222</b>
Financing Lines	144,742	169,203	16.9%	24,461
Debentures	71,715	-	n/a	- 71,715
Bonds	127,968	-	n/a	- 127,968
<b>Total Debt</b>	<b>401,309</b>	<b>200,348</b>	<b>-50.1%</b>	<b>- 200,961</b>
Cash and Cash Equivalents	4,310	32,175	646.5%	27,865
<b>Net Debt</b>	<b>396,999</b>	<b>168,173</b>	<b>-57.6%</b>	<b>- 228,826</b>

This reduction is primarily consequence of registration of revenue for present value adjustment of loans, debentures and Bonds that decreased these obligations in about R\$ 237.9 million in the 4Q15.

Combined Cash and Cash Equivalents, the Company's Net Debt ended the year 2015 in R\$ 168.2 million, a reduction of 57.6% versus the amount in 2014.

*Debt Breakdown (R\$ million)*



## Investment Balances

Company's Investment Balances in 2015 totaled R\$ 476.5 million, a reduction of 26.2% compared to the R\$ 645.6 million presented in 2014.

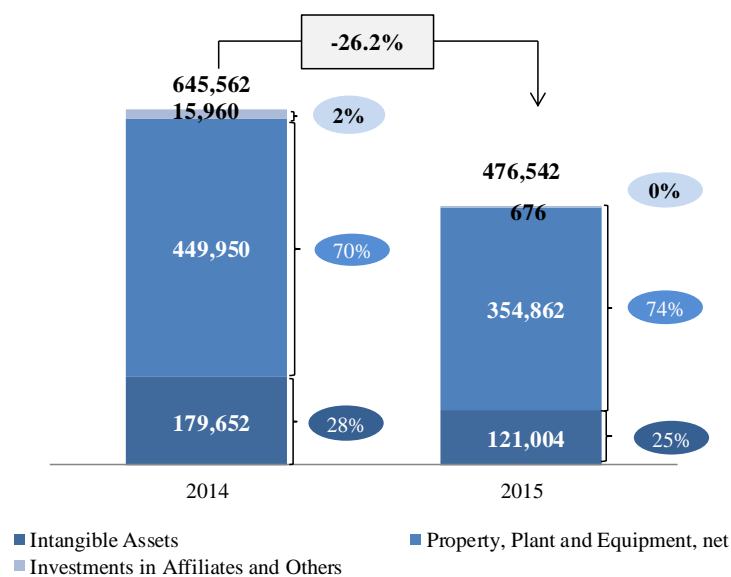
Investments (R\$ thd)	2014	2015	Chg. %	Chg. R\$
Investments in Affiliates and Others	15,960	676	-95.8%	-15,284
Property, Plant and Equipment, net	449,950	354,862	-21.1%	-95,088
Intangible Assets	179,652	121,004	-32.6%	-58,648
<b>Total</b>	<b>645,562</b>	<b>476,542</b>	<b>-26.2%</b>	<b>-169,020</b>

The Property, Plant and Equipment, presented a decrease of 21.1% in 2015 especially due to the recognition of R\$ 85.2 million of impairment provision of fixed assets, according to the evaluation report prepared in accordance with the demand of Judicial Recovery process, as well as due to the recognition of R\$ 28.4 million of Machines and Equipment deemed cost disposal in the Services Segment.

Intangible Assets reduced 32.6% in 2015 primarily due to the recognition of R\$ 60.0 million of loss by the non-recoverability of goodwill.

The Investments in Affiliates and Others decreased 95.8% due to reclassification of R\$ 15.3 million of Vicinay Marine S.L. Investment as assets held for sale, due to negotiation of sale of share's participation held by the Company in the society, as disclosed to the market in the Relevant Fact on January 6, 2016, being such negotiations conditioned to approval by the judge responsible for handling the Company's judicial recovery.

*Investment Balances (R\$ thd)*



Capex was R\$ 6.6 million in 2015 primarily invested 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)

	2014	2015	% Change
Net Revenue From Sales	384.287	268.294	-30%
Cost of Goods and Services Sold	(347.648)	(278.529)	-20%
Gross Profit	36.639	(10.235)	n/a
Operating Income/Expenses	(261.421)	(269.571)	3%
Selling	(24.482)	(8.811)	-64%
General and Administrative	(56.934)	(47.694)	-16%
Management Compensation	(6.081)	(6.347)	4%
Equity Pick-up	(17.119)	21.946	n/a
Other Operation Income (Expenses)	(156.805)	(228.665)	46%
Net Financial Result	(232.805)	319.679	n/a
Financial Income	93.587	399.186	327%
Financial Expenses	(345.011)	(24.523)	-93%
Net Exchange Variance	18.619	(54.984)	n/a
Earnings (Loss) Before Income Tax and Social Contribution	(457.587)	39.873	n/a
Provision Income Tax and Social Contribution - Current	(2.264)	(2.666)	18%
Provision Income Tax and Social Contribution - Deferred	(1.044)	(90.381)	8557%
Loss from Discontinued Operations	(170.113)	(21.963)	-87%
Loss for the Period from Continued and Discontinued Operations	(631.008)	(75.137)	-88%

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

	<b>2014</b>	<b>2015</b>	<b>% Change</b>
<u>Adjusted EBITDA from Continuing Operations</u>	(6,933)	(20,428)	195%
Provision for Variable Remuneration	(1,275)	(4,615)	262%
Provision for Losses, Impairment and Net Result on Disposal of Assets	(46,362)	(199,208)	330%
Fines (Reversion of Fines) with Costumers	(99,084)	1,573	n/a
Restructuring Process and Other Extraordinary Expenses	(3,948)	(28,034)	610%
<u>EBITDA from Continuing Operations</u>	<u>(157,602)</u>	<u>(250,712)</u>	<u>59%</u>
Depreciation and Amortization	(50,061)	(51,040)	2%
Equity Pick-up Result	(17,119)	21,946	n/a
Net Financial Result	(232,805)	319,679	n/a
Income Tax and Social Contribution - Current and Deferred	(3,308)	(93,047)	2713%
<u>Result from Discontinued Operations</u>	<u>(170,113)</u>	<u>(21,963)</u>	<u>-87%</u>
<u>Net Loss from Continuing and Discontinued Operations</u>	<u>(631,008)</u>	<u>(75,137)</u>	<u>-88%</u>



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

	<b>2014</b>	<b>2015</b>	<b>% Change</b>
<b>Total Asset</b>	<b>1.022.629</b>	<b>814.031</b>	<b>-20%</b>
<b>Current Assets</b>	<b>277.799</b>	<b>235.735</b>	<b>-15%</b>
Cash and Cash Equivalents	1.539	31.012	1915%
Securities-restricted	2.771	1.163	-58%
Accounts Receivable	115.483	62.330	-46%
Inventories	69.644	56.349	-19%
Recoverable Taxes	24.686	30.976	25%
Other Accounts Receivable	5.145	7.715	50%
Anticipated Expenses	10.970	4.672	-57%
Advances to Suppliers	25.139	26.234	4%
Assets Classified as Held for Sale	22.422	15.284	-32%
<b>Non-Current Assets</b>	<b>744.830</b>	<b>578.296</b>	<b>-22%</b>
Securities-restricted	4.500	5.640	25%
Judicial Deposits	25.295	22.275	-12%
Recoverable Taxes	47.452	40.455	-15%
Deferred Income Tax and Social Contribution	489	-	n/a
Other Accounts Receivable	21.532	33.384	55%
Investments	15.960	676	-96%
Property, Plant and Equipment	449.950	354.862	-21%
Intangible Assets	179.652	121.004	-33%
<b>Total Liabilities and Shareholders' Equity</b>	<b>1.022.629</b>	<b>814.031</b>	<b>-20%</b>
<b>Current Liabilities</b>	<b>305.378</b>	<b>211.624</b>	<b>-31%</b>
Suppliers - Not Subject to Judicial Recovery	98.389	29.084	-70%
Loans and Financing	56.884	31.145	-45%
Provisions Payroll and Payroll Payable	29.479	23.005	-22%
Commissions Payable	3.182	1.131	-64%
Taxes Payable	57.652	61.448	7%
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	-	39.979	n/a
Advances from Customers	2.883	3.783	31%
Employee's Profit Sharing	655	767	17%
Other Accounts Payable	20.101	19.259	-4%
Provision Contratual Fines	30.068	2.023	-93%
Liabilities Directly Associated with Assets Held for Sale	6.085	-	n/a
<b>Non-Current Liabilities</b>	<b>621.893</b>	<b>509.094</b>	<b>-18%</b>
Suppliers - Subject to Judicial Recovery	-	72.018	n/a
Loans and Financing - Subject to Judicial Recovery	-	161.026	n/a
Loans and Financing - Not Subject to Judicial Recovery	144.742	8.177	-94%
Debentures	71.715	-	n/a
Bonds	127.968	-	n/a
Taxes Payable	6.443	9.000	40%
Deferred Income Tax and Social Contribution	33.780	120.947	258%
Provision for Contingencies	107.948	125.301	16%
Other Accounts Payable	6.453	8.965	39%
Provision Contratual Fines	103.052	-	n/a
Provision for Unfunded Liabilities in Subsidiaries	19.792	3.660	-82%
<b>Shareholders' Equity</b>	<b>95.358</b>	<b>93.313</b>	<b>-2%</b>
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 Valuation Adjustment	(8.119)	64.973	n/a
Accumulated Losses	(1.899.939)	(1.975.076)	4%

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

	2014	2015	% Change
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Result for the Period	(631.008)	(75.137)	-88%
Depreciation and Amortization	51.316	51.066	0%
Provision for Losses by Non-Recoverability of Assets	121.407	145.200	20%
Equity Pick-Up	17.119	(21.946)	n/a
Result on Sale of Fixed Assets	28.595	(1.319)	n/a
Loss (Gain) on Sale of Investments	73.333	21.788	-70%
Financial Charges and Exchange Variance on Financing, Bonds and Debentures	232.805	75.146	-68%
Deferred Income Tax and Social Contribution	274	90.381	32886%
Losses on Inventory Obsolescence	(69)	13.282	n/a
Provision of Contractual Fines	105.438	(1.742)	n/a
Allowance for Doubtful Accounts	(585)	1.707	n/a
Present Value Adjustment	-	(394.788)	n/a
Changes in Assets & Liabilities			
<i>(Increase) Decrease in Accounts Receivable</i>	(32.938)	62.042	n/a
<i>(Increase) Decrease in Inventories</i>	23.917	647	-97%
<i>(Increase) Decrease in Recoverable Taxes</i>	19.504	(608)	n/a
<i>(Increase) Decrease in Other Assets</i>	(2.410)	(1.010)	-58%
<i>(Increase) Decrease in Suppliers</i>	(13.636)	50.064	n/a
<i>(Increase) Decrease in Taxes Payable</i>	540	2.361	337%
<i>(Increase) Decrease in Others Accounts Payable</i>	(48.571)	24.401	-150%
<b>Cash Flow from Operating Activities</b>	<b>(54.969)</b>	<b>41.535</b>	<b>n/a</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Payment for Acquisition of Investment	(200)	-	n/a
Securities - Restricted	972	1.428	47%
Disposal of Discontinued Operations Net of Cash	49.547	11.922	-76%
Proceeds from Sales of Property, Plant and Equipment	35.593	3.664	-90%
Aquisition of Property, Plant and Equipment	(14.741)	(4.324)	-71%
Aquisition of Intangible Assets	(3.265)	(2.253)	-31%
<b>Cash Flow from Investment Activities</b>	<b>67.906</b>	<b>10.437</b>	<b>-85%</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Loans and Financings	163.662	174.471	7%
Payment of Loans and Financings - Principal	(183.978)	(191.609)	4%
Payment of Loans and Financings - Interest	(11.759)	(7.422)	-37%
<b>Cash Flow from Financing Activities</b>	<b>(32.075)</b>	<b>(24.560)</b>	<b>-23%</b>
<b>Exchange Variation on Cash and Cash Equivalents for Subsidiaries Abroad</b>	<b>1</b>	<b>19</b>	<b>1800%</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(19.137)</b>	<b>27.431</b>	<b>n/a</b>
At the Beginning of the Period	20.676	3.581	-83%
At the End of the Period	1.539	31.012	1915%

## About Lupatech S/A – In Judicial Recovery

Lupatech S/A - In Judicial Recovery is one of 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 and equipment for well completion, and significant participation in company of compressors segment for natural vehicular gas. 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 S/A – In Judicial Recovery' control or prediction capacity.*