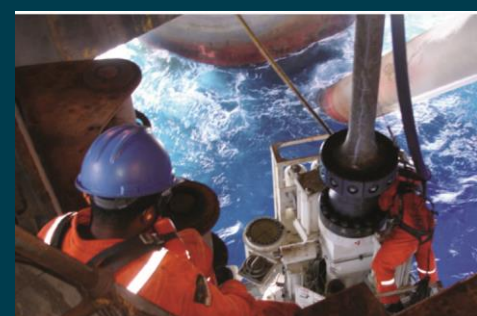




Financial and Economic Performance 1Q16



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.

On March 07, 2016, it was granted the sale of share's participation held by the Company in the Spanish society Vicinay Marine, S.L., of 55.135 shares, for R\$ 28.6 million, have been received this amount in March 2016 and should be the proceeds of sale for full enforcement of the Judicial Recovery Plan.

The deadline for exercising the option to receive, or to modify, the credits subject to the Judicial Recovery Plan by unsecured and secured creditors ended on March 10, 2016.

Financial and Economic Performance

Net Revenue

Net Revenue (R\$ thd)	1Q15	1Q16	Chg. %	4Q15	1Q16	Chg. %
Products	13,700	5,748	-58.0%	4,889	5,748	17.6%
Oil&Gas Valves	3,072	806	-73.8%	973	806	-17.2%
Industrial Valves	3,261	4,942	51.5%	3,916	4,942	26.2%
Anchoring Ropes	7,367	-	n/a	-	-	n/a
Services	69,513	40,940	-41.1%	47,519	40,940	-13.8%
Oilfield Services Brazil	39,804	24,778	-37.7%	21,991	24,778	12.7%
Oilfield Services Colombia	21,666	10,992	-49.3%	20,653	10,992	-46.8%
Tubular Services & Coating	8,043	5,170	-35.7%	4,875	5,170	6.1%
Total	83,213	46,688	-43.9%	52,408	46,688	-10.9%

The Consolidated Net Revenue in the 1Q16 reached R\$ 46.7 million, versus R\$ 52.4 million in the 4Q15 and R\$ 83.2 million in the 1Q15, reduction of 10.9% and 43.9%, respectively.

In the comparative period of 1Q16 with the 1Q15, the Products Segment presented a reduction of 58.0% in the Net Revenue, from R\$ 13.7 million in the 1Q15 to R\$ 5.7 million in the 1Q16. This decrease was primarily consequence of crisis in Oil&Gas segment and of consequent reduction in demand, especially felt in Oil&Gas Valves and Anchoring Ropes divisions, so that the resumption of the backlog will be slow. On the other hand, the Industrial Valves division, despite the crisis scenario of the national economy, with the adequate availability of working capital in the period allowing the company to access the market again, presented a growth of 51.5%.

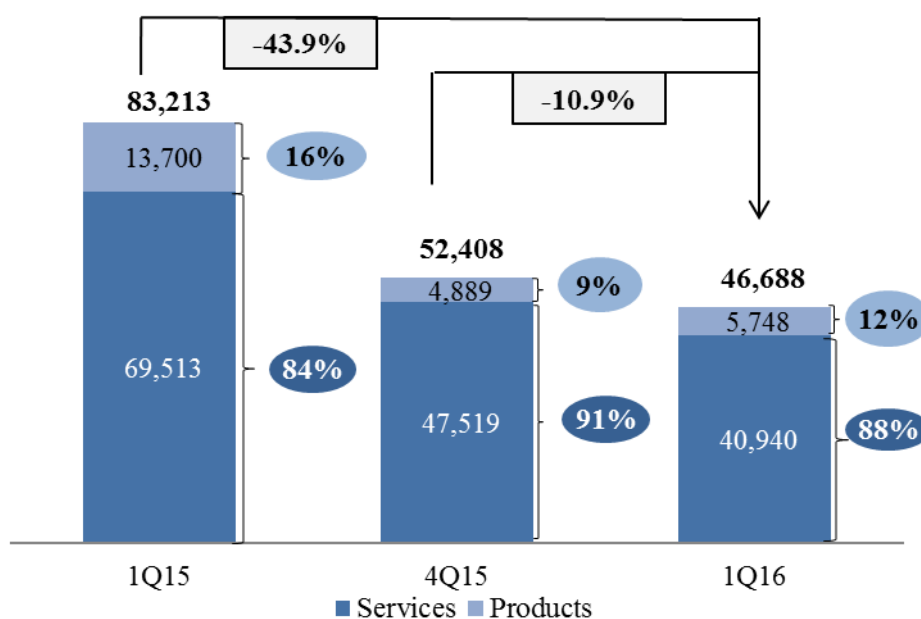
Compared to the 4Q15, the Products Segment presented an increase of 17.6% in the Net Revenue, from R\$ 4.9 million in the 4Q15 to R\$ 5.7 million in the 1Q16, due to the growth of 26.2% in the performance of Industrial Valves division, as mentioned in the paragraph above.

The Services Segment presented reduction in the Net Revenue both in the comparative period of 1Q16 with 1Q15, of 41.1%, and with the 4Q15 of 13.8%, from R\$ 69.5 million in the 1Q15 and from R\$ 47.5 million in the 4Q15 to R\$ 40.9 million in the 1Q16. The decrease of Net Revenue in Colombia operations of 49.3% in the 1Q16 compared to the 1Q15 and of 46.8% compared to the 4Q15, affected by the decline in oil prices, which strongly impacted the services demand by customers, was the main factor of reduction in Net Revenue of Services Segment in both comparative periods.

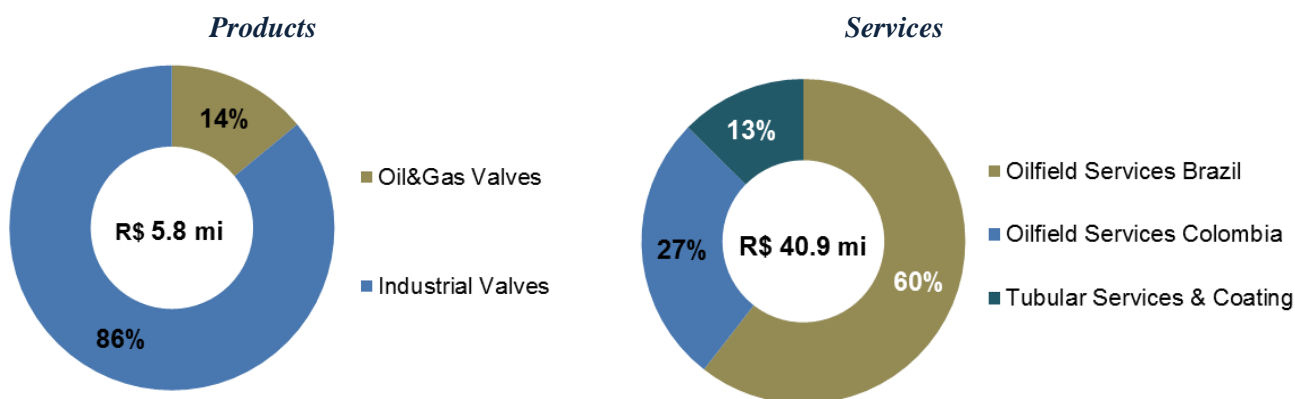
The operations in the Oilfield Services Brazil division presented a decrease in the Net Revenue of 37.7% comparing the 1Q16 with the 1Q15, primarily due to reduction of Petrobras' services demand and termination of existing contracts. However, compared to the 4Q15, the Oilfield Services Brazil operations increased 12.7%, mainly due to the performance of probes operations and Hydraulic Key Project.

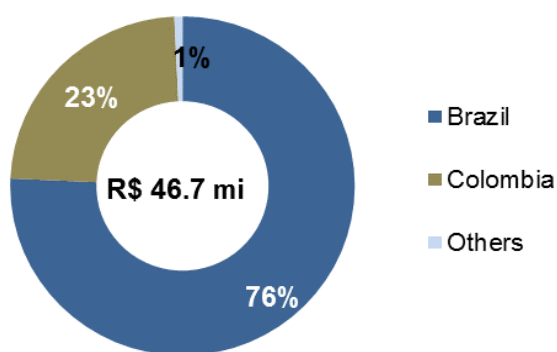
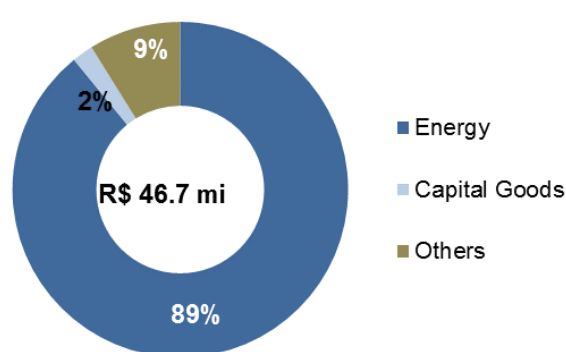
The operations in Tubular Services & Coating division presented reduction of 35.7% in Net Revenue of 1Q16 compared to the first quarter from the previous year, from R\$ 8.0 million in the 1Q15 to R\$ 5.2 million in the 1Q16 primarily due to the termination of existing contracts. Compared to the 4Q15, the operations of this division presented a growth of 6.1% in Net Revenue, from R\$ 4.9 million in the 4Q15 to R\$ 5.2 million in the 1Q16 due to the extension of Petrobras deadline for receipt of tubes in the 1Q16.

Net Operating Revenue (R\$ thd)



Revenue Distribution – 1Q16



By Region

By Industrial Sector


On March 31, 2016, the Company's Backlog of firm orders amounted R\$ 0.3 billion. The conversion of this Backlog is concentrated in the next eighteen months and 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	1Q16	Chg. %	4Q15	1Q16	Chg. %
Products	11,533	6,340	-45.0%	7,179	6,340	-11.7%
Services	64,753	48,914	-24.5%	54,670	48,914	-10.5%
Total	76,286	55,254	-27.6%	61,849	55,254	-10.7%

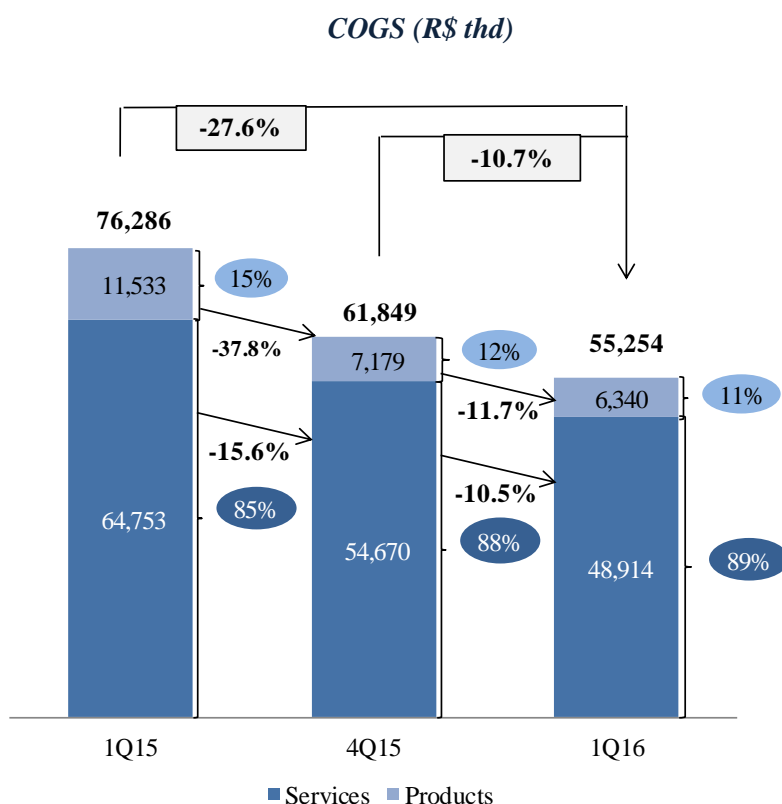
The Consolidated Costs on Goods Sold (COGS) presented a reduction of 27.6% in the 1Q16 compared to the 1Q15, reaching R\$ 55.2 million in the 1Q16 versus R\$ 76.3 million in the 1Q15, lower than the decrease of Consolidated Net Revenue that was of 43.9%.

Both in Products Segment and Services Segment, the reduction of COGS was lower than the reduction of Net Revenue in the respective Segments in the comparative period of 1Q16 with 1Q15, mainly due to the impact of fixed personnel costs, as well as due to dismissal costs in the amount of R\$ 4.2 million that burdened the COGS in the 1Q16.

The Consolidated Costs on Goods Sold (COGS) presented a decrease of 10.7% in the 1Q16 compared to the 4Q15, reaching R\$ 55.2 million in the 1Q16 versus R\$ 61.8 million in the 4Q15, keeping in line with the reduction of Consolidated Net Revenue that in the period was 10.9%.

In the Products Segment, the COGS in the 1Q16 reduced 11.7% despite the Net Revenue has increased 17.6% compared to the 4Q15, primarily due to the impact of inventory adjustment in the amount of R\$ 1.6 million that burdened the COGS in the 4Q15, as well as due to reduction of operating costs in the 1Q16 as result of Company's restructuring process.

The Services Segment presented a reduction of 10.5% in the COGS of 1Q16 compared to the 4Q15, being lower than the reduction of 13.8% in the Net Revenue of this Segment due to the impact of dismissals in the 1Q16, in the amount of R\$ 3.8 million.



Gross Profit and Gross Margin

Gross Profit (R\$ thd)	1Q15	1Q16	Chg. %	4Q15	1Q16	Chg. %
Products	2,167	-592	n/a	-2,290	-592	-74.1%
Gross Margin - Products	15.8%	-10.3%	-26.1 p.p.	-46.8%	-10.3%	36.5 p.p.
Services	4,760	-7,974	n/a	-7,151	-7,974	11.5%
Gross Margin - Services	6.8%	-19.5%	-26.3 p.p.	-15.0%	-19.5%	-4.5 p.p.
Total	6,927	-8,566	n/a	-9,441	-8,566	-9.3%
Gross Margin - Total	8.3%	-18.3%	-26.6 p.p.	-18.0%	-18.3%	-0.3 p.p.

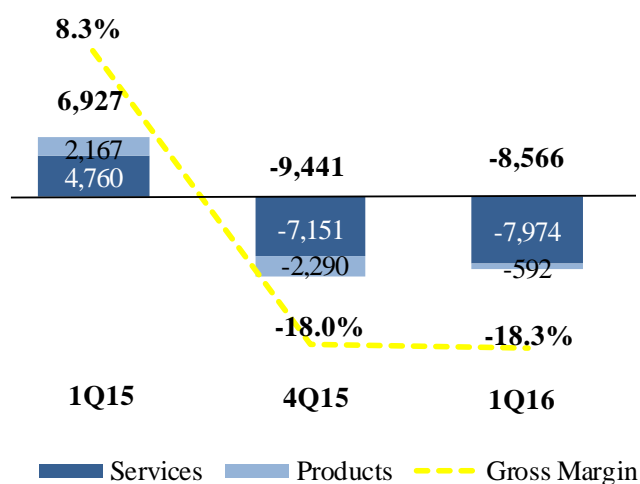
Due to reduction of Consolidated Net Revenue of R\$ 36.5 million (43.9%), dismissal costs that totaled R\$ 4.2 million and impact of fixed personnel costs, the Total Gross Profit was negative in R\$ 8.6 million in the 1Q16 compared to the positive amount of R\$ 6.9 million in the 1Q15. The Total Gross Margin presented a decrease of 26.6 percentage points in the 1Q16 when compared to the 1Q15.

Compared to the 4Q15, the Total Gross Profit was from negative amount of R\$ 9.4 million and negative Total Gross Margin of 18.0% in the 4Q15 to a negative Gross Profit of R\$ 8.6 million and negative Gross Margin of 18.3% in the 1Q16.

In the Products Segment, the Gross Profit was negative of R\$ 0.5 million in the 1Q16 and the Gross Margin negative of 10.3%, as primarily result of non-dilution of fixed personnel costs, as well as due to the dismissal costs in the amount of R\$ 0.4 million.

In the Services Segment, the Gross Profit was negative of R\$ 7.9 million in the 1Q16 and the Gross Margin was negative of 19.5%, as mainly result of revenue decrease as mentioned above, as well as due to the dismissal costs in the amount of R\$ 3.8 million.

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



Expenses

Despesas (R\$ mil)	1Q15	1Q16	Chg. %	4Q15	1Q16	Chg. %
Total Sales Expenses	4,458	1,876	-57.9%	-1,647	1,876	n/a
Sales Expenses - Products	2,864	1,093	-61.8%	1,566	1,093	-30.2%
Sales Expenses - Services	1,594	783	-50.9%	-3,213	783	n/a
Total Administrative Expenses	12,746	11,361	-10.9%	9,419	11,361	20.6%
Administrative Expenses - Products	3,847	3,120	-18.9%	2,509	3,120	24.4%
Administrative Expenses - Services	8,899	8,241	-7.4%	6,910	8,241	19.3%
Management Compensation	1,293	1,055	-18.4%	1,110	1,055	-5.0%
Total Sales, Administratives and Management Compensation	18,497	14,292	-22.7%	8,882	14,292	60.9%

The Consolidated Sales and Administrative Expenses and the Management Salary presented a decrease of 22.7% in the comparative period of 1Q16 with 1Q15 and an increase of 60.9% in the comparative period of 4Q15 with 1T16, from R\$ 18.5 million in the 1Q15 to R\$ 14.3 million in the 1Q16 and from R\$ 8.9 million in the 4Q15 to R\$ 14.3 million in the 1Q16.

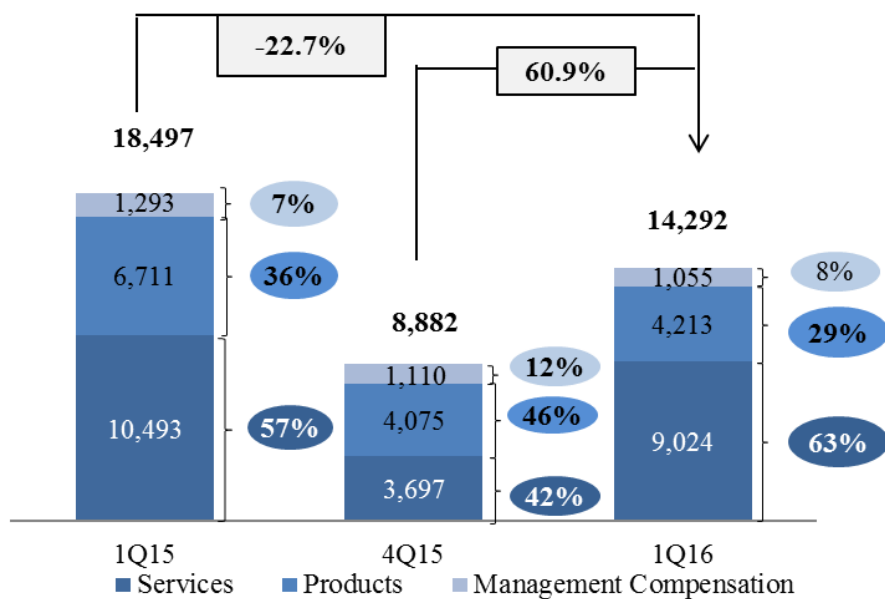
The Sales Expenses reduced 57.9% in the 1Q16 compared to the 1Q15, from R\$ 4.5 million in the 1Q15 to R\$ 1.9 million in the 1Q16. In the Products Segment, the Sales Expenses reduced 61.8% in the 1Q16 compared to the 1Q15, primarily due to the decrease of commissions expenses, fines with customers and allowance for doubtful accounts in the total amount of about R\$ 1.7 million. In the Services Segment, the Sales Expenses decreased 50.9% compared to the 1Q15, especially due to the reduction in fines with customers and allowance for doubtful accounts in the total amount of R\$ 0.8 million.

The Sales Expenses decreased from R\$ 1.6 million of revenue in the 4Q15 to R\$ 1.9 million of expense in the 1Q16, primarily due to the reversal of fines with customers in the amount of R\$ 3.6 million in the Services Segment in the 4Q15, not occurred in the 1Q16.

The Administrative Expenses reduced 10.9% in the 1Q16 compared to the 1Q15, from R\$ 12.7 million in the 1Q15 to R\$ 11.4 million in the 1Q16, mainly due to the reduction of about R\$ 0.7 million of salary expenses. On the other hand, compared to the 4Q15, the Administrative Expenses increased 20.6%, from R\$ 9.4 million in the 4Q15 to R\$ 11.4 million in the 1Q16, primarily due to the reversal of contractual fines in the amount of R\$ 1.1 million in Services Segment in the 4Q15 to establish the Company's obligations under the Judicial Recovery Plan approved in November 18, 2015, at the General Meeting of Creditors.

The Management Salary remained stable, from R\$ 1.3 million in the 1Q15 and from R\$ 1.1 million in the 4Q15 to R\$ 1.1 million in the 1Q16.

Operating Expenses (R\$ thd)



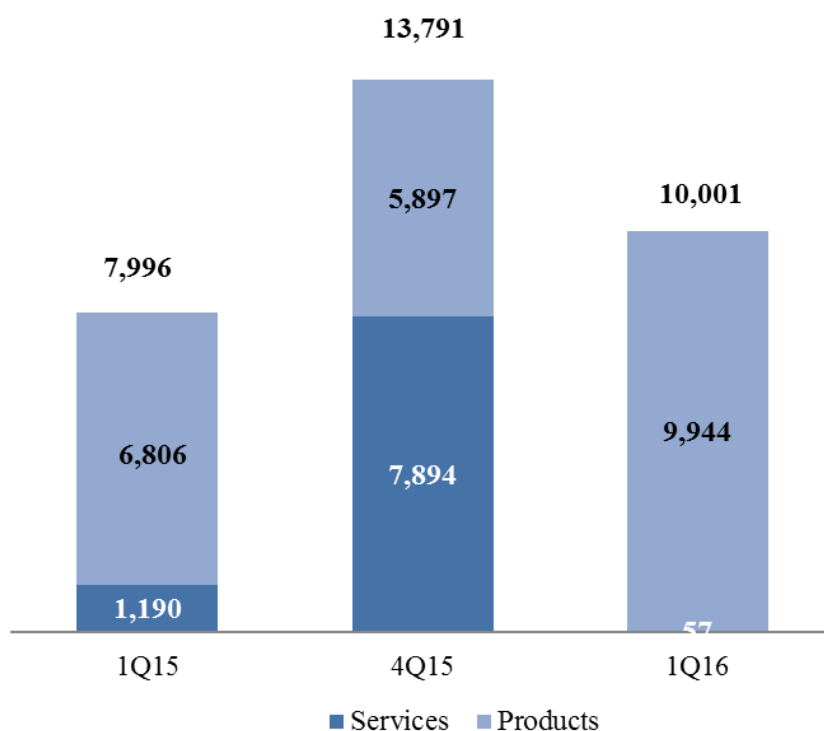
Other Operating (Revenues) and Expenses

Other Expenses (Income) (R\$ thd)	1Q15	1Q16	Chg. %	4Q15	1Q16	Chg. %
Products	6,806	9,944	46.1%	5,897	9,944	68.6%
Services	1,190	57	-95.2%	7,894	57	-99.3%
Total	7,996	10,001	25.1%	13,791	10,001	-27.5%

The Other Operating Expenses increased from R\$ 8.0 million in the 1Q15 to R\$ 10.0 million in the 1Q16, a growth of 25.1%, and they are primarily related to the follow factors: (i) R\$ 7.1 million of provision for losses on inventory obsolescence and (ii) R\$ 3.4 million of cost of idle production (R\$ 7.3 million in the 1Q15).

In the comparative period of 1Q16 with 4Q15, the Other Operating Expenses decreased from R\$ 13.8 million in the 4Q15 to R\$ 10.0 million in the 1Q16.

Other Operating Expenses (R\$ thd)



Financial Result

Financial Result (R\$ thd)	1Q15	1Q16	Chg. %	4Q15	1Q16	Chg. %
Income from Financial Investments	199	411	106.5%	307	411	33.9%
Monetary Variation	172	178	3.5%	167	178	6.6%
Present Value Adjustment	-	-	n/a	394,788	-	n/a
Interest on Receivables	303	308	1.7%	309	308	-0.3%
Others	104	115	10.6%	343	115	-66.5%
Financial Revenue*	778	1,012	30.1%	395,914	1,012	-99.7%
(Expense) Reversal of Interest Expenses	-6,796	-3,901	-42.6%	12,284	-3,901	n/a
Present Value Adjustment	-	-996	n/a	-	-996	n/a
Discount Granted	-4	-765	19025.0%	-1	-765	76400.0%
(Provision) Reversal of Provision for Interest on Suppliers	-567	-2,300	305.6%	12,146	-2,300	n/a
Fines and Interest on Taxes	-690	-15,455	2139.9%	-2,313	-15,455	568.2%
Banking Expenses, Taxes and Others	-2,663	-1,379	-48.2%	224	-1,379	n/a
Financial Expense*	-10,720	-24,796	131.3%	22,340	-24,796	n/a
Net Financial Result*	-9,942	-23,784	139.2%	418,254	-23,784	n/a
Exchange Variance Revenue	151,904	189,814	25.0%	58,014	189,814	227.2%
Exchange Variance Expense	-179,194	-170,295	-5.0%	-20,381	-170,295	735.6%
Net Exchange Variance	-27,290	19,519	n/a	37,633	19,519	-48.1%
Net Financial Result - Total	-37,232	-4,265	-88.5%	455,887	-4,265	-100.9%

* Excluding Exchange Variance

The Total Financial Income (excluding Exchange Variance) in the 1Q16 reached R\$ 1.0 million versus R\$ 0.8 million in the 1Q15, a growth of 30.1%, primarily due to the increase of income from financial investments.

Compared to the 4Q15, the Total Financial Income (excluding Exchange Variance) decreased from R\$ 395.9 million in the 4Q15 to R\$ 1.0 million 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 Expense (excluding Exchange Variance) increased 131.3% in the 1Q16 compared to the 1Q15, reaching R\$ 24.8 million versus R\$ 10.7 million in the 1Q15 primarily due to the recognition of R\$ 15.5 million of fine and interest on taxes, as well as due to the registration of R\$ 1.0 million of expense for present value adjustment of suppliers, loans, fines, debentures and Bonds in the 1Q16.

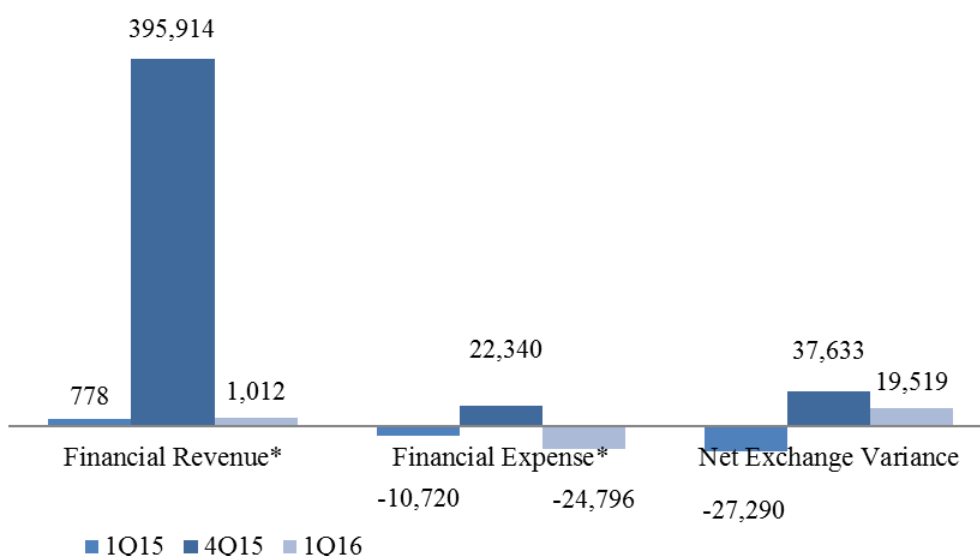
Compared to the 4Q15, the Total Financial Expense (excluding Exchange Variance) increased from R\$ 22.3 million of revenue in the 4Q15 to R\$ 24.8 million of expense in the 1Q16. This variation was mainly due to the reversal in provision for interest on suppliers in the amount of R\$ 12.1 million and reversal of interest expense on loans, financing and debentures in the amount of R\$ 12.3 million recognized in the 4Q15 to establish the Company's obligations under the Judicial Recovery Plan.

The Net Exchange Variance in the 1Q16 resulted in revenue of R\$ 19.5 million versus an expense of R\$ 27.3 million in the 1Q15 affected by devaluation of 8.9% in U.S. dollar against Brazilian Real in the 1Q16 versus a valuation of 20.8% in U.S. dollar in the 1Q15. In the 4Q15, the Net Exchange Variance resulted in revenue of R\$ 37.6 million affected by devaluation of 1.7% in U.S. dollar against Brazilian Real in the 4Q15.

The Total Net Financial Result in the 1Q16 resulted in expense of R\$ 4.3 million versus expense of R\$ 37.2 million in the 1Q15 especially due to the recognition of Exchange Variance Revenue in the amount of R\$ 19.5 million in the 1Q16 versus Exchange Variance Expense of R\$ 27.3 million in the 1Q15.

The Total Net Financial Result decreased from a revenue of R\$ 455.9 million in the 4Q15 to an expense of R\$ 4.3 million in the 1Q16, especially due to the registration of revenue for present value adjustment of R\$ 394.8 million recognized in the 4Q15.

Financial Result Breakdown (R\$ thd)



* Excluding Exchange Variance

Adjusted EBITDA from Continuing Operations¹

The Consolidated Adjusted EBITDA from Continuing Operations was negative in R\$ 8.6 million in the 1Q16 versus negative result of R\$ 14.0 million in the 4Q15. The EBITDA Margin was negative of 18.4% in the 1Q16, with positive variance of 8.3 percentage points compared to the Margin presented in the 4Q15.

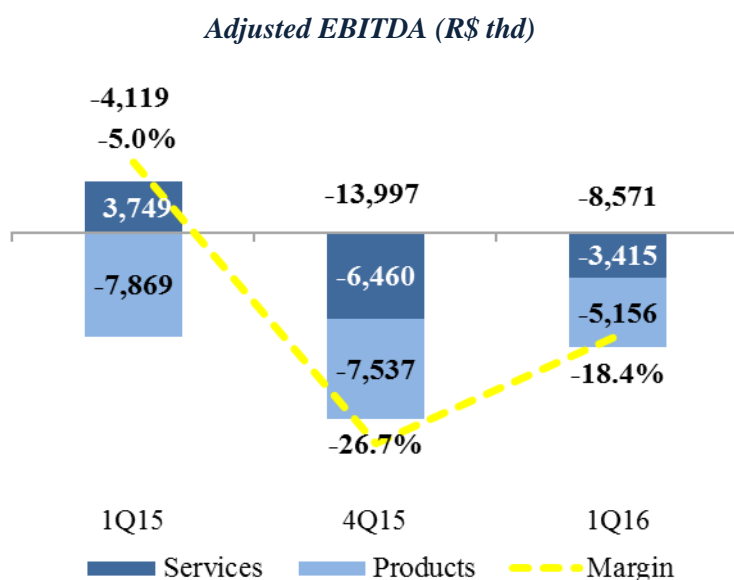
¹ **EBITDA from continuing operations** is calculated as the net income (loss) before income tax and social contribution, financial income (expense), Equity Pick-up Result and depreciation and amortization. The Adjusted EBITDA from continuing operations reflects the EBITDA from continuing operations,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

Adjusted EBITDA (R\$ thd)	1Q15	1Q16	Chg. R\$	Chg. %	4Q15	1Q16	Chg. R\$	Chg. %
Products	- 7,869	- 5,156	2,713	-34.5%	- 7,537	- 5,156	2,381	-31.6%
Margin	-57.4%	-89.7%		-32.3 p.p.	-154.2%	-89.7%		64.5 p.p.
Services	3,749	3,415	7,164	n/a	6,460	3,415	3,045	-47.1%
Margin	5.4%	-8.3%		-13.7 p.p.	-13.6%	-8.3%		5.3 p.p.
Total	- 4,119	- 8,571	- 4,452	108.1%	- 13,997	- 8,571	5,426	-38.8%
Margin	-5.0%	-18.4%		-13.4 p.p.	-26.7%	-18.4%		8.3 p.p.
% Products	191%	60%			54%	60%		
% Services	-91%	40%			46%	40%		

Both the Consolidated Adjusted EBITDA of Products Segment and of Services Segment presented negative amounts in the 1Q16, primarily consequence of reduction in products and services demand, as result of the crisis in the Oil&Gas segment, creating limitations to capture new revenue. The positive variance of R\$ 5.4 million in the EBITDA of 1Q16 compared to the 4Q15 is mainly due to the growth of 17.6% in Net Revenue of Products Segment and due to reduction of operating costs, as consequence of Company's restructuring process.

Adjusted Ebitda Reconciliation (R\$ thd)	1Q15	4Q15	1Q16
Gross Profit	6,927	-9,441	-8,566
SG&A	-17,204	-7,772	-13,237
Management Compensation	-1,293	-1,110	-1,055
Depreciation and Amortization	12,392	13,247	12,579
Operational Revenues/Expenses	-7,996	-13,791	-10,001
Ebitda from Continuing Operations	-7,174	-18,867	-20,280
Provision for Variable Compensation	-21	4,243	0
Provision for Losses, Impairment and Net Profit/Loss on Disposal of Assets	934	5,069	6,438
Fines (Reversion of Fines) with Customers	1,352	-3,316	129
Restructuring Process and Other Extraordinary Expenses	790	-1,126	5,142
Adjusted EBITDA from Continuing Operations	-4,119	-13,997	-8,571

The Consolidated Adjusted EBITDA from Continuing Operations in the 1Q16 comparatively to 1Q15 reduced from negative R\$ 4.1 million in the 1Q15 to negative R\$ 8.6 million in the 1Q16. The Consolidated EBITDA Margin decreased 13.4 percentage points, from negative 5.0% in the 1Q15 to negative 18.4% in the 1Q16.



1Q16

Adjusted Ebitda Reconciliation (R\$ thd)	Products	Services	Total
Gross Profit	-592	-7,974	-8,566
SG&A	-4,213	-9,024	-13,237
Management Compensation	-136	-919	-1,055
Depreciation and Amortization	1,910	10,669	12,579
Operational Revenues/Expenses	-9,944	-57	-10,001
Ebitda from Continuing Operations	-12,975	-7,305	-20,280
Provision for Losses, Impairment and Net Profit/Loss on Disposal of Assets	7,310	-872	6,438
Fines with Customers	7	122	129
Restructuring Process and Other Extraordinary Expenses	502	4,640	5,142
Adjusted EBITDA from Continuing Operations	-5,156	-3,415	-8,571

The non-recurring expenses that totaled R\$ 6.4 million primarily refers to registration of provision for losses on inventory obsolescence in the amount of R\$ 7.1 million and reversal of provision for loss of lawsuit in the amount of R\$ 0.7 million.

Net Result

Net Result (R\$ thd)	1Q15	1Q16	Chg. %	4Q15	1Q16	Chg. %
Result Before Income Tax and Social Contribution	-56,798	-37,124	-34.6%	443,509	-37,124	n/a
Income Tax and Social Contribution - Current	-612	-298	-51.3%	181	-298	n/a
Income Tax and Social Contribution - Deferred	689	598	-13.2%	-91,016	598	n/a
Result of Discontinued Operation	-22,054	13,315	n/a	0	13,315	n/a
Net Result	-78,775	-23,509	-70.2%	352,674	-23,509	n/a
Net Result per 1000 Shares	-0.50	-0.15	-70.2%	2.25	-0.15	n/a

The Net Result in the 1Q16 was a loss of R\$ 23.5 million, compared to a loss of R\$ 78.8 million in the 1Q15. The main extraordinary events that contributed for that performance in the 1Q16 were: (i) R\$ 3.4 million of costs of idle production (R\$ 7.3 million in the 1Q15); (ii) R\$ 13.3 million of revenue with disposal of investment in discontinued operations –Vicinay Marine S.L investment (R\$ 22.0 million of expense with low of Jefferson investment in the 1Q15); (iii) R\$ 7.1 million of provision for losses on inventory obsolescence and (iv) R\$ 15.5 million of fine and interest on taxes.

The Net Result went from a profit of R\$ 352.7 million in the 4Q15 to a loss of R\$ 23.5 million in the 1Q16. The performance in the 4Q15 is primarily due to the positive financial result impacted by registration of revenue for present value adjustment of suppliers, loans, fines, debentures and Bonds in the amount of R\$ 394.8 million to establish the Company's obligations under the Judicial Recovery Plan.

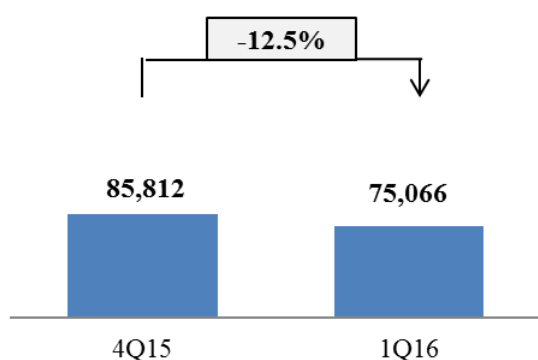
Working Capital

Working Capital (R\$ thd)	4Q15	1Q16	Chg. %	Chg. R\$
Accounts Receivable	62,330	57,543	-7.7%	-4,787
Inventories	56,349	49,031	-13.0%	-7,318
Accounts Payable	29,084	27,978	-3.8%	-1,106
Advances from Clients	3,783	3,530	-6.7%	-253
Employed Working Capital	85,812	75,066	-12.5%	-10,746
Employed Working Capital Variance	1,957	- 10,746		
% Working Capital/Net Revenues*	32.0%	32.4%		

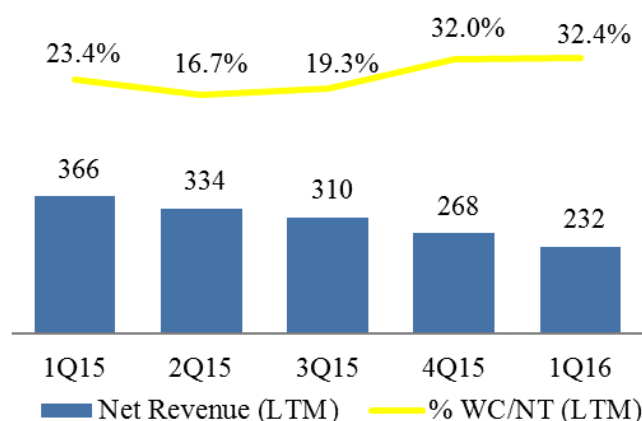
*LTM: last 12 months

The rate of Working Capital Needs upon accumulated Net Revenue (12 months) in the 1Q16 reached 32.4%, growth of 0.4 percentage points when compared to the rate of 4Q15.

Working Capital (R\$ thd)



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



The reception of foreign market customers in the operations of Oil&Gas Valves and Oilfield Services Colombia divisions was the main factor that resulted in the decrease of 7.7% of Accounts Receivable balance.

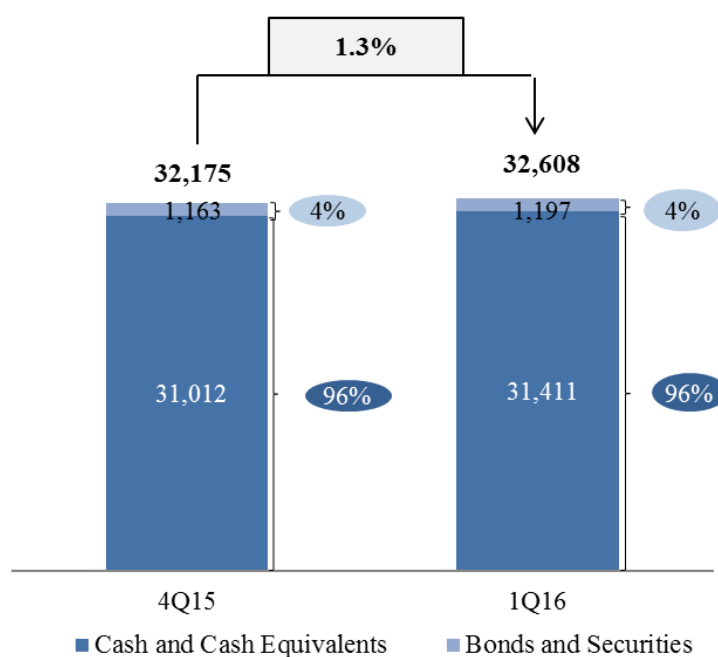
In addition, there was a reduction of 13.0% of Inventory balance in the 1Q16 compared to the 4Q15, as primarily consequence for registration of provision for losses on inventory obsolescence in the amount of R\$ 7.1 million in the 1Q16.

Cash and Cash Equivalents

The consolidated position in Company's Cash and Cash Equivalents in the 1Q16 reached R\$ 32.6 million compared to the amount of R\$ 32.2 million in the 4Q15. With the sale of share's participation held by

Company in the Spanish society Vicinay Marine, S.L. by the amount of R\$ 28.6 million, and received in March 2016, the position of Cash and Cash Equivalents presented a growth of 1.3% in the 1Q16 compared to the 4Q15.

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

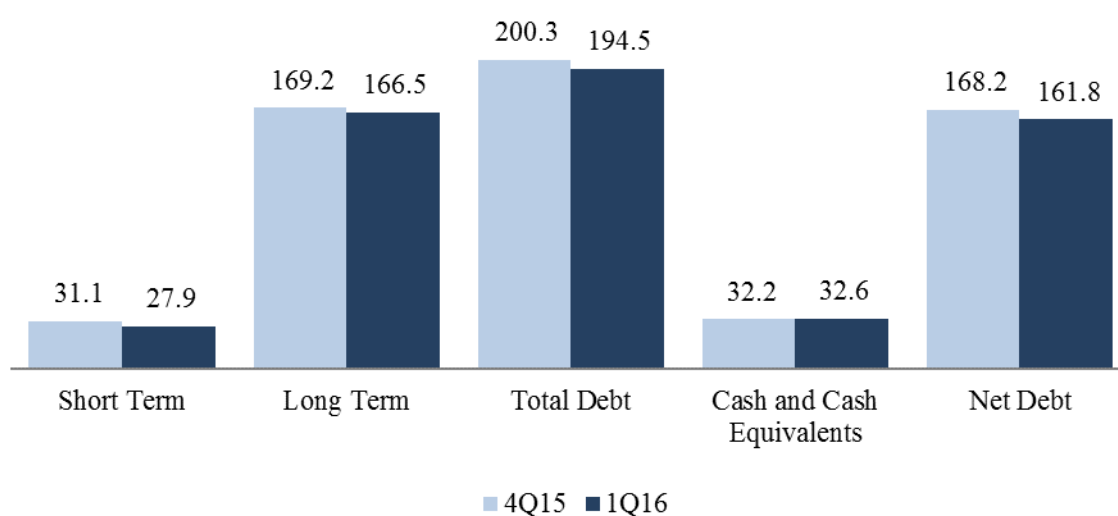
Company's Gross Debt ended the 1Q16 in R\$ 194.5 million, 2.9% lower than reported in the 4Q15.

Debt (R\$ thd)	4Q15	1Q16	Chg. %	Chg. R\$
Short Term	31,145	27,926	-10.3%	- 3,219
Financing Lines not subject to Judicial Recovery	31,145	27,926	-10.3%	- 3,219
Long Term	169,203	166,525	-1.6%	- 2,678
Financing Lines subject to Judicial Recovery	161,026	159,000	-1.3%	- 2,026
Financing Lines not subject to Judicial Recovery	8,177	7,525	-8.0%	- 652
Total Debt	200,348	194,451	-2.9%	- 5,897
Cash and Cash Equivalents	32,175	32,608	1.3%	433
Net Debt	168,173	161,843	-3.8%	- 6,330

This reduction is primarily consequence of exchange variance on loans held in foreign currency due to the devaluation of 8.9% in the U.S. dollar against Brazilian Real in the 1Q16.

Combined Cash and Cash Equivalents, the Company's Net Debt ended the 1Q16 in R\$ 161.8 million, a reduction of 3.8% versus the amount in the 4Q15.

Debt Breakdown (R\$ million)



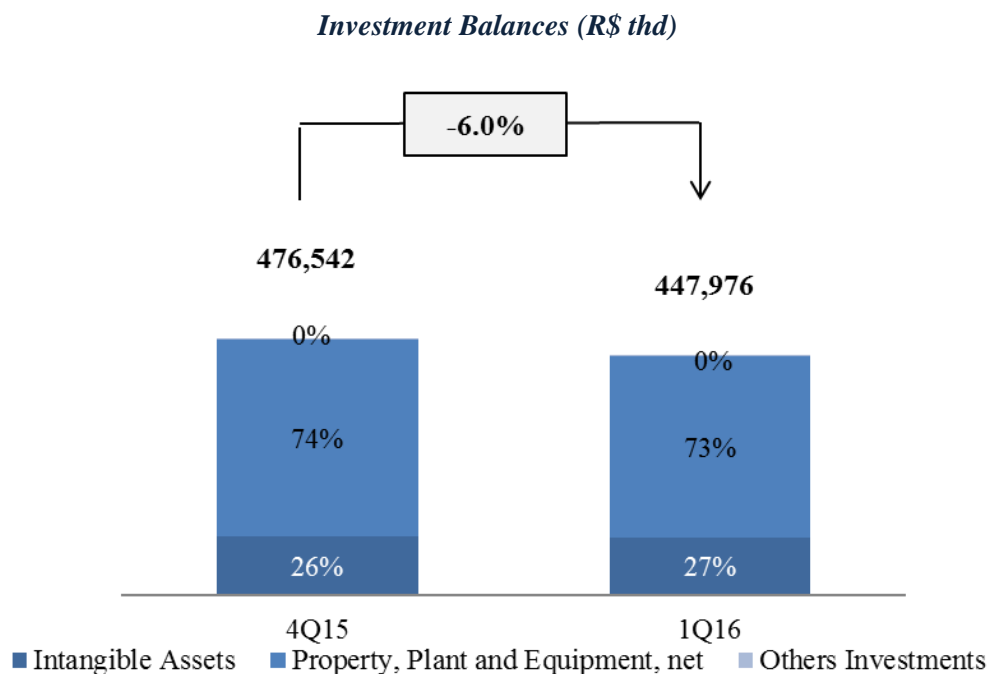
Investment Balances

Company's Investment Balances in the 1Q16 totaled R\$ 448.0 million, reduction of 6.0% compared to the R\$ 476.5 million presented in the 4Q15.

Investments (R\$ thd)	4Q15	1Q16	Chg. %	Chg. R\$
Others Investments	676	676	0.0%	0
Property, Plant and Equipment, net	354,862	327,685	-7.7%	-27,177
Intangible Assets	121,004	119,615	-1.1%	-1,389
Total	476,542	447,976	-6.0%	-28,566

The Property, Plant and Equipment, presented a decrease of 7.7% in the 1Q16 especially due to the recognition of depreciation in the amount of R\$ 12.0 million and due to the effect of exchange variance on

the fixed assets of foreign subsidiaries, in the amount of R\$ 15.6 million, due to the devaluation of 8.9% in the U.S. dollar against Brazilian Real in the 1Q16.



Capex was R\$ 0.5 million in the 1Q16 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)

	1Q15	1Q16	% Change
Net Revenue From Sales	83,213	46,688	-44%
Cost of Goods and Services Sold	(76,286)	(55,254)	-28%
Gross Profit	6,927	(8,566)	n/a
Operating Income/Expenses	(26,493)	(24,293)	-8%
Selling	(4,458)	(1,876)	-58%
General and Administrative	(12,746)	(11,361)	-11%
Management Compensation	(1,293)	(1,055)	-18%
Other Operation Income (Expenses)	(7,996)	(10,001)	25%
Net Financial Result	(37,232)	(4,265)	-89%
Financial Income	778	1,012	30%
Financial Expenses	(10,720)	(24,796)	131%
Net Exchange Variance	(27,290)	19,519	n/a
Earnings (Loss) Before Income Tax and Social Contribution	(56,798)	(37,124)	-35%
Provision Income Tax and Social Contribution - Current	(612)	(298)	-51%
Provision Income Tax and Social Contribution - Deferred	689	598	-13%
Loss from Discontinued Operations	(22,054)	13,315	n/a
Loss for the Period from Continued and Discontinued Operations	(78,775)	(23,509)	-70%

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

	1Q15	1Q16	% Change
<u>Adjusted EBITDA from Continuing Operations</u>	(4,119)	(8,571)	108%
Provision for Variable Remuneration	21	-	n/a
Reestructuring Process and Other Extraordinary Expenses	(790)	(5,142)	551%
Provision for Losses, Impairment and Net Result on Disposal of Assets	(934)	(6,438)	589%
Fines with Costumers	(1,352)	(129)	-90%
<u>EBITDA from Continuing Operations</u>	(7,174)	(20,280)	183%
Depreciation and Amortization	(12,392)	(12,579)	2%
Net Financial Result	(37,232)	(4,265)	-89%
Income Tax and Social Contribution - Current and Deferred	77	300	290%
<u>Result from Discontinued Operations</u>	(22,054)	13,315	n/a
<u>Net Loss from Continuing and Discontinued Operations</u>	<u>(78,775)</u>	<u>(23,509)</u>	<u>-70%</u>

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

	4Q15	1Q16	% Change
Total Asset	814,031	756,988	-7%
Current Assets	235,735	208,794	-11%
Cash and Cash Equivalents	31,012	31,411	1%
Securities-restricted	1,163	1,197	3%
Accounts Receivable	62,330	57,543	-8%
Inventories	56,349	49,031	-13%
Recoverable Taxes	30,976	30,805	-1%
Other Accounts Receivable	7,715	7,196	-7%
Anticipated Expenses	4,672	4,211	-10%
Advances to Suppliers	26,234	27,400	4%
Assets Classified as Held for Sale	15,284	-	n/a
Non-Current Assets	578,296	548,194	-5%
Securities-restricted	5,640	5,805	3%
Judicial Deposits	22,275	22,675	2%
Recoverable Taxes	40,455	39,829	-2%
Other Accounts Receivable	33,384	31,909	-4%
Investments	676	676	0%
Property, Plant and Equipment	354,862	327,685	-8%
Intangible Assets	121,004	119,615	-1%
Total Liabilities and Shareholders' Equity	814,031	756,988	-7%
Current Liabilities	211,624	213,381	1%
Suppliers - Not Subject to Judicial Recovery	29,084	27,978	-4%
Loans and Financing - Not Subject to Judicial Recovery	31,145	27,926	-10%
Provisions Payroll and Payroll Payable	23,005	17,634	-23%
Commissions Payable	1,131	1,437	27%
Taxes Payable	61,448	72,015	17%
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	39,979	40,475	1%
Advances from Customers	3,783	3,530	-7%
Employee's Profit Sharing	767	737	-4%
Other Accounts Payable	19,259	19,623	2%
Provision for Contratual Fines	2,023	2,026	0%
Non-Current Liabilities	509,094	505,805	-1%
Suppliers - Subject to Judicial Recovery	72,018	74,041	3%
Loans and Financing - Subject to Judicial Recovery	161,026	159,000	-1%
Loans and Financing - Not Subject to Judicial Recovery	8,177	7,525	-8%
Taxes Payable	9,000	9,235	3%
Deferred Income Tax and Social Contribution	120,947	120,155	-1%
Provision for Contingencies	125,301	123,915	-1%
Other Accounts Payable	8,965	8,274	-8%
Provision for Unfunded Liabilities in Subsidiaries	3,660	3,660	0%
Shareholders' Equity	93,313	37,802	-59%
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	126,671	93,589	-26%
Accumulated Losses	(2,036,774)	(2,059,203)	1%

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

	1Q15	1Q16	% Change
CASH FLOW FROM OPERATING ACTIVITIES			
Net Result for the Period	(78,775)	(23,509)	-70%
Adjustments:			
Depreciation and Amortization	12,418	12,579	1%
Result on Sale of Fixed Assets	(331)	-	n/a
Loss (Gain) on Sale of Investments	21,879	(13,315)	n/a
Financial Charges and Exchange Variance on Financing, Bonds and Debentures	33,584	2,183	-93%
Deferred Income Tax and Social Contribution	(531)	(598)	13%
Losses on Inventory Obsolescence	2	7,103	355050%
Provision of Contractual Fines	1,352	129	-90%
Allowance for Doubtful Accounts	733	175	-76%
Present Value Adjustment	-	996	n/a
Changes in Assets & Liabilities			
(Increase) Decrease in Accounts Receivable	5,657	2,187	-61%
(Increase) Decrease in Inventories	3,532	(13)	n/a
(Increase) Decrease in Recoverable Taxes	(882)	(156)	-82%
(Increase) Decrease in Other Assets	(4,914)	(572)	-88%
(Increase) Decrease in Suppliers	1,574	(1,290)	n/a
(Increase) Decrease in Taxes Payable	(372)	(3,891)	946%
(Increase) Decrease in Others Accounts Payable	(25)	(5,578)	22212%
Cash Flow from Operating Activities	(5,099)	(23,570)	362%
CASH FLOW FROM INVESTMENT ACTIVITIES			
Proceeds from Sales of Investments	-	28,599	n/a
Securities - Restricted	27	212	685%
Disposal of Discontinued Operations	11,922	-	n/a
Proceeds from Sales of Property, Plant and Equipment	1,703	-	n/a
Aquisition of Property, Plant and Equipment	(2,257)	(422)	-81%
Aquisition of Intangible Assets	(635)	(24)	-96%
Cash Flow from Investment Activities	10,760	28,365	164%
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Loans and Financings	54,094	19,257	-64%
Payment of Loans and Financings - Principal	(56,458)	(22,649)	-60%
Payment of Loans and Financings - Interest	(2,598)	(1,023)	-61%
Cash Flow from Financing Activities	(4,962)	(4,415)	-11%
Exchange Variation on Cash and Cash Equivalents for Subsidiaries Abroad	2	19	850%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	701	399	-43%
At the Beginning of the Period	3,581	31,012	766%
At the End of the Period	4,282	31,411	634%

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.