

INTERIM FINANCIAL STATEMENTS Q3 2017

**LUPATECH S.A. – IN JUDICIAL RECOVERY
CNPJ/MF nº 89.463.822/0001-12
NIRE 35.3.0045756-1**

**THIS IS A FREE TRANSLATION OF THE ORIGINAL TEXT IN
PORTUGUESE
IN CASE OF DIVERGENCE OF INTERPRETATION, THE PORTUGUESE TEXT
WILL PREVAIL**

Management report

Message from the Administration

A few important milestones in the restructuring of Lupatech were again achieved during 3Q17. Important measures were taken towards the divestment of the Services business.

In Brazil, the contracts with Petrobras rendered from Macaé were finalized, with nearly all the employees of that unit dismissed. The equipment used in the services were stored and are now destined for sale.

In Colombia, on August 25, 2017, 19.6% of the equity interest of the indirect subsidiary Lupatech OFS S.A.S. was sold to Petroalianza International Ltd. in the amount of US\$ 2 million. The sale agreement provided for a capitalization of another US\$ 2 million in the OFS SAS subsidiary, with the new partner reaching a stake of 36%, whereas Lupatech remained with 64% of the subsidiary. Petroalianza holds an option to acquire the remaining equity interest until November 2017.

The publication of provisional measures 783/2017 and 807/2017, which culminated with the promulgation of tax amnesty Law 1396/2017 (PERT - Special Program for Tax Regularization), will allow a substantial reduction of the tax contingencies of the Company. It is expected that the total of contingencies and debits object of the adhesion to the program reach the amount of about R\$ 88 million, with the disbursement of only R\$ 4 million:

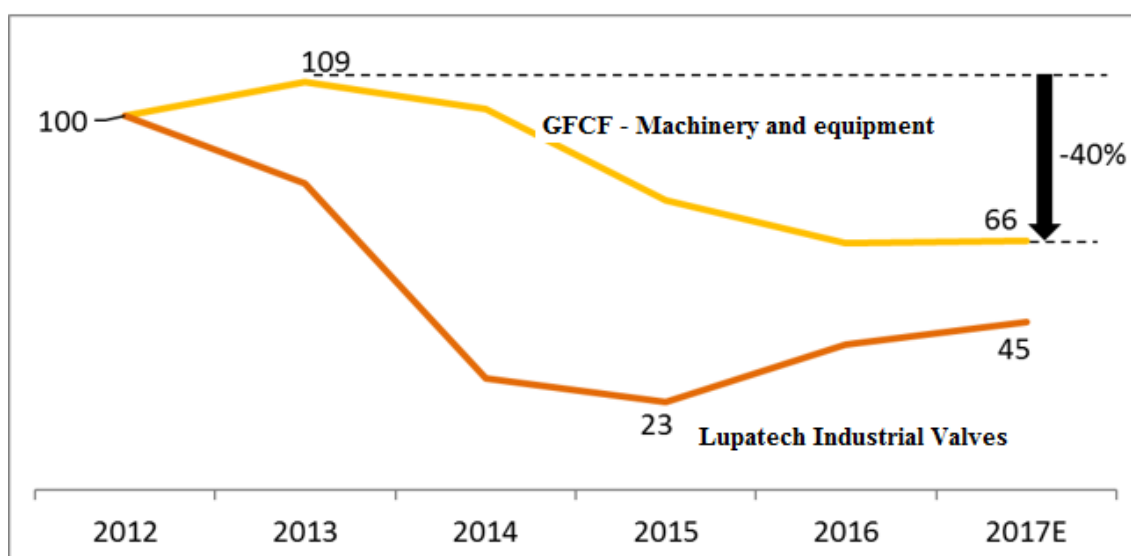
Adhesion	R\$ million	
	08/31/2017	11/14/2017
	MP 783/2017	Law 13.496/2017
Value of contingencies - Object of adhesion	54	88
Disbursement (Toll)	4	4
Use of tax loss	24	42
Reductions and discounts on interest and fines contained in Law	25	41

Note: The figures presented represent the management best estimates, and may undergo changes after verification and consolidation of the debt by the Brazilian Federal Revenue Office. On September 30, 2017, our books contained the records corresponding only to the liabilities associated with the adhesion by MP 783/2017. It was also recorded the expectation of the use of tax losses. However, the benefits of the program were not recorded, since the entitlement is achieved only after the payment of the initial installments.

The Company's business in industrial activities followed its recovery path. The reaction is still modest, since the macroeconomic and microeconomic environments remain unfavorable, even though there are signals that we are going through a moment of inflection both in the level of general activity of the economy and in the oil activity. Our business is directly influenced by these factors.

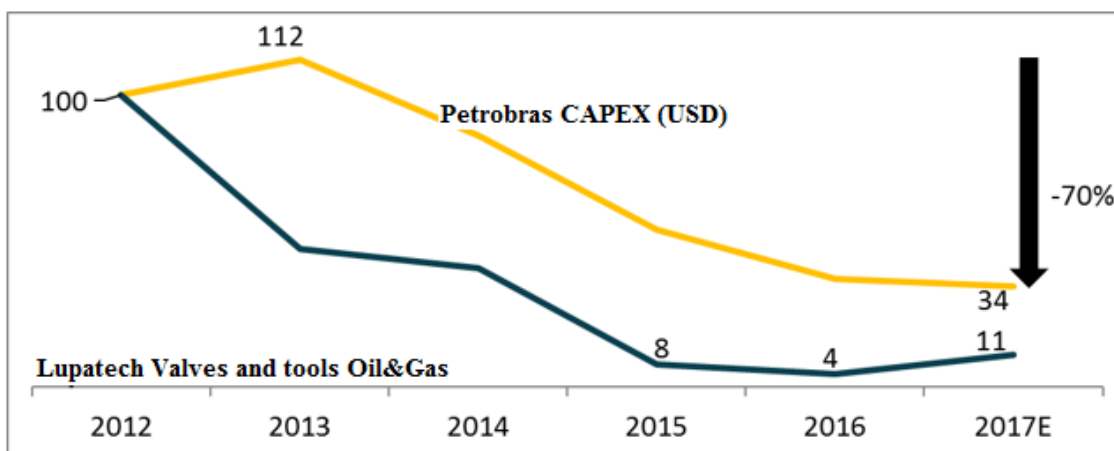
The demand for industrial valves is typically aligned with the general demand for machinery and equipment, as measured by the Gross Fixed Capital Formation (GFCF) in the economy. Historically, in a relevant period, GFCF correlates with Gross Domestic Product (GDP) growth by 3.7 times. This means that annualized GDP growth of 3% per year tends to result in an increase in demand for machinery and equipment of 12% per year. Given the long-awaited recovery of the level of economic activity, we should expect a more favorable environment for our business in the near future.

The graphic below illustrates the recent evolution of our industrial valve sales compared to GFCF's performance (machinery and equipment). While the severity of the crisis that began in 2014 caused the contraction of the demand for machinery and equipment by around 40%, on the other hand a recovery of the economy tends to promote a significant recovery of our future demand. In this context, Lupatech could find fertile ground for its recovery, which will also depend naturally on factors other than the external environment. Note that Lupatech's performance shows a recovery even as demand has been deteriorating, a positive result of the Company's recovery efforts since 2015, after the Judicial Recovery.



Source: Ipeadata and Lupatech, 2012 = 100

On the businesses more closely linked to the oil industry, the effect of the crisis was even more dramatic. The drop in investment in the sector is even more impressive, Homeric 70%, if measured by the level of investments of Petrobras in dollars. Considering a typical valve content of 3 to 7% of the industry's investments, one can infer the devastating impact of the contraction on our business. In 2015, in addition to the sectoral cataclysm, we had our certificate of supply for Petrobras revoked, which, recovered soon later, made possible the resumption of sales growth. The downturns in the sector's business and in the company's activity hints us about the size of the opportunity that can result from the recovery of Petrobrás activity and the entry of new players in Brazil, contracted at the recent auctions of National Petroleum Agency (ANP).



Source: Ipeadata and Lupatech, 2012 = 100

In this vein, the businesses of Industrial Valves and Oil & Gas Valves had an increase in sales of 20% compared to the previous quarter, which was accompanied by an improvement in gross profitability.

Another important step for the company was the ISO 9000 recertification of the Anchoring Ropes factory, a necessary element to make it fit for Petrobras' CRCC supplier certification. This unit, which was very profitable in the past and which sales and production cycle may reach years, has remained inactive since 2015, although commercial efforts have generated good prospects for future business in Brazil and abroad.

Rafael Gorenstein
CEO and Investor Relations Director

Financial-Economic Performance

Net Revenue

Net Revenue (R\$ thd)	3Q16	3Q17	Chg. R\$	2Q17	3Q17	Chg. R\$	9M16	9M17	Chg. %
Products	7,805	9,428	1,623	7,618	9,428	1,810	20,115	26,505	6,390
Oil&Gas Valves	2,108	2,529	421	2,084	2,529	445	3,501	9,085	5,584
Industrial Valves	5,697	6,899	1,202	5,534	6,899	1,365	16,614	17,418	804
Others	-	-	-	-	-	-	-	2	2
Services	23,589	17,085	- 6,504	21,054	17,085	- 3,969	87,299	60,012	- 27,286
Oilfield Services Brazil	16,242	1,167	- 15,075	8,489	1,167	- 7,322	58,051	19,670	- 38,381
Oilfield Services Colombia	7,001	15,918	8,917	12,565	15,918	3,353	23,732	40,343	16,611
Tubular Services & Coating	346	-	- 346	-	-	-	5,516	-	- 5,516
Total	31,394	26,513	- 4,881	28,672	26,513	- 2,159	107,414	86,517	- 20,896

Products Segment

In 3Q17, compared to 2Q17, the increase in Net Revenue in the Industrial Valves division is justified by the reactivation of old customers and increased sales to active customers due to a more stable economic scenario, where we have seen a modest resumption of investments and maintenance in the industrial segment. Same applies to the comparison of 3Q17 with 3Q16.

Comparing the Net Revenues of 9M17 and 9M16, the improvement is justified by the good performance in the Oil&Gas Valves division exports, in the amount of R\$ 3.6 million on 1Q17. Also contributed to the result the increase in domestic sales.

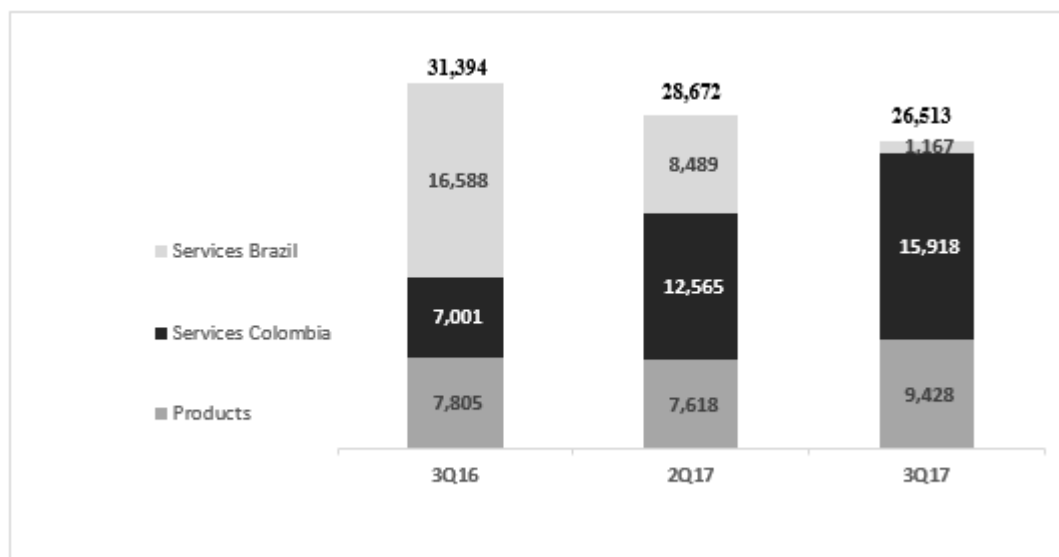
Services Segment

In 3Q17, compared to 2Q17 and 3Q16, Net Revenue in Brazil had a significant reduction due to the conclusion of the Power Tongs and Coiled Tubing contracts with Petrobrás in July 2017.

On the other hand, the Oilfield Services Colombia division in 3Q17 compared to 3Q16 and 9M17 versus 9M16 had a significant increase due to the highlight for the Colombian market recovery.

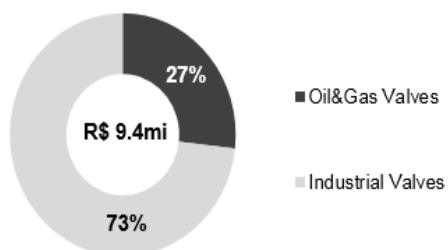
The same effects are observed in the comparison of 9M17 and 9M16. It should be noted that in the period of 9M16 the services of onshore workover in the Northeast of Brazil were active and there was still demand in the Tubular Services & Coating division.

Net Operational Revenue (R\$ thousand)

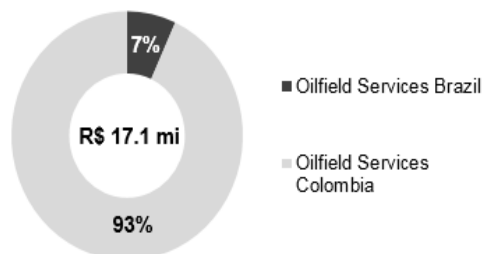


Revenue Distribution - 3Q17

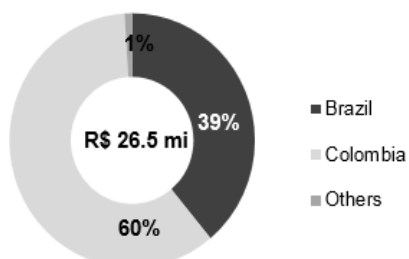
Products



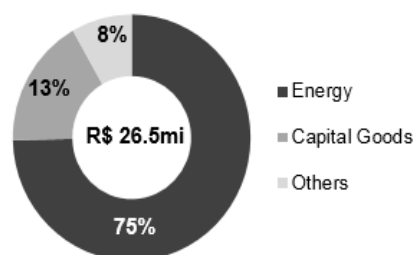
Services



By Region



By Industrial Sector



On September 30, 2017, the Company's order backlog totaled R\$ 5.8 million, which consisted of valve orders. As mentioned in the previous report, the Service contracts had short extensions during 3Q17 and with small volume demanded, after what were finalized.

Gross Profit and Gross Margin

Gross Profit (R\$ thd)	3Q16	3Q17	Chg. R\$/p.p.	2Q17	3Q17	Chg. R\$/p.p.	9M16	9M17	Chg. R\$/p.p.
Products	580	376	- 204	- 51	376	427	45	- 435	- 480
Gross Margin - Products	7.4%	4.0%	-3.4 p.p.	-0.7%	4.0%	4.7 p.p.	0.2%	-1.6%	-1.9 p.p.
Services	- 5,354	- 1,723	3,631	- 607	- 1,723	1,116	- 26,735	- 7,642	19,093
Gross Margin - Services	-22.7%	-10.1%	12.6 p.p.	-2.9%	-10.1%	-7.2 p.p.	-30.6%	-12.7%	17.9 p.p.
Total	- 4,774	- 1,347	3,427	- 658	- 1,347	689	- 26,690	- 8,077	18,613
Gross Margin - Total	-15.2%	-5.1%	10.1 p.p.	-2.3%	-5.1%	-2.8 p.p.	-24.8%	-9.3%	15.5 p.p.
Depreciation	11,823	3,404	- 8,419	6,478	3,404	3,074	37,039	20,271	- 16,768
Products	1,795	1,660	- 135	1,687	1,660	- 27	5,553	5,085	- 468
Services	10,028	1,744	- 8,284	4,791	1,744	- 3,047	31,486	15,186	- 16,300
Gross Profit without Depreciation	7,049	2,057	- 4,992	5,820	2,057	- 3,763	10,349	12,194	1,845
Products	2,375	2,036	- 339	1,636	2,036	400	5,598	4,650	- 948
Services	4,674	21	- 4,653	4,184	21	- 4,163	4,751	7,544	2,793
Gross Margin without Depreciation	22.5%	7.8%	-14.7 p.p.	20.3%	7.8%	-12.5 p.p.	9.6%	14.1%	4.5 p.p.

Products Segment

In the comparison between 3Q17 and 2Q17, there was an increase of R\$ 0.4 million in Gross Profit, result of the realignment efforts of costs and margins.

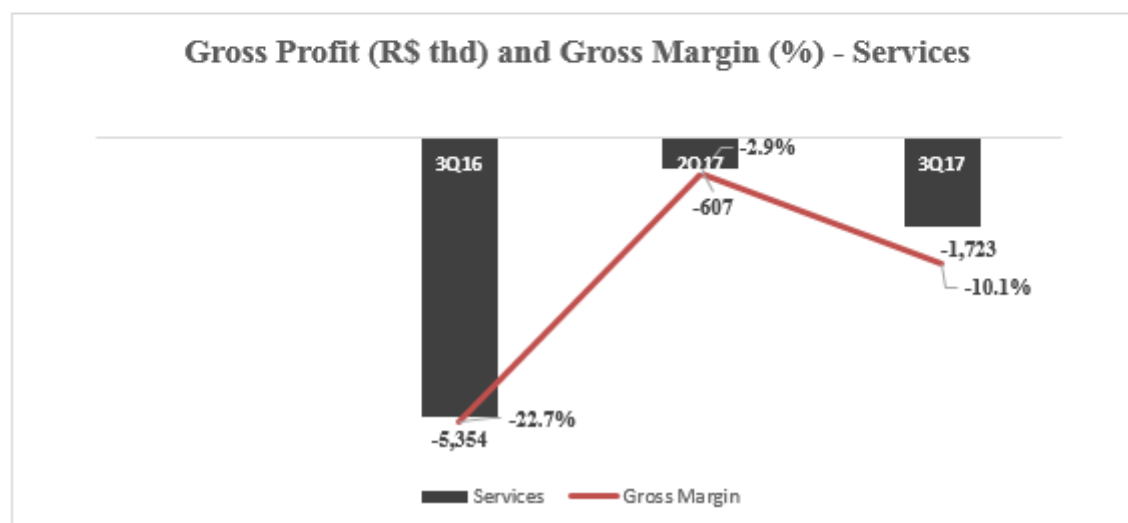
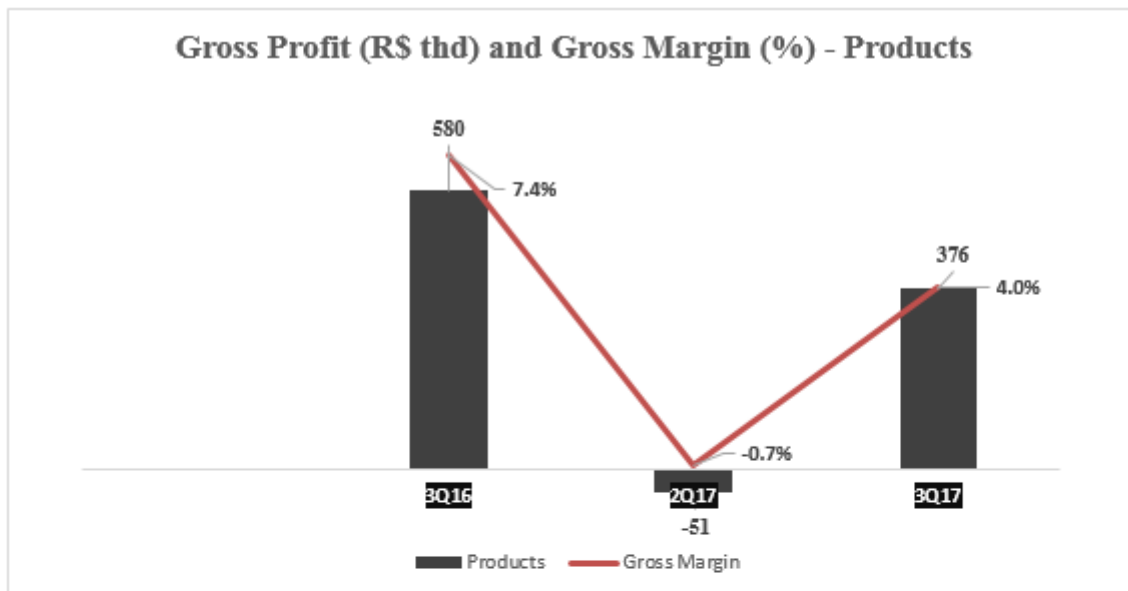
Gross margin that turned positive again. Excluding depreciation, that has weighed in excess due to the low activity, a margin of 22% was recorded, with a most positive cash contribution.

Observing the variations between 9M17 and 9M16, there was an increase in Net Revenue, however, there was no corresponding expansion of profitability. This is mainly due to the effect of the export business, that was most representative in 2017 carrying lower margins.

Services Segment

During the quarter we had a decrease in Gross Profit from 2Q17 to 3Q17. The significant reduction is mainly due to the decrease in revenues and costs with the finalization of the contracts with Petrobras.

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



Expenses

Expenses (R\$ thd)	3Q16	3Q17	Chg. R\$	2Q17	3Q17	Chg. R\$	9M16	9M17	Chg. R\$
Total Sales Expenses	2,147	1,394	-753	1,534	1,394	-140	6,144	4,493	-1,651
Sales Expenses - Products	1,416	1,540	124	1,305	1,540	235	3,327	4,153	826
Sales Expenses - Services	731	-146	-877	229	-146	-375	2,817	340	-2,477
Total Administrative Expenses	8,849	6,627	-2,222	6,980	6,627	-353	30,016	20,952	-9,064
Administrative Expenses - Products	2,916	2,207	-709	2,350	2,207	-143	8,871	7,216	-1,655
Administrative Expenses - Services	4,351	3,827	-525	4,171	3,827	-345	16,882	12,219	-4,663
Administrative Expenses - Corporate	1,581	593	-988	458	593	135	4,262	1,518	-2,744
Management Fees	1,000	766	-234	1,151	766	-385	3,110	2,779	-331
Total Sales, Administratives and Management Fees	11,996	8,787	-3,209	9,665	8,787	-878	39,270	28,225	-11,045

Sales Expenses

Total Sales Expenses in 3Q17 decreased compared to 2Q17. In the comparison between years there was a significant reduction in both 3Q16 and 9M17.

In the Product Segment, 3Q17 compared to 3Q16 and 2Q17, there was an increase associated with the expansion in Net Revenue. Analyzing the nine-month period of 2017 versus 2016, there was also an increase in selling expenses, mainly due to the reversal of provision for credit losses in the amount of R\$ 0.6 million in the Oil&Gas Valves division in 9M16.

In the Services Segment, there was a reduction in 3Q17 compared to 2Q17, as there was a reversal of credit losses in 3Q17 in the amount of R\$ 0.3 million in the Oilfield Services Brazil division. Comparing the periods of 9M17 and 9M16, the reduction was significant, mainly due to the cut of sales personnel and the recognition of R\$ 1.0 million of customer penalties in the Tubular Services & Coating division in 9M16.

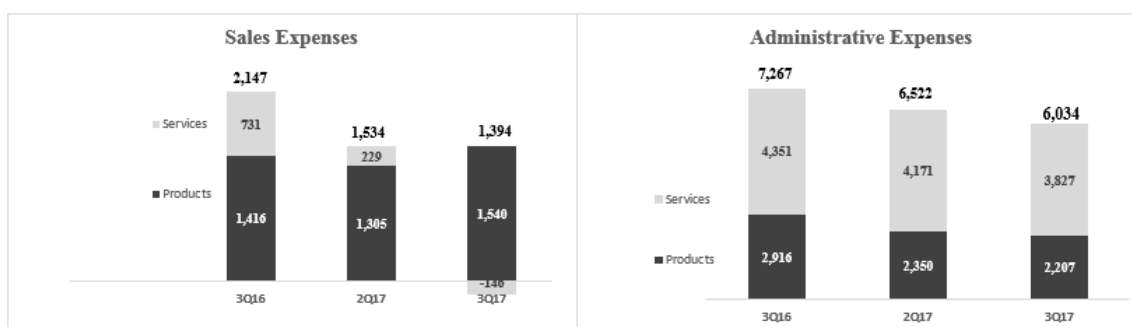
Administrative Expenses

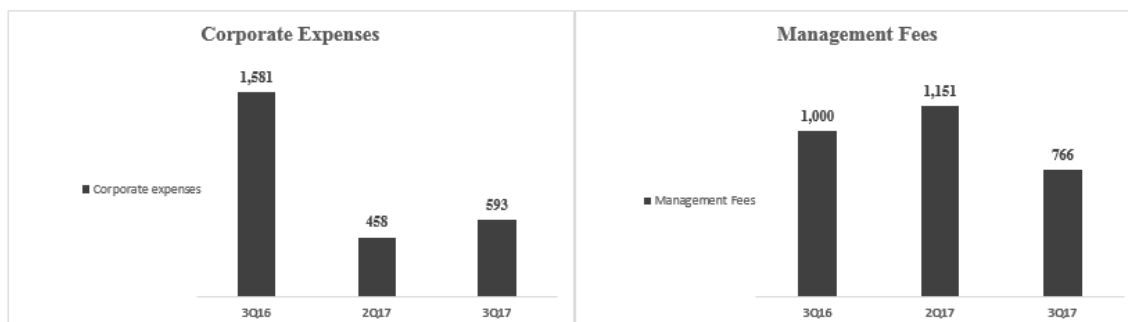
As a consequence of the administrative personnel reduction, in 3Q17 Administrative Expenses of both Product and Services Segments decreased compared to 2Q17 and 3Q16. In 9M17 versus 9M16 there was also a significant reduction for the same reason.

Management Pay

The total of Management pay in 3Q17 decreased compared to both 2Q17 and 3Q16. This reduction was mainly due to one off expenses with directors' redundancies in 2Q17.

Operating Expenses (R\$ thousand)





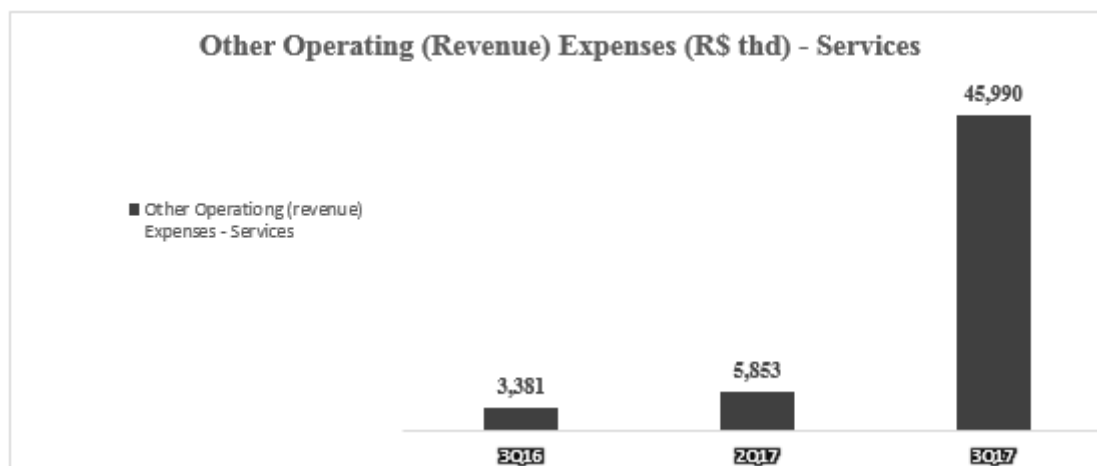
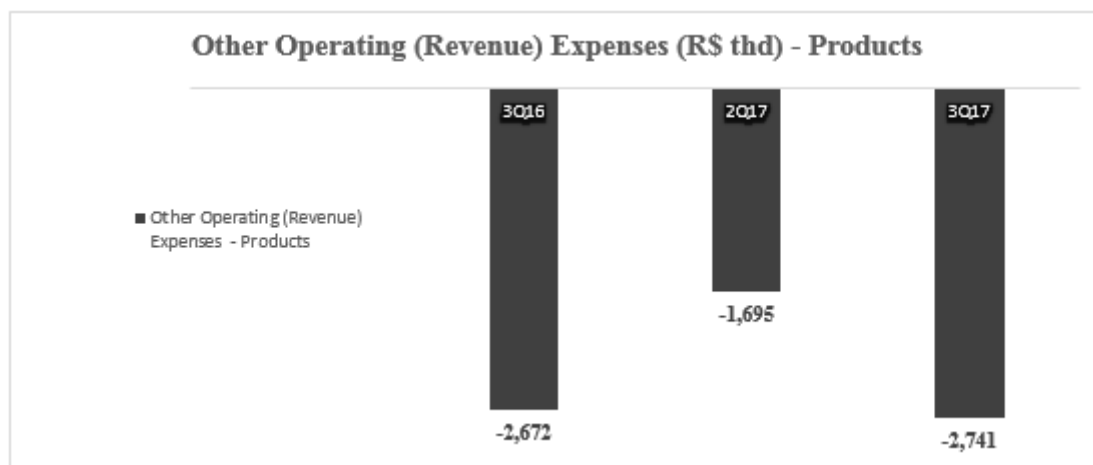
Other Operating (Revenues) and Expenses

Other Operating (Revenue) and Expenses (R\$ thd)	3Q16	3Q17	Chg. R\$	2Q17	3Q17	Chg. R\$	9M16	9M17	Chg. R\$
Products	- 226	- 742	- 516	1,145	- 742	- 1,886	- 10,400	4,346	14,746
Expenses with idleness - Products	- 2,446	- 1,999	447	- 2,840	- 1,999	840	- 7,672	- 6,066	1,606
Services	3,946	46,320	42,374	6,370	46,320	39,950	5,745	64,159	58,414
Expenses with idleness - Services	- 565	- 330	235	- 517	- 330	187	- 2,101	- 1,387	714
Total	709	43,249	42,540	4,158	43,249	39,091	- 14,428	61,052	75,480

The following factors stand out in 3Q17:

- (i) R\$ 2.0 million of provision for losses on lawsuits;
- (ii) R\$ 2.3 million of expenses with production idleness;
- (iii) R\$ 2.9 million loss on the divestment of a 19.6% equity interest in Lupatech OFS S.A.S.;
- (iv) R\$ 54.6 million fair value adjustments of contingencies assumed in the business combination of San Antonio Brasil S/A in August 2012 (Note 9.1.1).

Other Operating (Revenues) Expenses (R\$ thousand)



Financial Results

Financial Results (R\$ thd)	3Q16	3Q17	Chg. R\$	2T17	3T17	Chg. R\$	9M16	9M17	Chg. R\$
Income from Financial Investments	244	53	- 191	62	53	- 9	1,135	197	- 938
Monetary Variation	555	105	- 450	673	105	- 568	1,306	1,431	125
Interest on Receivables	1,942	202	- 1,740	311	202	- 109	2,560	823	- 1,737
Others	17	86	69	24	86	62	1,552	224	- 1,328
Financial Revenue*	2,758	446	- 2,312	1,070	446	- 624	6,553	2,675	- 3,878
(Expense) Reversal of Interest Expenses	- 14,831	- 3,340	11,491	- 3,427	- 3,340	87	- 91,533	- 10,446	81,087
Present Value Adjustment	-	- 1,439	- 1,439	- 1,362	- 1,439	- 77	- 394,788	- 4,219	390,569
Discount Granted	- 1	1	-	- 226	1	225	- 766	227	539
(Provision) Reversal of Provision for Interest on Suppliers	- 8,672	- 1,409	7,263	- 970	- 1,409	439	- 27,447	- 3,802	23,645
Fines and Interest on Taxes	- 1,991	- 16,350	- 14,359	- 1,773	- 16,350	- 14,577	- 19,248	- 19,682	- 434
IOF, Banking Expenses and Others	- 889	- 3,987	- 3,098	- 1,007	- 3,987	- 2,980	- 4,253	- 5,675	- 1,422
Financial Expense*	- 26,384	- 26,526	- 142	- 8,765	- 26,526	- 17,761	- 538,035	- 44,051	493,984
Net Financial Results*	- 23,626	- 26,080	- 2,454	- 7,695	- 26,080	- 18,385	- 531,482	- 41,376	490,106
Exchange Variance Revenue	11,476	67,935	56,459	46,581	67,935	21,354	392,226	187,954	- 204,272
Exchange Variance Expenses	- 14,707	- 55,618	- 40,911	- 59,387	- 55,618	3,769	- 341,492	- 181,966	159,526
Net Exchange Variance	- 3,231	12,317	15,548	- 12,806	12,317	25,123	50,734	5,988	- 44,746
Net Financial Results - Total	- 26,857	- 13,763	13,094	- 20,501	- 13,763	6,738	- 480,748	- 35,388	445,360

* Excluding Exchange Variance

The Total Net Financial Result resulted in expense, both on 3Q17 and 2Q17 and 3Q16. The same happened on the 9M17 and 9M16.

Financial Revenue

Total Financial Revenue (excluding Foreign Exchange Variation) in 3Q17 decreased R\$ 2.3 million compared to 3Q16, mainly due to the 3Q16 interest received in connection with Petrobras' contractual withholdings in the amount of R\$ 1.6 million. Same effect is observed when comparing 9M17 and 9M16, with a reduction of R\$ 3.9 million, combined with the recovery of taxes and contributions in the amount of R\$ 1.4 million in 9M17.

Compared to 2Q17, Total Financial Revenue (excluding Exchange Variation) decreased by R\$ 0.6 million mainly due to monetary variation on recoverable taxes.

Financial Expense

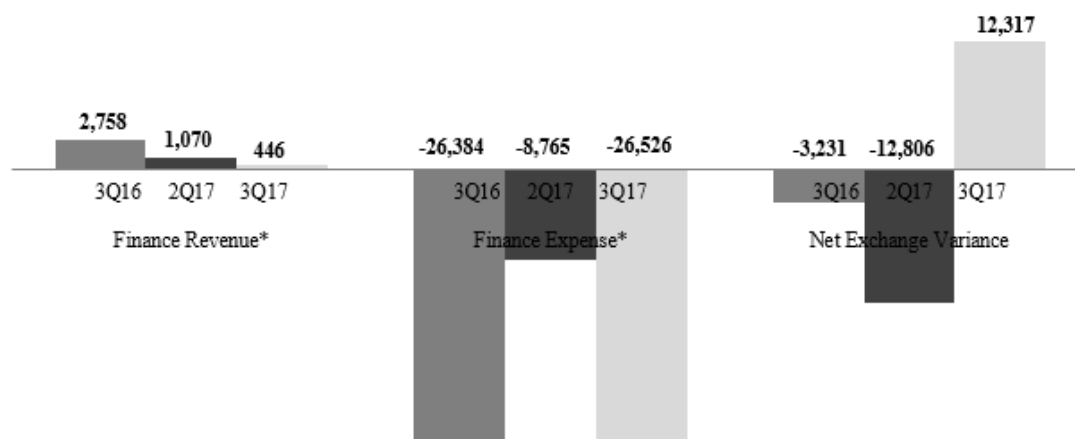
Total Financial Expenses (excluding Foreign Exchange Variation) in 3Q17, compared to 3Q16, remained stable. Comparing 9M17 to 9M16, there is a variation of R\$ 494.0 million, due to the reversals of R\$ 80.2 million of interest on loans, financing, fines, debentures and suppliers subject to Judicial Recovery, and the recognition of R\$ 393.8 million present value adjustment on credits subject to judicial recovery, resulting from the annulment of the judicial recovery plan in 9M16.

Compared to 2Q17, Total Financial Expenses (excluding Exchange Variation) increased R\$ 17.8 million mainly due to the recognition of contingencies and associated interests and fines in connection with the adhesion on the Special Tax Regularization Program (PERT), established by Provisional Measure nº. 783/2017 (Note 27).

Net Exchange Rate Variance

Net Exchange Rate Variance in 3Q17 resulted in revenue of R\$ 12.3 million versus a R\$ 3.2 million expenses in 3Q16 and an expense of R\$ 12.8 million in 2Q17, affected by North American currency depreciation against Real in 3Q17.

Composition of Financial Result (R\$ thousand)



* Excluding Exchange Variance

EBITDA Adjusted of Continued Activities ¹

Adjusted EBITDA (R\$ thd)	3Q16	3Q17	Chg. R\$/p.p.	2Q17	3Q17	Chg. R\$/p.p.	9M16	9M17	Chg. R\$/p.p.
Products	- 4,102	- 4,499	- 397	- 4,614	- 4,499	115	- 11,711	- 14,323	- 2,612
Margin	-52.6%	-47.7%	4.8 p.p.	-60.6%	-47.7%	12.9 p.p.	-58.2%	-54.0%	4.2 p.p.
Services	1,213	4,713	5,926	882	4,713	5,595	2,098	2,275	4,373
Margin	5.1%	-27.6%	-32.7 p.p.	4.2%	-27.6%	-31.8 p.p.	2.4%	-3.8%	-6.2 p.p.
Total	- 2,889	- 9,212	- 6,323	- 3,732	- 9,212	- 5,480	- 9,613	- 16,599	- 6,985
Margin	-9.2%	-34.7%	-25.5 p.p.	-13.0%	-34.7%	-21.7 p.p.	-8.9%	-19.2%	-10.2 p.p.
% Products	142%	49%		124%	49%		122%	86%	
% Services	-42%	51%		-24%	51%		-22%	14%	

The Total Consolidated Adjusted EBITDA in 3Q17 decreased compared to 3Q16 and 2Q17.

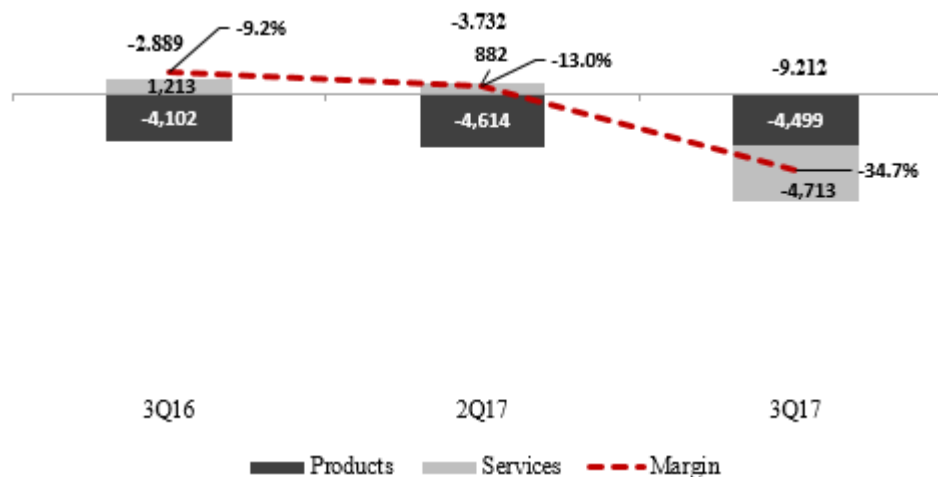
In the Product Segment, a slight improvement occurred in 3Q17 compared to 2Q17. In the Services Segment, there is a significant reduction, which is explained by the decrease in revenues and costs with the termination of the contracts with Petrobras, as well as the costs with redundancies in the amount of R\$ 2.6 million. Another factor that impacted this result was the

¹ **Ebitda of Continued Activities** is calculated as the net profit (loss) of continued activities, before income tax and social contribution, of financial revenues (expenses), of equity equivalence results in affiliated companies and depreciation and amortization. Ebitda Adjusted of Continued Activities reflects Ebitda of Continued Activities, adjusted to exclude the expenses with participation of employees and administrators on profits and results, provision for loss in inventories, net result on disposal of assets, contingency provisions, provision of fines with clients and expenses related to the restructuring process and other extraordinary expenses of the Company. Ebitda Adjusted of Continued Activities is not a measure used on the accounting practices adopted in Brazil, not representing the cash flow for the periods presented and should not be considered as an alternative to the net profit on the quality of operating performance indicator or as an alternative to the cash flow on the quality of liquidity indicator. Ebitda Adjusted of Continued Activities does not have a standardized meaning and the definition of Ebitda Adjusted of Continued Activities of the Company may not be comparable to Ebitda Adjusted of Continued Activities as defined by other Companies. Even if Ebitda Adjusted of Continued Activities does not provide, according to the accounting practices used in Brazil a measure of the operating cash flow, the Administration uses it to measure its operating performance. Additionally, the Company understands that certain investors and financial analysts use Ebitda Adjusted of Continued Activities as an operating performance indicator of a Company and/or its cash flow. The reconciliation of Ebitda Adjusted of Continued Activities as calculated by the Company may be found on Annex II of this report.

shutdown of the Macaé unit, generating an extraordinary expense of R\$ 1.3 million with rental of handling equipmen, own and outsourced labour for packaging and transportation to other facility.

Adjusted Ebitda Reconciliation (R\$ thd)	3Q16	2Q17	3Q17
Gross Profit	- 4,774	- 658	- 1,347
SG&A	- 10,996	- 8,514	- 8,021
Management Fees	- 1,000	- 1,151	- 766
Depreciation and Amortization	11,823	6,478	3,404
Other Operating Expenses	709	4,158	43,249
Minority Interest	-	-	- 1,556
Ebitda	- 4,238	313	34,963
Provision for Variable Remuneration	-	164	- 90
Provisions/Reversals for Losses, Impairment, Net Result on Disposal of Assets, Reversals with Legal Proceedings	- 3,064	- 5,873	- 48,725
Fines with Customers	69	31	55
Restructuring Process and Other Extraordinary Expenses	4,344	1,632	3,238
Expenses with Demobilization Macaé Unit	-	-	1,347
Adjusted EBITDA	- 2,889	- 3,732	- 9,212

EBITDA Adjusted (R\$ thousand)



3Q17

Adjusted Ebitda Reconciliation (R\$ thd)	Products	Services	Total
Gross Profit	376	1,723	1,347
SG&A	- 3,958	- 4,063	- 8,021
Management Fees	- 270	- 496	- 766
Depreciation and Amortization	1,660	1,744	3,404
Other Operating Expenses	- 2,741	45,990	43,249
Minority Interest	-	- 1,556	- 1,556
Ebitda	- 4,933	39,896	34,963
Provision for Variable Remuneration	-	- 90	- 90
Provisions/Reversals for Losses, Impairment, Net Result on Disposal of Assets, Reversals with Legal Proceedings	65	- 48,790	- 48,725
Fines with Customers	55	-	55
Restructuring Process and Other Extraordinary Expenses	314	2,924	3,238
Expenses with Demobilization Macaé Unit	-	1,347	1,347
Adjusted EBITDA	- 4,499	- 4,713	- 9,212

Non-recurring Expenses (Provisions /Reversals for Losses, Impairment, Net Result on Disposal of Assets and Reversals with Legal Proceedings) in the Services Segment, which totaled R\$ 48.7 million, refer mainly to the following:

- (i) 54.6 million reversal of fair value adjustments of contingencies assumed in the business combination of San Antonio Brasil S/A in August 2012 (Note 9.1.1);
- (ii) R\$ 2.3 million of provision for losses with lawsuits;
- (iii) R\$ 0.5 million provision for inventory obsolescence;
- (iv) R\$ 2.9 million loss on the divestment of a 19.6% equity interest in Lupatech OFS S.A.S.

Net Result

Net Result (R\$ thd)	3Q16	3Q17	Chg. R\$	2Q17	3Q17	Chg. R\$	9M16	9M17	Chg. R\$
Minority Interest	-	986	986	-	986	986	-	986.00	986
Result Before Income Tax and Social Contribution	- 52,840	19,703	72,543	- 26,952	19,703	46,655	- 571,058	- 12,066	558,992
Income Tax and Social Contribution - Current	- 171	- 4,346	- 4,175	- 595	- 4,346	- 3,751	- 2,288	- 5,860	- 3,572
Income Tax and Social Contribution - Deferred	1,377	27,825	26,448	829	27,825	26,996	96,449	29,485	- 66,964
Net Result	- 51,634	44,168	95,802	- 26,718	44,168	70,886	- 476,897	12,545	489,442
Net Result per 1,000 shares	- 5.50	4.70	10.20	- 2.84	4.70	7.55	- 50.77	1.34	52.10

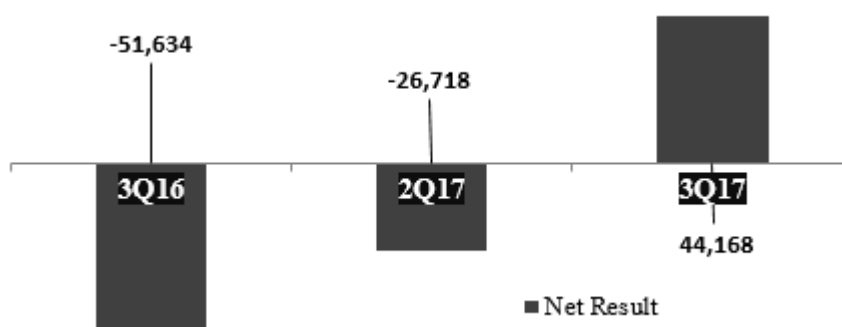
The Net Profit for the period was a profit in 3Q17, versus a loss in 2Q17 and 3Q16. The main events that contributed to this result in 3Q17 were:

- (i) R\$ 2.3 million of idle production;
- (ii) R\$ 2.0 million of provision for losses with lawsuits;
- (iii) R\$ 54.6 million reversal of fair value adjustments of contingencies assumed in the business combination of San Antonio Brasil S/A in August 2012 (Note 9.1.1);

- (iv) R\$ 24.0 million of deferred income tax and social contribution related to the recognition of the use of tax loss carry forwards related to taxes administered by the Brazilian Federal Revenue Service, as per the adhesion to the Special Tax Regularization Program (PERT);
- (v) R\$ 16.1 million referring to the recognition of contingencies and respective interest and fines for adhesion of the Tax Regularization Program (PERT), established by Provisional Measure nº. 783/2017 (Note 27).

The Net Profit in the 9M17 period was a profit of R\$ 12.5 million against a loss of R\$ 476.9 million in 9M16. The main event that contributed to this variation was the reversal of R\$ 394.8 million present value adjustment of credits subject to Judicial Recovery in 9M16.

Composition of Net Result (R\$ thousand)

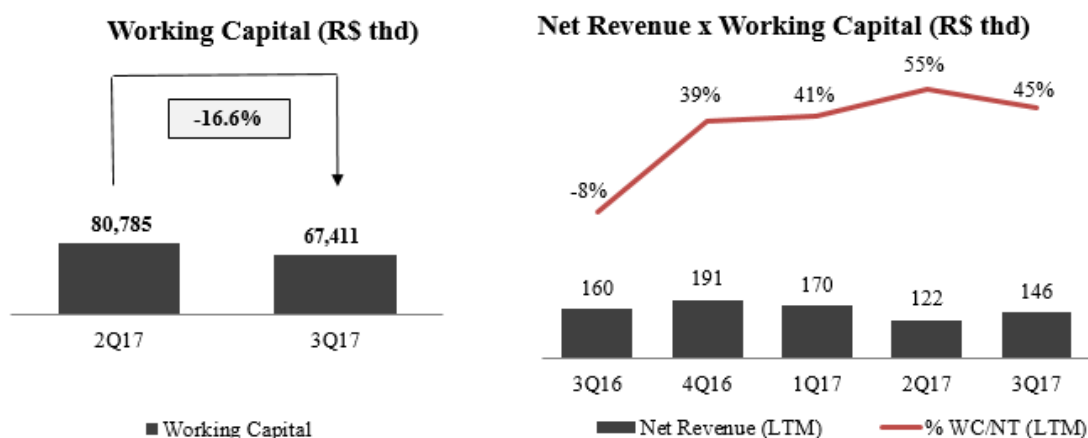


Operating Working Capital

Working Capital (R\$ thd)	2Q17	3Q17	Chg. %	Chg. R\$
Accounts Receivable	43,635	38,917	-10.8%	- 4,718
Inventories	52,428	49,152	-6.2%	- 3,276
Suppliers	26,208	31,740	21.1%	5,532
Advances from Customers	2,755	2,489	-9.7%	- 266
Advances of suppliers	13,685	13,571	-0.8%	- 114
Employed Working Applied	80,785	67,411	-16.6%	- 13,374
Working Capital Variance	- 2,457	- 13,374		
% Working Capital/Net Revenue*	54.8%	45.2%		

*LTM: last 12 months

The ratio of Working Capital to Net Revenue (12 months) on 3Q17 was 45.2%, a reduction of 9.6 percentage points when compared to the indicator of 2Q17.



There was a reduction of 10.8% (R\$ 4.7 million) in Accounts Receivable in 3Q17 compared to 2Q17, mainly as a result of the reduction in sales in the Services Segment due to the termination of contracts with Petrobras, and further collections from the Lifting Frame contractual balances in Brazil and from the Oilfield Services Colombia division.

Cash and Cash Equivalents

Cash and cash equivalents (R\$ mil)	2Q17	3Q17	Chg. %	Chg. R\$
Cash and Cash Equivalents	1,450	6,381	340.1%	4,931
Securities-restricted	861	874	1.5%	13
Total	2,311	7,255	213.9%	4,944
	63%	88%		
	37%	12%		

The consolidated position of Cash and Cash Equivalents of the Company in 3Q17 reached R\$ 7.2 million, compared to R\$ 2.3 million in 2Q17. This increase comes mainly from funds related to the sale of a 19.6% interest in Lupatech OFS S.A.S, Colombian subsidiary of the Company and its subsequent capitalization by the new partner.

Debt

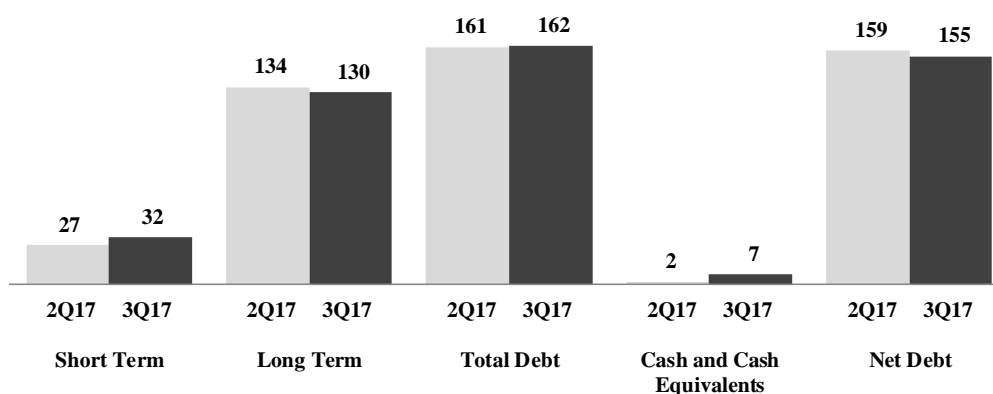
The Company's Gross Debt ended 3Q17 in R\$ 162.0 million, 0.7% less than in 2Q17.

Debts (R\$ ths)	2Q17	3Q17	Chg. %	Chg. R\$
Short Term	26,992	31,957	18.4%	4,965
Financing Lines not Subject to Judicial Recovery	26,992	31,957	18.4%	4,965
Long Term	133,871	130,067	-2.8%	-3,804
Financing Lines Subject to Judicial Recovery	123,895	122,568	-1.1%	-1,327
Financing Lines not Subject to Judicial Recovery	9,976	7,499	-24.8%	-2,477
Total Debts	160,863	162,024	0.7%	1,161
Cash and Cash Equivalents	2,311	7,255	213.9%	4,944
Net Debt	158,552	154,769	-2.4%	-3,783

This reduction is mainly a consequence of the exchange variation on loans denominated in foreign currency, due to the North American currency devaluation against Real on 3Q17.

Net Debt subtracted ended 3Q17 at R\$ 154.8 million, a decrease of 2.4% against 2Q17.

Composition of Debt (R\$ million)



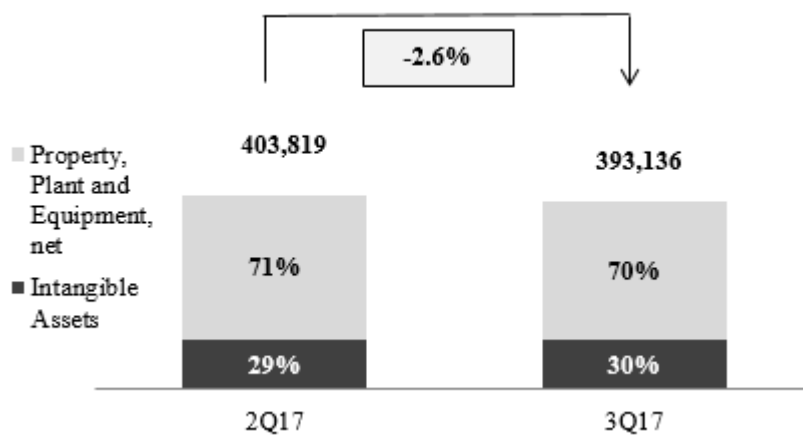
Investment Balances

The Company's Investment Balance on 3Q17 amounted to R\$ 393.1 million, a 2.6% decrease compared to the R\$ 403.8 million reported in 2Q17.

The Fixed Asset presented decreased by 3.6% on 3Q17 and Intangible assets by 0.4%, mainly due to the recognition of depreciation in the amount of R\$ 3.1 million and the effect of exchange variation on fixed assets of subsidiaries abroad in the amount of R\$ 2.6 million, as a result of the 4.2% North American currency depreciation against Real in 3Q17. This reduction is also justified by the discontinuation of the Brazilian services unit.

Investments (R\$ thd)	2Q17	3Q17	Chg. %	Chg. R\$
Others Investments	676	676	0.0%	-
Property, Plant and Equipment, net	287,210	276,948	-3.6%	- 10,262
Intangible Assets	115,933	115,512	-0.4%	- 421
Total	403,819	393,136	-2.6%	- 10,683

Investment balances (R\$ thousand)



Capex was of R\$ 0.4 million on 3Q17 mainly directed to the units of the Products Segment.

Judicial Recovery

On May 25, 2015, as disclosed by Material Facts, the Company filed, together with other companies of the Lupatech Group, a request for Judicial Recovery. The requested was approved by justice on June 23, 2015. All information related to the process is available on CVM website and of investor relations of Lupatech S.A. - In Judicial Recovery.

On November 18, 2015, the General Meeting of Creditors approved the Judicial Recovery Plan, with it being validated on December 11, 2015, by the judgment of the 1st Court of Bankruptcy, Judicial Recovery and Conflicts Related to the Arbitration of the Capital of São Paulo, without any reservations.

On June 27, 2016, the 2nd Chamber Dedicated to Corporate Law of the Court of Law of the State of São Paulo provisioned interlocutory appeals filed by two creditors in order to annul the validation decision of the Judicial Recovery Plan of the Lupatech Group, stated by Judgment of the 1st Court of Bankruptcy, Judicial Recovery and Conflicts Related to the Arbitration of the District of São Paulo.

On September 5, 2016, a new Judicial Recovery Plan of the Lupatech Group was presented on the scope of the judicial recovery process, which annulled the validation decision of the plan previously approved by the creditors in meeting.

The New Judicial Recovery Plan establishes the terms and conditions for the restructuring of debts of the Lupatech Group and attends to the criteria established on decisions of the 2nd Chamber Dedicated to Corporate Law of the Court of Law of the State of São Paulo.

On November 08, 2016, the General Meeting of Creditors of the Lupatech Group approved the New Judicial Recovery Plan, validated on December 01, 2016, by the judgment of the 1st Court of Bankruptcy, Judicial Recovery and Conflicts Related to the Arbitration of the Capital of São Paulo, without any reservations. Lupatech S/A presented motions for clarification and on February 15, 2017, the judgment corrected its validation order. Before the final validation of judgment, the term for appeals against validation of the plan ended on March 13, 2017. Since until said date there has not been presentation of any appeal against the validation of the plan, it binds the Lupatech group and its creditors subject to the Plan.

The Company awaits certification of the final and binding decision of the ratification award of its New Judicial Recovery Plan to evaluate the continuity of special appeal, filed against the decision of the court of Justice of São Paulo which annulled the Judicial Recovery Plan previously presented.

Annexes

Annex I – Consolidated Income Statement (R\$ thousand)

	2Q17	3Q17	% Change
Net Revenue From Sales	28,672	26,513	-8%
Cost of Goods and Services Sold	- 29,330	- 27,860	-5%
Gross Profit	- 658	- 1,347	105%
Receitas/Despesas Operacionais	- 5,793	35,799	-718%
Selling	- 1,534	- 1,394	-9%
General and Administrative	- 6,980	- 6,627	-5%
Management Fees	- 1,151	- 766	-33%
Equity pick-up	- 286	- 1,337	-567%
Other Operation Income (Expenses)	4,158	43,249	940%
Net Financial Result	- 20,501	- 13,763	-33%
Financial Income	1,070	446	-58%
Financial Expenses	- 8,765	- 26,526	203%
Net Exchange Variance	- 12,806	12,317	-196%
Gain (Loss) Before Income Tax and Social Contribution	- 26,952	20,689	-177%
Provision Income Tax and Social Contribution - Current	- 595	- 4,346	630%
Provision Income Tax and Social Contribution - Deferred	829	27,825	3256%
Gain (Loss) for the Period	- 26,718	44,168	-265%

Annex II - Reconciliation of EBITDA Adjusted (R\$ thousand)

	2Q17	3Q17	% Change
Adjusted EBITDA from Continuing Operations	- 3,732	- 9,212	147%
Provision for Variable Remuneration	- 164	90	n/a
Restructuring Process	- 1,632	- 3,238	98%
Provisions for Losses, Impairment and Net Result on Disposal of Assets	5,873	48,725	730%
Fines with Customers	- 31	55	77%
Expenses with Demobilization Macaé Unit	-	1,347	n/a
EBITDA from Continuing Operations	313	34,963	11057%
Depreciation and Amortization	- 6,478	- 3,404	-47%
Equity Pick-up	- 286	1,337	-567%
Minority Interest	-	1,556	n/a
Net Financial Result	- 20,501	- 13,763	-33%
Income Tax and Social Contribution - Current and Deferred	234	23,479	9934%
Net Loss from Continuing and Discontinued Operations	- 26,718	44,168	-265%

Annex III - Consolidated Balance Sheets (R\$ thousand)

	2Q17	3Q17	% Change
Total Asset	640,025	651,294	2%
Current Assets	151,314	167,288	11%
Cash and Cash Equivalents	1,450	6,381	340%
Securities-restricted	861	874	2%
Accounts Receivable	43,635	38,917	-11%
Inventories	52,428	49,152	-6%
Recoverable Taxes	32,586	27,339	-16%
Deferred Income Tax and Social Contribution	-	24,046	n/a
Other Accounts Receivable	3,740	4,101	10%
Prepaid Expenses	2,929	2,907	-1%
Advances to Suppliers	13,685	13,571	-1%
Non-Current Assets	488,711	484,006	-1%
Securities-restricted	2,287	2,321	1%
Judicial Deposits	25,274	31,556	25%
Recoverable Taxes	44,041	43,488	-1%
Other Accounts Receivable	13,290	13,505	2%
Investments	676	676	0%
Property, Plant and Equipment	287,210	276,948	-4%
Intangible Assets	115,933	115,512	0%
Total Liabilities and Shareholders' Equity	640,025	651,294	2%
Current Liabilities	193,282	239,178	24%
Suppliers - Not Subject to Judicial Recovery	19,691	25,223	28%
Suppliers - Subject to Judicial Recovery - Class I	6,517	6,517	0%
Loans and Financing - Not Subject to Judicial Recovery	26,992	31,957	18%
Provisions Payroll and Payroll Payable	9,127	12,465	37%
Commissions Payable	871	938	8%
Taxes Payable	67,072	115,463	72%
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	31,784	36,113	14%
Advances from Customers	2,755	2,489	-10%
Employee's Profit Sharing	164	479	192%
Other Accounts Payable	27,180	6,212	-77%
Provision for Contratual Fines	1,129	1,322	17%
Non-Current Liabilities	423,851	341,343	-19%
Suppliers - Subject to Judicial Recovery	69,488	70,296	1%
Loans and Financing - Subject to Judicial Recovery	123,895	122,568	-1%
Loans and Financing - Not Subject to Judicial Recovery	9,976	7,499	-25%
Taxes Payable	10,726	4,290	-60%
Deferred Income Tax and Social Contribution	52,910	49,120	-7%
Provision for Contingencies	133,233	68,207	-49%
Other Accounts Payable	7,769	4,305	-45%
Provision for Negative Equity in Subsidiaries	15,854	15,058	-5%
Shareholders' Equity	22,892	70,773	209%
Non-Controlling Interests	-	18,764	n/a
Capital Stock	1,853,684	1,853,684	0%
Capital reserve to be realized	6,341	6,341	0%
Capital Transaction Reserve	136,183	136,183	0%
Stock Options	13,549	13,549	0%
Equity Valuation Adjustment	67,020	51,610	-23%
Accumulated Losses	- 2,053,885	- 2,009,358	-2%

Annex IV - Consolidated Cash Flows Statements (R\$ thousand)

	2Q17	3Q17	% Change
CASH FLOW FROM OPERATING ACTIVITIES			
Net Result for the Period	- 26,718	44,168	-265%
Adjustments:			
Depreciation and Amortization	6,478	3,404	-47%
Equity Pick-up	286 -	1,337	-567%
Result on Sale of Fixed Assets	- 712 -	52	-93%
Loss (Gain) on Sale of Investments	- -	2,941	n/a
Financial expenses, net	18,829	8,528	-55%
Reversal (Provision) for losses by non-recoverability of assets	- 7,343 -	129	-98%
Deferred Income Tax and Social Contribution	- 234 -	32,776	13907%
Reversal of fair value adjustment of business combination SABR	- -	54,536	n/a
Losses on Inventory Obsolescence	376	901	140%
Provision of Contractual Fines	- 1,521	55	-104%
Allowance for Doubtful Accounts	- 19 -	241	1168%
Effective Losses on Doubtful Accounts	- 6 -	3	-50%
Present Value Adjustment	1,362	1,439	6%
Changes in Assets & Liabilities			
(Increase) Decrease in Accounts Receivable	2,220	4,742	114%
(Increase) Decrease in Inventories	228	2,320	918%
(Increase) Decrease in Recoverable Taxes	- 1,634	11,399	-798%
(Increase) Decrease in Other Assets	4,454	12,384	178%
(Increase) Decrease in Suppliers	2,237	482	-78%
(Increase) Decrease in Taxes Payable	3,041	25,698	745%
(Increase) Decrease in Others Accounts Payable	- 1,073 -	21,063	1863%
Cash Flow from Operating Activities	251	2,442	873%
CASH FLOW FROM INVESTMENT ACTIVITIES			
Proceeds from Sale of Investments	-	6,302	n/a
Securities - Restricted	569	6	-99%
Sending of Proceeds from the Sale of Investment to its Investors	- -	3,168	n/a
Proceeds from the sale of fixed assets	2,793	105	-96%
Aquisition of Property, Plant and Equipment	- 731 -	1,428	95%
Cash Flow from Investment Activities	2,631	1,817	-31%
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Loans and Financings	19,398	20,901	8%
Payment of Loans and Financings - Principal	- 21,671 -	19,691	-9%
Payment of Loans and Financings - Interest	- 609 -	538	-12%
Cash Flow from Financing Activities	- 2,882	672	-123%
Exchange Variation on Cash and Cash Equivalents of Subsidiaries Abroad	2	-	-100%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2	4,931	246450%
At the Beginning of the Period	1,448	1,450	0%
At the End of the Period	1,450	6,381	340%

About Lupatech - In Judicial Recovery

Lupatech S.A. - In Judicial Recovery is a Brazilian company of products and services of high added value with focus on the oil and gas sector. Its businesses are organized in two segments: Products and Services. The Products Segment offers, mainly for the oil and gas sector, cables for anchoring of production platforms, valves and equipment for completion of wells, besides relevant participation in company of the compressors for vehicle natural gas segment. The Services Segment offers services of drilling, workover, intervention in wells, coating and inspection of pipping.

We make statements on future events which are subject to risks and uncertainties. Such statements have as a base estimates and suppositions of our Administration and information to which the Company currently has access. Statements on future events include information on our current intentions, estimates or expectations, as well as those of the Administration Council members and Company Directors. The reservations related to statements and information about the future also include information on possible or assumed operating results, as well as statements which are preceded, followed or which include the words “believe”, “may”, “will”, “continues”, “expects”, “foresees”, “intends”, “plans”, “estimates” or similar expressions. The statements and information about the future are not performance guarantees. They involve risks, uncertainties and assumptions because they regard future events and therefore depend of circumstances which may or not happen. The future results and the creation of value for the Shareholders may differ significantly of those expressed or estimated by the statements regarding the future. Many of the factors which will determine this results and values are beyond the control or prediction ability of Lupatech - In Judicial Recovery.

LUPATECH S/A - IN JUDICIAL RECOVERY

BALANCE SHEET ON SEPTEMBER 30, 2017 AND DECEMBER 31, 2016

(In R\$ Thousands)

		Parent		Consolidated	
ASSETS	Note	09/30/2017	12/31/2016	09/30/2017	12/31/2016
CURRENT ASSETS					
Cash and cash equivalents	4	5	123	6,381	1,233
Securities-restricted	4	874	1,541	874	1,541
Clients	5	18,186	16,818	38,917	44,912
Inventories	6	26,314	30,595	49,152	56,691
Recoverable taxes	7	5,515	5,650	27,339	29,603
Deferred income tax and social contribution	15	6,954	-	24,046	-
Advances to suppliers		842	820	13,571	14,095
Other accounts receivable	8	890	3,813	4,101	6,394
Prepaid expenses		1,514	1,368	2,907	3,285
Accounts receivable - related parties	14.1	79,208	84,809	-	-
Assets classified as held for sale		-	-	-	4,790
Total current assets		140,302	145,537	167,288	162,544
NON-CURRENT ASSETS					
Judicial deposits	16.3	1,968	1,663	31,556	24,657
Securities-restricted	4	2,321	2,046	2,321	2,046
Recoverable taxes	7	13,612	6,101	43,488	37,040
Accounts receivable - related parties	14.1	25,088	25,804	-	-
Other accounts receivable	8	7,098	6,724	13,505	16,885
Investments					
Direct and indirect associated companies	9.1	438,140	356,588	-	-
Other investments		90	90	676	676
Fixed assets	10	78,203	82,786	276,948	281,730
Intangibles					
Goodwill	11	55,414	55,414	100,815	100,936
Other intangibles	11	13,916	14,798	14,697	15,776
Total Non-current assets		635,850	552,014	484,006	479,746
TOTAL ASSETS		776,152	697,551	651,294	642,290

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

BALANCE SHEET ON SEPTEMBER 30, 2017 AND DECEMBER 31, 2016
(In R\$ Thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent		Consolidated	
		09/30/2017	12/31/2016	09/30/2017	12/31/2016
CURRENT LIABILITIES					
Suppliers - not subject to Judicial Recovery	12	7,363	5,517	25,223	18,506
Suppliers - subject to Judicial Recovery	12	6,517	6,517	6,517	6,517
Loans and financing - not subject to Judicial Recovery	13	13,920	11,343	31,957	23,411
Provisions payroll and payroll payable		4,883	4,201	12,465	8,272
Commissions payable		901	869	938	897
Taxes payable	17	62,539	45,117	115,463	60,062
Obligations for labor risks and creditors class I - subject to Judicial Recovery		36,113	32,628	36,113	32,628
Advances from customers		1,790	1,905	2,489	2,452
Provision contractual fines		1,163	1,105	1,322	1,105
Employee's profit sharing		-	-	479	-
Other accounts payable		1,504	1,542	6,212	23,372
Related Parties - mutual and loans	14.1	74,723	69,993	-	-
Total current liabilities		211,416	180,737	239,178	177,222
NON-CURRENT LIABILITIES					
Suppliers - subject to Judicial Recovery	12	70,296	65,862	70,296	65,862
Loans and financing - subject to Judicial Recovery	13	75,392	69,149	122,568	118,189
Loans and financing - not subject to Judicial Recovery	13	-	-	7,499	12,666
Deferred income tax and social contribution	15	29,046	30,018	49,120	56,526
Taxes payable	17	4,296	5,734	4,290	10,047
Provision for contingencies	16.1	7,546	10,820	68,207	123,977
Other accounts payable		1,096	1,096	4,305	7,669
Related Parties - mutual and loans	14.1	309,997	264,003	-	-
Provision for negative equity in subsidiaries	9.2	15,058	19,180	15,058	19,180
Total non-current liabilities		512,727	465,862	341,343	414,116
SHAREHOLDERS' EQUITY					
Capital stock	18	1,853,684	1,853,684	1,853,684	1,853,684
Capital reserve to be realized		6,341	6,341	6,341	6,341
Capital transaction reserve		136,183	136,183	136,183	136,183
Stock options		13,549	13,549	13,549	13,549
Equity valuation adjustments		51,610	65,617	51,610	65,617
Retained earnings / Accumulated losses		(2,009,358)	(2,024,422)	(2,009,358)	(2,024,422)
Parents company's interest		52,009	50,952	52,009	50,952
Non-controlling interests		-	-	18,764	-
Total shareholders' equity		52,009	50,952	70,773	50,952
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		776,152	697,551	651,294	642,290

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF INCOME
ON SEPTEMBER 30, 2017 AND 2016
(In R\$ Thousands)

	Note	Parent		Consolidated	
		09/30/2017	09/30/2016	09/30/2017	09/30/2016
NET REVENUE FROM SALES	21	19,678	14,128	86,517	107,414
COST OF GOODS AND SERVICES SOLD		(20,446)	(14,438)	(94,594)	(134,104)
GROSS LOSS		(768)	(310)	(8,077)	(26,690)
OPERATING INCOME/EXPENSES					
Selling		(3,302)	(2,646)	(4,493)	(6,144)
General and administrative		(6,964)	(10,810)	(20,953)	(30,016)
Management compensation	14.2	(2,779)	(3,110)	(2,779)	(3,110)
Equity pick-up	9.1	94,416	(101,789)	(442)	(9,922)
Other operating income (expenses)	24	(2,047)	(5,468)	61,052	(14,428)
OPERATING INCOME (EXPENSES) BEFORE FINANCIAL RESULTS		78,556	(124,133)	24,308	(90,310)
FINANCIAL RESULTS					
Financial income	23	627	1,581	2,675	6,553
Financial expenses	23	(81,647)	(479,256)	(44,051)	(538,035)
Exchange variation, net	23	7,083	50,173	5,988	50,734
INCOME (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		4,619	(551,635)	(11,080)	(571,058)
PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION					
Current	15	-	-	(5,860)	(2,288)
Deferred	15	7,926	74,738	29,485	96,449
INCOME (LOSS) FOR THE PERIOD		12,545	(476,897)	12,545	(476,897)
Attributed to:					
Parent company's interest		12,545	(476,897)	11,559	(476,897)
Non-controlling interest		-	-	986	-
NET INCOME (LOSS) PER SHARE (In Reais)					
Coming from continuing and discontinued operations					
BASIC EARNINGS PER SHARE	22	1.34	(50.77)	1.34	(50.77)
DILUTED PER SHARE	22	1.34	(50.77)	1.34	(50.77)

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF COMPREHENSIVE INCOME
ON SEPTEMBER 30, 2017 AND 2016
(In R\$ Thousands)

		Parent		Consolidated	
	Note	09/30/2017	09/30/2016	09/30/2017	09/30/2016
NET INCOME (LOSS) FOR THE PERIOD		12,545	(476,897)	12,545	(476,897)
OTHER COMPREHENSIVE INCOME					
Exchange variation on investments abroad	9.1	(11,488)	(54,664)	(11,488)	(54,664)
COMPREHENSIVE INCOME OF THE PERIOD		<u>1,057</u>	<u>(531,561)</u>	<u>1,057</u>	<u>(531,561)</u>
TOTAL COMPREHENSIVE INCOME ALLOCATED TO:					
Participation of controlling shareholders		1,057	(531,561)	71	(531,561)
Non-controlling interests		-	-	986	-

The notes are an integral part of the financial statements.

LUPATECH S.A. AND ASSOCIATED COMPANIES
CONSOLIDATED STATEMENT OF CHANGES SHAREHOLDER'S EQUITY
ON SEPTEMBER 30, 2017 AND 2016
(In R\$ Thousands)

	Note	Capital Stock	Capital Reserves, Options Granted	Accumulated Profit/Loss	Equity Valuation Adjustments	Parents Company's Interest	Non-Controlling Interest	Total Shareholders' Equity
BALANCE ADJUSTMENT IN DECEMBER 31, 2015		1,853,684	149,732	(2,036,774)	126,671	93,313	-	93,313
Loss of period		-	-	(476,897)	-	(476,897)	-	(476,897)
Exchange variation on investments abroad	9.1	-	-	-	(54,664)	(54,664)	-	(54,664)
Achievement of the valuation adjustment	9.1	-	-	3,903	(3,903)	-	-	-
BALANCE ADJUSTMENT IN SEPTEMBER 30, 2016		1,853,684	149,732	(2,509,768)	68,104	(438,248)	-	(438,248)
BALANCE ADJUSTMENT IN DECEMBER 31, 2016		1,853,684	156,073	(2,024,422)	65,617	50,952	-	50,952
Net income of period		-	-	12,545	-	12,545	986	13,531
Exchange variation on investments abroad	9.1	-	-	-	(11,488)	(11,488)	-	(11,488)
Non-controlling interests		-	-	-	-	-	17,778	17,778
Achievement of the valuation adjustment		-	-	2,519	(2,519)	-	-	-
BALANCE ADJUSTMENT IN SEPTEMBER 30, 2017		1,853,684	156,073	(2,009,358)	51,610	52,009	18,764	70,773

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT CASH FLOW - INDIRECT METHOD

ON SEPTEMBER 30, 2017 AND 2016

(In R\$ Thousands)

Note	Parent		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
CASH FLOW FROM OPERATION				
Net results	12,545	(476,897)	12,545	(476,897)
Depreciation and amortization	5,412	6,228	20,271	37,039
Reversal (Provision) for losses by non-recoverability of assets	10 and 11	-	(23,530)	-
Equity pick-up	9.1	(94,416)	101,789	9,922
Result on sale of fixed assets		(715)	3	(3,073)
Gain (Loss) on sale of investment		-	(13,315)	(2,941)
Financial expenses, net		69,970	117,169	84,565
Extraordinary losses and adjustment to market value with inventories		-	3,613	-
Deferred income tax and social contribution		(14,880)	(74,738)	(32,922)
Reversal of fair value adjustment of business combination SABR	9.1.1 and 24	-	-	(54,536)
Losses on inventory obsolescence	6	1,708	5,200	2,403
Provision of contractual fines		112	214	157
Allowance for doubtful accounts	5	51	(455)	(136)
Effective losses on doubtful accounts	5	-	(209)	(3)
Present value adjustment	23	4,084	310,683	4,219
				394,788
(Increase) decrease in operating assets:				
Accounts receivable		(3,250)	1,515	5,678
Inventories		2,573	(1,055)	5,077
Recoverable taxes		(422)	1,482	(1,951)
Other assets		(450)	875	22,351
				25,904
(Increase) decrease in operating liabilities:				
Suppliers		(396)	(11,292)	1,682
Taxes payable		10,095	(3,845)	30,061
Others accounts payable		830	3,513	(12,561)
Cash flow from operating activities		(7,149)	(29,522)	382
				(75,886)
CASH FLOW FROM INVESTING ACTIVITIES				
Payment of capital in subsidiaries		-	4,099	-
Sale of interest in subsidiary and return of advance for future capital increase		168	-	-
Proceeds from sale of investments		-	28,599	6,302
Securities-restricted	4	569	734	589
Sending of proceeds from the sale of investment to its investors		-	-	(3,168)
Proceeds from the sale of fixed assets		929	2	6,023
Acquisition of property, plant and equipment	10	(220)	(593)	(2,297)
Acquisition to intangibles assets	11	-	(67)	-
Cash flow from investing activities		1,446	32,774	7,449
				27,185
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from loans and financing		9,596	5,265	61,643
Proceeds from loans and financing - Related parties		5,368	(5,898)	-
Payments of loans and financing - Principal		(9,351)	(5,617)	(62,611)
Payments of loans and financing - Interest		(28)	(1)	(1,715)
Cash flow from financing activities		5,585	(6,251)	(2,683)
				22,433
EXCHANGE VARIATION ON CASH AND CASH EQUIVALENTS FOR SUBSIDIARIES ABROAD				
		-	-	-
				(2)
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(118)	(2,999)	5,148
				(26,270)
Cash and cash equivalents at the beginning of period		123	3,125	1,233
Cash and cash equivalents at the end of period		5	126	6,381
				4,742

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF ADDED VALUE
ON SEPTEMBER 30, 2017 AND 2016
(In R\$ Thousands)

	Note	Parent		Consolidated		
		09/30/2017	09/30/2016	09/30/2017	09/30/2016	
REVENUE						
Sales of goods, products and services (IPI including)	21	23,162	17,027	94,244	120,236	
Revenue from sale of investments	24	-	28,599	6,302	28,599	
Reversal of fair value adjustment of business combination SABR	9.1.1 and 24	-	-	54,536	-	
Reversal of provision for impairment of assets	10 and 24	-	-	24,742	-	
Other revenues	24	8,743	1,834	15,883	7,235	
Allowance for doubtful accounts - Reversal (recognition)		(51)	455	136	270	
		31,854	47,915	195,843	156,340	
ACQUIRED FROM THIRD PARTIES						
Cost of products, goods and services sold		(5,196)	285	(12,626)	(9,300)	
Materials, energy, and other outsourced services		(7,103)	(7,153)	(42,256)	(39,604)	
Provision for impairment of assets	10 e 24	-	-	(1,212)	-	
Low investment for sale	24	-	(15,284)	(9,243)	(15,284)	
Other expenses	24	(10,790)	(20,617)	(29,956)	(34,978)	
		(23,089)	(42,769)	(95,293)	(99,166)	
GROSS ADDED VALUE		8,765	5,146	100,550	57,174	
DEPRECIATION AND AMORTIZATION		10 and 11	(5,412)	(6,228)	(20,271)	(37,039)
NET ADDED VALUE GENERATED BY THE COMPANY			3,353	(1,082)	80,279	20,135
ADDED VALUE RECEIVED IN TRANSFER						
Equity pick-up	9.1	94,416	(101,789)	(442)	(9,922)	
Financial income	23	195,454	421,887	190,629	398,779	
		289,870	320,098	190,187	388,857	
TOTAL ADDED VALUE TO BE DISTRIBUTED			293,223	319,016	270,466	408,992
DISTRIBUTION OF ADDED VALUE			293,223	319,016	270,466	408,992
Staff:			14,420	16,615	42,594	76,468
Direct compensation		10,922	12,206	28,724	51,585	
Benefits		2,518	2,252	7,828	12,336	
FGTS		980	2,157	6,042	12,547	
Taxes and contributions:		(3,282)	(70,381)	(12,293)	(72,820)	
Federal		(5,126)	(71,946)	(15,743)	(77,872)	
States		1,760	1,521	3,087	3,308	
Municipal		84	44	363	1,744	
Payment of debt		269,540	849,679	227,620	882,241	
Interest and other financial expenses	23	269,391	849,389	226,017	879,527	
Rent		149	290	1,603	2,714	
Income (loss) on equity		12,545	(476,897)	12,545	(476,897)	
Income/Loss for the period		12,545	(476,897)	11,559	(476,897)	
Non-controlling interests		-	-	986	-	

The notes are an integral part of the financial statements.

Explanatory notes to interim financial statements, individual and consolidated, contained in the information of September 30, 2017.

(In thousands of Reais except net Income (Loss) per share, or otherwise indicated)

1 Operating context

Lupatech S/A – In Judicial Recovery (the “Company”) and its subsidiaries and associate companies (jointly, the “Group”), is a group comprised of 18 units that currently has two business segments: **Products** and **Services** and has 631 employees.

The Company is a corporation with headquarters in Nova Odessa, State of São Paulo, and is listed in the São Paulo Stock Exchange (“BOVESPA”).

The **Products segment**, the Company produces industrial valves, valves for oil and gas, anchoring ropes for production platforms, valves, completion tools, compressors for vehicular natural gas (through company with significant participation).

The **Services segment**, the Company offers drilling rigs and workover services, well intervention, coating and inspection of pipes, equipment for well completion.

Petrobras is the Company’s main client and represents approximately 25.8% of the Company’s net revenues for the period of nine months ended on September 30, 2017 (57.4% for the period of nine months ended on September 30, 2016). Both segments of the Company (Products and Services) are affected by revenue originating from Petrobras.

1.1 Continuidade operacional

The Company's Management seeks to overcome the Group's economic and financial crisis and restructure its business through the judicial recovery process, in accordance with the judicial recovery plan submitted to its creditors, with the objective of preserving its business activity, maintaining its position as one of the most important economic groups in Brazil related to the oil and gas sector, as well as to maintain itself as a source of wealth generation, taxes and jobs.

The Company has succeeded in certain measures implemented since the filing of the request for Judicial Recovery which enabled the injection of substantial resources into its operations. Among these measures, we highlight the receipt of substantial amounts from its main customer (R\$36,951 in December 2015) and the sale of equity interests (R\$28,599 in March 2016 and R\$6.302 in August 2017). Other measures contained in the plan that were executed refer to sales of some property, plant and equipment of the company and the concentration of debt subject to the court supervised restructuring of the Brazilian entities in Lupatech S/A, as the principal payer, remaining the solidarity of the other companies.

During the year, the Company was able to inject working capital and execute investments required by its operations. However, every scenario developed by the Management indicates the need to obtain additional financial resources to raise working capital levels to support the resumption of operations. Certain business units have had their operations substantially affected by the oil and gas market conditions and the repercussions of the judicial recovery process, with their level of

activity and operational performance capped. In the Company's evaluation, these units shall operate as according to expectations once the business environment normalizes, as long as the resources required for its working capital are obtained.

Management has conducted actions and negotiations, with the support of its financial advisors, which may include capital transactions and/or asset divestments, among others, in order to obtain financial resources. During 2016, Management continued the negotiations and considering the progress and current status of these actions, Management expects that additional resources will be obtained during the course of 2017.

During the period of nine months ended on September 30, 2017, the Company incurred income before income tax and social contribution of R\$4,619 in the parent company, and loss of R\$11,080 in the consolidated statements (loss before income tax and social contribution of R\$551,635 in parent company and R\$571,058 in the consolidated statements in the period of nine months ended on September 30, 2016). As of September 30, 2017, the Company's current liabilities exceeded the total current assets by R\$71,114 in the parent company and by R\$71,890 in the consolidated (R\$35,200 in the parent company and R\$14,678 in the consolidated, on December 31, 2016). Despite the improvement in results, continuity depends not only on performance improvement, but also on the Company's ability to obtain additional resources, whether from third parties, from the sale of assets.

1.2 Judicial Recovery

I. Judicial Recovery process of Lupatech Group

On May 25, 2015, the Board of Directors of Lupatech S/A approved the filing for Judicial Recovery of Lupatech S.A. and its direct and indirect subsidiaries (Lupatech Group), in accordance with Article 122, paragraph one, of Law 6.404/76, despite the Administration's efforts in negotiating with creditors and the search for potential investors to balance the demands of working capital and CAPEX, and also, due to the unfavorable economic climate in the oil and gas sector, especially after the sharp fall in Oil price in the international market, and the crisis brought on Petrobras, the Company's main customer, which has been negatively impacted on the whole industry supply chain.

On the same date, Lupatech S/A and its subsidiaries: Lupatech Finance Limited; Amper Amazonas Perfurações Ltda; Itacau Agenciamentos Marítimos; Lochness Participações S/A; Lupatech - Equipment e Serviços para Petróleo Ltda; Lupatech – Perfuração e Completação Ltda; Matep S/A Máquinas e Equipamentos; Mipel Indústria e Comércio de Válvulas Ltda; Prest Perfurações; Sotep Sociedade Técnica de Perfuração S/A, filed in the District of São Paulo, the request for court-supervised reorganization ahead of the 1st Court of Bankruptcy and Judicial Recovery of São Paulo, which was granted on June 22, 2015. Alta Administração Judicial Ltda was designated as the judicial administrator.

On August 24, 2015, the Company and its subsidiaries (In Judicial Recovery) presented their Judicial Recovery Plan, along with the appraisal of the Company's assets and and the list of creditors subject to the Plan.

The list of creditors was published on October 16, 2015 and subjected to the judicial administrator for review.

The Plan was approved by the creditors at the General Meeting held on November 18, 2015, having been approved by the Judge of the 1st Court of Bankruptcies, Judicial Recoveries and related conflicts to the Arbitration Capital of São Paulo on December 11, 2015.

The deadline for secured and unsecured creditors electing the options offered in the Plan was March 10, 2016.

On June 27, 2016, the 2nd Reserved Chamber of Business Law of the São Paulo State Court of Justice upheld the interlocutory appeals filed by two creditors, to cancel the homologation decision of the Judicial Recovery Plan of Lupatech Group, given by D. Judge of the 1st Court of Bankruptcies, Judicial Recoveries and Conflict-Related Arbitration of the District of São Paulo.

On July 14, 2016, the Lupatech Group pleaded the extension of the "stay period", in view of the annulment of the Plan. The plead was granted on July 18, 2016 for a term of 90 days.

The Lupatech Group filed requests for clarification for pre-questioning purposes to the State Court of São Paulo, aiming at a special appeal to the Superior Court of Justice.

On September 5, 2016, in view of the decision handed down by the 2nd Chamber of Business Law of the Court of Justice of the State of São Paulo, annulling the decision of first instance of the plan originally presented and approved, a new Recovery Plan was presented to the court of origin.

The New Judicial Recovery Plan establishes the terms and conditions for the restructuring of Lupatech Group's debts and meets the criteria established by the 2nd Restricted Chamber of Business Law of the Court of Justice of the State of São Paulo.

On November 8, 2016, the New Judicial Recovery Plan was approved by the General Meeting of Creditors of the Lupatech Group, and such plan was homologated by the 1st Bankruptcy Court, Judicial Recovery and Arbitration-related Disputes of the Capital of São Paulo, without any safeguards, on December 1, 2016

Lupatech S/A filed a petition for clarification as the approval order did not mention one of the Group company's judicial reorganization. On February 15, 2017, the court corrected its approval order, including the company not mentioned. The deadline for filing claims against the plan was March 13, 2017. Until that date no grievance was filed against the approval of the plan. The Group's management considers that the absence of claims fully confirms the legality of the plan and its effects as from the award decision of the sovereign decision of the creditors' meeting, and therefore the Lupatech Group and all creditors are bound by the plan of that date.

II. On the New Judicial Recovery Plan, approved by the creditors at a general meeting held on November 8, 2016, end homologated on February 15, 2017, within the scope of the judicial reorganization process that is filed before the 1st Bankruptcy Court, Judicial Regeneration and Conflicts Related to Arbitration of the County of São Paulo, in compliance with the determination of the 2nd Restricted Chamber of Business Law of the Court of Justice of the State of São Paulo, at the trial of the aggravations of instrument nº 2011357-84.2016.8.26.0000 and 2011783-96.2016.8.26.0000, which annulled the homologation decision of the plan previously approved by the creditors In assembly.

The purpose of the adoption of the specific reorganization measures provided for below by the Plan is: (i) to renegotiate Lupatech Group's liabilities allowing the future release thereof; (ii) to

allow the entering of cash flow to keep and develop Lupatech Group's activities; (iii) to dispose of certain assets considered not essential to Lupatech Group's economic activities; (iv) to obtain new funds from capital market to expedite the reorganization; and (v) by raising Lupatech Group, to allow the creation of jobs and the payment of taxes.

a. *Reorganization measures*

The Plan uses the following reorganization measures, as set forth in Article 50 of the Bankruptcy Law: (i) grant of special deadlines and conditions to pay the obligations of the Lupatech Group, with equalized financial charges, starting on the date of filing of the motion for court reorganization; (ii) increase of the capital stock by issuing securities, and change in the corporate control; (iii) partial sale, transfer or lease of assets of the Lupatech Group; (iv) organization of a specific purpose company to transfer assets to be used to pay creditors; and (v) other actions that may be submitted to prior approval of the Reorganization Court.

Capital increase: In order to allow injection of new capital, at any time after Judicial Ratification of the Plan, the Lupatech Group may make one or more Lupatech calls which may be intended for Creditors Subject to the Plan, Creditors Not Subject to the Plan and/or third-party investors, as the case may be.

The delivery of Warrants to the Creditors Subject to the Plan shall give the Creditors Subject to the Plan the opportunity to purchase Shares at lower prices than those fixed upon issuance of the Warrants, and, in the absence of interest in becoming a shareholder, the Creditor may capture the amount of the benefit by selling such Warrants to third parties in BOVESPA. The economic results of the vesting or sale of the Warrants are subject to market variations and future performance of the Lupatech Group.

The warrants will have the security issued pursuant to art. 75 Of the Brazilian Corporation Law, and which shall contain the following characteristics: (i) each warrant will give its holder the right, but not the obligation, to subscribe for a share, at a price 50% lower than the price resulting from the average closing in the 30 trading sessions prior to the issue date of the warrants; (ii) the warrants will be exercisable within 7 years after its issuance; (iii) the exercise price of the warrants must be proportionally adjusted in the event of bonus, splits or reverse splits of Lupatech shares; And (iv) the non-exercise of the warrant under the conditions established therein will imply the decay of the right set forth therein.

Lupatech shall issue approximately three million warrants, which, if vested, shall be converted into three million shares equal to approximately 34% of the current capital stock of Lupatech, which percentage may vary as a result of any capital increases, and consolidation of the general list of creditors. The total Warrants to be issued is the result of converting 50% of the total indebtedness of the Unsecured Creditors and ME and EPP Creditors of the Lupatech Group (approximately R\$305 million), and 35% of the total indebtedness of the Collateral Creditors (approximately R\$21 million), by granting one Warrant to each one hundred reais of Credit – ratio that may be proportionally changed in the event of grouping, split or bonus of the shareholder base.

In the event that any capital increase allows for the capitalization of credits Subject to the Plan, the exercise of the right to participate in such capital increase shall always be optional for the Creditors, and shall always be granted equally to each class of Creditors Subject to the Plan or to the entire base of Creditors Subject to the Plan. In case the same capital increase contemplates

both the Creditors Subject to the Plan and third-party investors, the underwriting conditions of the Shares offered shall be the same to both of them.

Noteholders electing to participate in any capital increases allowing them to capitalize their Claims Subject to the Plan shall receive ADRs representing the Shares to be delivered by the Trustee.

The capitalization of credits represents an opportunity for the creditor to capture any improvement of the value of the Lupatech Group as a result of its recovery. The decision of the creditors subject to the Plan to convert their credits into shares will be the result of their free judgment, and will take into account the analysis of each creditor herself. The economic results of the capitalization of credits are subject to market variations and future performance of the Lupatech Group.

Guarantees: In order to secure the raising of new funds and preserving the rights of the Collateral Creditors, the Lupatech Group may, in addition to granting personal guarantees, create collateral and fiduciary guarantees: (i) on properties located in Maruim, Catú and São Mateus owned by the Lupatech Group; (ii) from the consolidation of the ownership for the benefit of the Lupatech Group on the property located in São Leopoldo; and (iii) from occasional release of the guarantees given to the Collateral Creditors on any of such released assets.

Disposal of assets: The Lupatech Group shall, as of the Judicial Ratification of the Plan, use their best efforts to dispose of the fixed assets described in the Plan, by means of a (i) Auction; (ii) private agreement executed for a price not below the price stated in valuation reports prepared by a specialized company; or (iii) private auction to be held by a company specializing in the valuation and sale of assets by means of actual or online auctions. The net proceeds from such disposals shall be used to pay labor, tax, social security and obligations set forth in the Plan.

Disposal of UPIs (Isolated Production Units). The Lupatech Group shall, as of the Judicial Ratification of the Plan, use its best efforts in order to dispose of the UPIs described in the Plan. The disposal of the UPIs may be made jointly or alone, by means of Bidding, including one or more UPIs of fixed assets. The net proceeds arising from such disposals shall be used to pay labor, tax, social security and obligations set forth in the Plan.

Any disposals of UPIs by means of Bidding shall be performed in accordance with the provisions of the respective notices, as set forth in the Bankruptcy Law, in compliance with all other conditions set forth in this Plan. The Lupatech Group may at its sole discretion elect any of the Bidding types set forth in Articles 142 through 145 of the Bankruptcy Law.

The UPIs that are disposed of by the Bidding shall be free from any liens, and the respective purchasers shall not be liable for any debts or liabilities of the Lupatech Group, including those of a tax and labor nature, as set forth in Articles 60 and 141 of the Bankruptcy Law.

In the event of disposal of any of the UPIs described in the Plan, by means of Bidding, the Lupatech Group may include, as an integral part of the UPI, the assignment of any rights to use for a fee and temporarily any properties where the equipment forming the disposed UPIs are located.

Disposal of assets of non-reorganizing companies: The Lupatech Group may further dispose of assets owned by foreign companies in which it holds an equity interest or control which are not part of the Judicial Reorganization. The net proceeds from such disposals shall be transferred

to the Reorganizing Parties, and used to pay labor, tax, social security and obligations set forth in the Plan.

Disposal of assets given as collateral or fiduciary guarantee: With the prior consent of the Creditor holding the respective guarantee, the Lupatech Group may dispose of assets to third parties given as collateral or fiduciary guarantee. The proceeds from the disposal of such assets shall be used to pay the Claims held by the Collateral Creditor or the Creditor with a fiduciary guarantee. Any excess shall be used to pay labor, tax, social security and obligations set forth in the Plan.

Organization of SPEs: In order to enable or facilitate the sale of any fixed assets or UPIs described in the Plan, as the case may be, the Lupatech Group may, jointly or individually, transfer one or more of such assets or UPIs to specific purpose companies organized by the Lupatech Group.

Approval for disposal of assets: In addition to the events of disposal of assets and Disposal of assets given as collateral or fiduciary guarantee, any other type of disposal, replacement or burdening of assets shall be authorized upon ruling of the Reorganization Court or approval by the Creditors Meeting, in accordance with the terms of the law and contracts applicable to such assets. Upon completion of the Judicial Reorganization, the Lupatech Group may freely dispose of any fixed or current assets observing the liens applicable to such assets, and the restrictions set forth in this Plan or Article 66 of the Bankruptcy Law shall no longer be applicable, but subject to usual restrictions set forth in bylaws and articles of association of the companies of the Lupatech Group and new debt instruments, as the case may be.

b. Restructuring of the claims subject to the plan

With due regard for the provisions in article 61 of the Bankruptcy Law, novates all Claims Subject to the Plan, which shall be paid by Lupatech and by Lupatech Finance as principal debtors, as the case may be, in joint liability with the other companies of the Lupatech Group, which remain as co-obligors and joint debtors, expressly waiving any benefit of order.

The Claims Subject to the Plan shall be paid within the terms and in the manner established in the Plan, for each class of Creditors Subject to the Plan, even if the agreements that gave rise to the Claims Subject to the Plan provides otherwise. Upon such novation, all obligations, covenants, financial indexes, events of acceleration, fines, as well as any other contractual obligations that are incompatible with the conditions of this Plan shall be no longer applicable.

Credits not subject to the Plan would be paid in the form originally contracted or in the manner agreed between the Lupatech Group and the respective creditor, including, if applicable, through the implementation of the measures set forth in the Plan.

The terms foreseen for the payment of the credits subject to the Plan, as well as any grace periods provided for in the Plan, will start as from the judicial approval of the Plan.

In order to reduce costs in the administration of payments, a minimum amount of payment will be respected for creditors subject to the Plan of two hundred and fifty reais per creditor subject to the Plan authorized in the list of creditors, limited to the balance of their respective credit subject to the Plan.

c. Restructuring of the labor claims

Labor claims will be paid to each labor creditor within one year from the Judicial Approval of the Plan, as follows:

- **Initial payment:** The amount corresponding to up to five minimum salaries relating to claims of a strictly salary nature overdue within three months before the Filing Date was already paid by the Lupatech Group to the respective Labor Creditors, in compliance with the previous judicial reorganization plan, ratified by the Reorganization Court on December 16, 2015, resulting in proper compliance with article 54, sole paragraph of the Bankruptcy Law.
- **Payments flow:** The balance of the amount of Labor Claims, after deduction of the amounts paid in the initial payments, shall be paid to the respective Labor Creditors within up to one year as from the Judicial Ratification of the Plan, or, in case of Disputed Labor Claims, after their proper inclusion in the List of Creditors. If any partial payments are made, the first payment shall be made up to the limit of twenty-five minimum salaries per Labor Creditor, and the balance thereof shall be subsequently paid, in proportion to each Labor Creditor.

The payments shall be made in cash, and the Lupatech Group may resort to the payment method set forth in article 50, item XVI of the Bankruptcy Law.

Any Disputed Labor Claims that may be the subject-matter of settlement before the Labor Courts shall be paid as established in the respective settlements duly ratified by the Labor Courts in a final judgment. The Disputed Labor Claims shall not receive a more beneficial treatment than that given to the Undisputed Labor Claims in any event whatsoever.

Any Labor Claims the classification of which is objected to by any interested party under the Bankruptcy Law shall be regarded as Disputed Labor Claims and shall be solely paid after the final and non-appealable judgment determining the classification of the disputed claim, or upon guarantee, with due regard for the provisions of the Bankruptcy Law.

d. Restructuring of the Secured Debt

The provisions of this Chapter apply to secured debt only, regardless of their amount, nature or the amount of their guarantee. The payment measures established for Secured Creditors are intended to (i) proceed with settlement of a substantial portion of the Collateral Claim by means of payment in cash; and, additionally, (ii) enable the Collateral Creditor to benefit from the economic recovery pursued by the Lupatech Group by means of exercise of the Warrants offered in exchange of a portion of their Claim.

The Collateral Claims shall be paid by means of the following conditions:

- **Payment in cash:** Payment of 65% of the amount of the respective Collateral Claim, including principal and interest and charges incurred, in 15 years, in accordance with the payments flow established in the Plan, with the first installment of principal maturing 23 months as from the Judicial Ratification of the Plan. The amount of the Collateral Claims shall be accrued by interest and monetary restatement equivalent to a variable fee equivalent to the Reference Rate (TR) + 3% per annum, to be paid thirty (30) days after maturity of the first installment of the principal.

- **Warrants:** Payment of 35% of the amount of the respective Secured Debt, equivalent to the outstanding balance of principal, by means of Warrants, being understood that, for each one hundred Reais of Secured Debt, a Warrant shall be delivered with the characteristics described in the Plan. The Warrants shall be issued and made available to the Secured Creditor within 24 months as from the Judicial Ratification of the Plan, and may be disposed of by the Collateral Creditor to any third parties in the BOVESPA exchange. The quantity of Warrants to be delivered shall be adjusted proportionally, in minor or in excess, upon occurrence of bonus, splitting or grouping of the shares of Lupatech.

In addition to the payment above, the Lupatech Group may, at any time and with the consent of the respective Collateral Creditor, make full or partial payment of the balance of the respective Collateral Claim by means of: (i) giving in payment of any of the assets given as Collateral to the respective Creditor; (ii) giving in payment credits held by the Lupatech Group, in a sufficient amount to cover the balance of the respective Collateral Claim; or (iii) delivery of the funds obtained from the disposal of any of the assets given as Collateral in favor of the Collateral Creditor, whether under the Plan, court order, or article 60 of the Bankruptcy Law.

If the alternative payment takes place partially only, the respective Collateral Creditor shall proportionally release Collaterals in favor of the Lupatech Group.

e. Restructuring of the Unsecured Debt

The payment measures established for Unsecured Creditors are intended to (i) proceed with settlement of a substantial portion of the Unsecured Claim by means of payment in cash; and (ii) enable the Unsecured Creditor to benefit from the economic recovery pursued by the Lupatech Group by means of exercise of the Warrants offered in exchange of a portion of their Claim.

The Unsecured Debt shall be paid by means of the following conditions:

- **Payment in cash:** Payment of 50% of the amount of the respective Unsecured Debt, including principal and interest and charges incurred, in 15 years, in accordance with the payments flow established in the Plan, which covers an initial fixed installment of five hundred Reais per Unsecured Creditor qualified in the List of Creditors, to be paid 13 months as from the Judicial Ratification of the Plan, and proportional installments of the principal, with the first installment maturing 23 months as from the Judicial Ratification of the Plan. The amount of the Unsecured Debt shall accrue interest and monetary restatement at a variable rate equivalent to the TR + 3% per annum, to be paid 30 days after maturity of the first installment of the principal.
- **Warrants:** Payment of 50% of the amount of the respective Unsecured Debt, equivalent to the outstanding balance of principal, by means of Warrants, being understood that, for each one hundred Reais of Unsecured Claim, a Warrant shall be delivered with the characteristics described in the Plan. The Warrants shall be issued and made available to the Unsecured Creditor within 24 months as from the Judicial Ratification of the Plan, and may be disposed of by the Unsecured Creditor to any third parties in the BOVESPA exchange. The quantity of Warrants to be delivered shall be adjusted proportionally, in minor or in excess, upon occurrence of bonus, splitting or grouping of the shares of Lupatech.

Any Unsecured Claims that are denominated in foreign currency shall be ascertained in Reais based on the foreign exchange as of the Filing Date, and paid in conditions similar to the plan, in compliance with the exchange variation, by means of the following conditions:

- **Payment in cash:** Payment of 50% of the amount of the respective Unsecured Debt, including principal and interest and charges incurred, in 15 years, in accordance with the payments flow established in the Plan, which covers an initial fixed installment of five hundred Reais per Unsecured Creditor qualified in the List of Creditors, to be paid 13 months as from the Judicial Ratification of the Plan, and proportional installments of the principal, with the first installment maturing 23 months as from the Judicial Ratification of the Plan. The installments ascertained in Reais as set forth in the Plan shall be exchanged to the foreign currency on the payment date by the official foreign exchange rate of the Central Bank for the previous Business Day. The amount of Unsecured Debt shall accrue interest at a fixed rate of 0.4% per annum, to be paid 30 days after the last installment of principal, together with the exchange rate variation, if any. The exchange variation shall be ascertained by the difference between the original amount of the Unsecured Claim denominated in foreign currency and the amounts actually paid in foreign currency.
- **Warrants:** Payment of 50% of the amount of the respective Unsecured Debt, equivalent to the outstanding balance of principal, by means of Warrants, being understood that, for each one hundred Reais of Unsecured Claim, a Warrant shall be delivered with the characteristics described in the Plan. The Warrants shall be issued and made available to the Unsecured Creditor within 24 months as from the Judicial Ratification of the Plan, and may be disposed of by the Unsecured Creditor to any third parties in the BOVESPA exchange. The quantity of Warrants to be delivered shall be adjusted proportionally, in minor or in excess, upon occurrence of bonus, splitting or grouping of the shares of Lupatech.

The Lupatech Group shall ensure payment in cash, of at least two thousand Reais per Unsecured Creditor, up to the limit of the amount of their Unsecured Claim. In the event that said minimum amount exceeds the proportion of 50% of the Unsecured Claims, the amount in excess shall be deducted from the installment to be paid as Warrants.

Payment of the Noteholders Unsecured Claims. The Noteholders' Unsecured Claims, shall be paid in conditions similar to those provided in the Plan, with due regard for foreign exchange variation, under the following conditions:

- **Payment in cash:** Payment of 50% of the amount of the respective Unsecured Claim, including the principal amount and interest and charges incurred, by means of delivery of New Notes, which shall provide for the payment of their par value within a term of 15 years according to the payment flow provided in the Plan, which comprises an initial fixed installment of five hundred Reais per Unsecured Creditor qualified under the Creditors List to be paid 13 months after the Judicial Ratification of the Plan and the proportional installments of the principal amount, the first one to be due 23 months after Judicial Ratification of the Plan. The installments ascertained in Reais provided in the Plan shall be converted into foreign currency on the payment date by the official foreign exchange rate of the Central Bank of the previous Business Day. The amount of the

Unsecured Claims shall be levied with interest equivalent to a fixed rate corresponding to 0.4% per year, to be paid 30 days after the maturity of the last installment of the principal amount, jointly with the foreign exchange variation, if any. The foreign exchange variation shall be ascertained based on the difference between the original amount of the Unsecured Claim referred to in foreign currency and the amounts actually paid in foreign currency.

- **Warrants:** Payment of 50% of the amount of the respective Unsecured Claim, equivalent to the remaining balance of the principal amount, by means of delivery in payment of Warrants, and for each one hundred Reais of Unsecured Debt, a Warrant shall be delivered with the characteristics described in the Plan. The Warrants shall be issued and made available to the Unsecured Creditor within up to 24 months after the Judicial Ratification of the Plan, and may be disposed of at any time by the Unsecured Creditor to any third parties in the environment of BOVESPA. The number of Warrants to be delivered shall be proportionally adjusted up or down in case of the existence of stock dividend, split or combination of Lupatech's shares.

Cancellation of the current Notes: After the Judicial Ratification of the Plan and after obtaining a court decision under Chapter 15 acknowledging the efficacy of the Plan in the US territory, the Notes currently held by the Noteholders shall be cancelled by operation of law and replaced by the New Notes to be issued within up to 180 days as from the obtainment of the court decision under Chapter 15.

In case Lupatech Group, calls for a capital increase comprising the Unsecured Creditors, the Unsecured Creditors shall be guaranteed the right to subscribe the Shares and pay them up, whether wholly or in part, with their Claim Subject to the Plan remaining at the time, with due regard, at all times, for the rights of first refusal legally granted to the shareholders. In case of partial capitalization only, the remaining balance of the Unsecured Claim shall continue to be paid, upon proportional redistribution thereof in the remaining installments.

In case of increase of any Unsecured Claim, or inclusion of a new Unsecured Claim, as a result of any objection of claim or judgment of any lawsuit, the respective amount (in case of inclusion) or additional amount (in case of increase) shall be paid under the terms of the Plan, by means of proportional distribution of the amount into the future installments. Any increase or inclusion of any Unsecured Claim in the Creditors List during the payment term shall not create to the Unsecured Creditor whose claims are increased any right to the retroactive or proportional receipt of installments already paid.

Unsecured Claims whose classification is objected by Lupatech Group or any interested party under the terms of the Bankruptcy Law may only be paid after the judgment determining the qualification of the disputed claim becomes final and unappealable, with due regard for the terms of the Bankruptcy Law, and the terms for payment shall only start after such judgment becomes final and unappealable.

f. *Restructuring of Micro Business Company (ME) and Small Business Company (EPP) Debt*

The purpose of the payment measures provided for ME and EPP Creditors is (i) to release a substantial portion of the ME and EPP Debt by means of payment in currency; and (ii) to allow the ME and EPP Creditor to benefit from the economic raising sought by Lupatech Group upon exercise of the Warrants offered in exchange for a portion of the Debt thereof.

The ME and EPP Debt shall be paid by means of the following conditions:

- **Payment in cash:** Payment of 50% of the amount of the respective ME and EPP Claim, including the main amount and interest and charges incurred, within a term of 15 years according to the payment flow provided in the Plan, which comprises an initial fixed installment of five hundred Reais per Unsecured Creditor qualified under the Creditors List to be paid 13 months after the Judicial Ratification of the Plan and the proportional installments of the main amount, the first one to be due 23 months after Judicial Ratification of the Plan. The amount of the Unsecured Debt shall accrue interest and monetary restatement equivalent to a variable rate corresponding to TR (Referential Rate) + 3% per year, to be paid within 30 days after the maturity of the last installment of the principal amount.
- **Warrants:** Payment of 50% of the amount of the respective ME and EPP Debt, equivalent to the remaining balance of the principal amount, by means of delivery in payment of Warrants, and for each one hundred Reais of ME and EPP Debt, a Warrant shall be delivered with the characteristics described in the Plan. The Warrants shall be issued and made available to the Unsecured Creditor within up to 24 months after the Judicial Ratification of the Plan, and may be disposed of at any time by the ME and EPP Creditor to any third parties in the BOVESPA exchange. The number of Warrants to be delivered shall be proportionally adjusted up or down in case of the existence of stock dividend, split or combination of Lupatech's shares.

Lupatech Group shall guarantee the payment in cash of at least two thousand Reais per ME and EPP Creditor, up to the limit of the amount of their respective ME and EPP Debt. In case such minimum amount exceeds the proportion of 50% of the ME and EPP Claims, the excess shall be reduced from the installment to be paid in Warrants.

In case Lupatech Group calls for a capital increase comprising ME and EPP Creditors, the ME and EPP Creditors shall be guaranteed the right to subscribe the Shares and pay them up, whether wholly or in part, with their Claim Subject to the Plan remaining at the time, with due regard, at all times, for the rights of first refusal legally granted to the shareholders. In case of partial capitalization only, the remaining balance of the ME and EPP Debt shall continue to be paid under the terms of the Plan, upon proportional redistribution thereof into the remaining installments.

In case of increase of any ME and EPP Debt, or inclusion of a new ME and EPP Debt, as a result of any objection of claim or judgment of any lawsuit, the respective amount (in case of inclusion) or additional amount (in case of increase) shall be paid under the terms of Plan, by means of proportional distribution of the amount into the future installments. Any increase or inclusion of any ME and EPP Claim in the Creditors List during the payment term shall not create to the ME and EPP Creditor whose claims are increased any right to the retroactive or proportional receipt of installments already paid.

ME and EPP Claims whose classification is objected by Lupatech Group or any interested party under the terms of the Bankruptcy Law may only be paid after the judgment determining the qualification of the disputed claim becomes final and unappealable, with due regard for the terms

of the Bankruptcy Law, and the terms for payment shall only start after such judgment becomes final and unappealable.

III. *Annulment process of Judicial Recovery Plan of Lupatech Group approved and homologated on December 11, 2015 by D. Judge of the 1st Bankruptcy Court, Judicial Recovery and Conflicts Relating to Arbitration of the County of São Paulo and subsequently annulled by decision of the 2nd Chamber of Business Law Courts of the Court of Justice of the State of São Paulo.*

Aiming to reform decision of approval of the Reorganization Plan, were filed two interlocutory appeals before the Court of Justice of the State of São Paulo. In a judgment session held on June 27, 2016, the 2nd Reserved Chamber of Business Law of the São Paulo State Court of Justice upheld both interlocutory appeals, determining the annulment of the ratification decision of the Judicial Recovery Plan and presentation New Judicial Recovery Plan in the case of origin.

By understanding unreasonable judgments, the Lupatech Group on July 21, 2016, requested reconsideration for prequestionamento purposes, in order to subsequently bring special appeal before the Superior Court of Justice and that reform those decisions. However, the special features contain requests for suspensive effect of granting to the Lupatech Group resume full implementation of the Judicial Recovery Plan.

The Lupatech Group understands, based on the opinion of its legal advisors, that the Judicial Recovery Plan is fully valid and fully disagrees with the terms of the judgments rendered. However, in compliance with the current judicial decision, filed, on September 5, 2016, a New Judicial Recovery Plan, in the records of origin. The new Plan, prepared in accordance with parameters determined by the 2nd Restricted Chamber of Business Law of the Court of Justice of the State of São Paulo, was approved at the General Meeting of Creditors of the Lupatech Group on November 8, 2016, and homologated on December 1, 2016, by the judgment of the 1st Bankruptcy Court, Judicial Recoveries and Arbitration-Related Disputes of the Capital of São Paulo, without any reservations.

The Company awaits the certification of the unappealable passing of the judgment of its New Judicial Recovery Plan to evaluate the continuity of the special appeal filed against the judgment of the Court of Justice of São Paulo that annulled the previously presented Judicial Recovery Plan.

2 Basis of presentation

2.1 Declaration of conformity (with respect to IFRS and CPC standards)

The consolidated interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices generally accepted in Brazil (BR GAAP).

The individual interim financial statements have been prepared in accordance with accounting practices generally accepted in Brazil (BR GAAP).

The Company's management says that all relevant information from its own financial statements, and they alone, are being highlighted, and which correspond to those used by it in its management.

In compliance with CVM Circular Letter nº 003/2011, of April 28, 2011, below are presented the explanatory notes included in the most recent annual financial statements (fiscal year ended in

December 31, 2016), which, in view of the absence of significant changes for the period of nine months ended on September 30, 2017, are not included in full form in these interim financial statements:

Explanatory notes not included for the period of nine months ended September 30, 2017	Location of the note in full annual financial statements for the fiscal year 2016
Main accounting practices	Note nº 3
Other accounts payable	Note nº 18

The issue of individual and consolidated financial statements has been approved by the Board of Directors on November 14, 2017.

2.1.1. *Restatement of the quarterly information previously disclosed*

a. **Restatement of the balance sheets (individual and consolidated) as of December 31, 2016**

In compliance with the requirements of Technical Pronouncement CPC 23 - Accounting Policies, Changes in Estimates and Rectification of Errors, approved by Resolution nº 1979/09 of the Federal Accounting Council, the Company prepared a retrospective re-statement and reclassification of the accounting information as of December 31, 2016, which are identified by the nomenclature "Reclassification".

According to ICPC 16, when equity instruments issued to the creditor to extinguish all or part of a financial liability are initially recognized, the entity shall measure them at the fair value of the equity instruments issued. Accordingly, the difference between the book value of the financial liability and the fair value of the equity instruments issued must be recognized in the income statement for the period. The Company recognized this adjustment in the year ended December 31, 2016.

The acceptance of the judicial recovery plan by the creditors implies that it is impossible to pay the part of the debt to be converted into warrants other than by the delivery of the respective equity instruments, thus representing the extinction of the financial liability. Considering that, in addition to the impossibility of returning the amounts, the balance of the financial liability corresponding to the fair value of the warrants meets the criteria established in item 16 of CPC 39, in compliance with item 39 of CPC 38, the corresponding balance must be booked as equity, as it no longer meets the criteria for financial liabilities, at the date of effectiveness.

Such an understanding, which was duly appraised in a similar situation in CVM ruling RJ2011/7085, was not properly observed, which is why the Company restates the Fair Value Adjustment (Non-Current Liabilities) and Capital Reserves (Shareholders' Equity), Which were included in the balance sheets (individual and consolidated) as of December 31, 2016, as follows:

	Parent			Consolidated		
	Original balances presented on 12/31/2016	Reclassification	Balances reclassified on 12/31/2016	Original balances presented on 12/31/2016	Reclassification	Balances reclassified on 12/31/2016
LIABILITIES AND SHAREHOLDERS' EQUITY						
NON-CURRENT LIABILITIES						
Liabilities at fair value	6,341	(6,341)	-	6,341	(6,341)	-
Total non-current liabilities	472,203	(6,341)	465,862	420,457	(6,341)	414,116
SHAREHOLDERS' EQUITY						
Capital reserve to be realized	-	6,341	6,341	-	6,341	6,341
Parents company's interest	44,611	6,341	50,952	44,611	6,341	50,952
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	697,551	-	697,551	642,290	-	642,290

2.2 Functional and reporting currency

These financial statements are presented in Brazilian Reais, which is the Company's functional currency. All balances are rounded to the nearest thousand, except when otherwise indicated.

2.3 Basis of preparation

The interim financial statements were prepared based on historical cost, except for certain financial instruments measured at fair value.

2.4 Basis of consolidation and investments in subsidiaries

The consolidated interim financial statements include the financial statements of Lupatech S/A – In Judicial Recovery and its subsidiaries.

2.4.1 Subsidiaries

Following on from its asset restructuring project, the Company, through a material fact, disclosed to its shareholders and to the market in general, on August 25, 2017, sale of 19.6% equity interest in the indirect subsidiary Lupatech OFS S.A.S., to Petroalianza International Ltd., for the amount of US\$2,000,000.00.

The sale negotiation also involved Petroalianza's obligation to capitalize the acquired company by an additional US\$2,000,000.00, reaching a total equivalent interest of 36%, on September 30, 2017, as well as the granting of an option to Petroalianza to acquire the entire remaining interest of Lupatech OFS S.A.S. in the amount of US\$7,800,000.00, up to the maximum date of November 30, 2017.

The shareholders control of OFS S.A.S., after the sale and agreement signed between the parties, has been classified as a jointly controlled company in the quarter ended on September 30, 2017.

The sale of the equity interest in Lupatech OFS S.A.S., Colombian subsidiary, was duly approved by the Lupatech Group's Judicial Recovery Court and is part of the non-core assets disposal strategy, belonging to the Company's services segment.

2.4.2 Jointly-owned subsidiaries

On January 18, 2017, the subsidiaries Luxxon Participações S.A. and Aspro do Brasil Sistemas de Compressão Ltda., concluded the sale of the 53.23% interest held jointly by Delta Compresión SRL, a limited liability company located in Argentina, for the amount of one hundred thousand United States dollars, to investors linked to the Inverlat Group, also located in Argentina.

On September 30, 2017, Lupatech OFS S.A.S started to be considered a Jointly-owned subsidiary after the sale of equity interest and signed joint control agreement.

The composition of the participation of jointly controlled companies is as follows, on September 30, 2017:

Jointly-owned subsidiaries	Direct and indirect participation (%)	
	09/30/2017	12/31/2016
Direct participation		
Luxxon Participações S.A. - (Brazil) (*)	45.20	43.71
Indirect participation		
Aspro do Brasil Sistemas de Compressão p/GNV Ltda. - (Brazil) (*)	45.20	43.71
Delta Compresión S.R.L. - (Argentina) (*) (**)	-	43.71
Lupatech OFS S.A.S. - (Colombia) (*) (***)	64.00	-

(*) Joint Venture

(**) Company sold

(***) Classification for "Jointly-owned subsidiaries", after sale of equity interest, with control sharing agreement.

2.4.3 Companies comprising the consolidated statements

The consolidated interim financial statements include the accounting information of Lupatech S/A – In Judicial Recovery and its direct and indirect subsidiaries, as shown below:

Direct and indirect subsidiaries	Direct and Indirect participation (%)	
	09/30/2017	12/31/2016
Direct participation		
Mipel Ind. e Com. de Válvulas Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Equipamentos e Serviços para Petróleo Ltda.- In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Finance Limited - In Judicial Recovery - (Cayman)	100.00	100.00
Lupatech II Finance Limited - (Cayman)	100.00	100.00
Recu S.A. - (Argentina)	95.00	95.00
Lupatech OFS Coöperatief U.A. - (Netherlands)	100.00	100.00
Lupatech Netherlands Coöperatief U.A. - (Netherlands)	2.29	2.29
Lochness Participações S/A - In Judicial Recovery - (Brazil)	100.00	100.00
Indirect participation		
Recu S.A. - (Argentina)	5.00	5.00
Lupatech Netherlands Coöperatief U.A. - (Netherlands)	97.71	97.71
Lupatech OFS S.A.S. - (Colombia) (*)(**)	-	100.00
Lupatech Perfuração e Completação Ltda.- In Judicial Recovery - (Brazil)	100.00	100.00
Sotep Sociedade Técnica de Perfurações S/A - In Judicial Recovery - (Brazil)	100.00	100.00
Prest Perfurações Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
Itacau Agenciamentos Marítimos Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
Matep S.A. Máquinas e Equipamentos - In Judicial Recovery - (Brazil)	100.00	100.00
Amper Amazonas Perfurações Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
UNAP International Ltd. - (Cayman)	100.00	100.00

(*) Sale on August 25, 2017, of 19.6% of equity interest, with a transaction involving a capitalization obligation by the acquiring company, in which it accounted a total for a 36% equity interest on September 2017 at Lupatech OFS S.A.S.

(**) Classification for "Jointly-owned subsidiaries", after sale of equity interest, with control sharing agreement.

3 Standards, amendments and interpretations to Standards

Standards, amendments and interpretations to existing standards those are not yet effective

A series of standards, amendments and interpretations of standards issued, and were not adopted in the preparation of this financial information. Those that may be relevant to the Company are mentioned below.

The Company does not plan to adopt these standards in advance, it intends to adopt them when they come into force.

IFRS 9 Financial Instruments

Published on July 2014, IFRS 9 replaced the guidelines in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 includes a logical model for classification and measurement of financial instruments, including a new model of expected credit loss for the calculation of the impairment of financial assets, and new requirements for hedge accounting. The standard retains the existing guidance on the recognition and derecognition of financial instruments IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is evaluating the effects that IFRS 9 will have on its financial statements and disclosures.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 requires an entity to recognize the amount of revenue reflecting the consideration that it expects to receive in exchange for control of such goods or services. When it is adopted, the new standard will replace most of the detailed guidelines on the recognition of revenues presently existing under IFRS and US GAAP. It is applicable as from or after January 1, 2018, with earlier application permitted by IFRS. The standard may be adopted retrospectively using an approach of cumulative effects. The Company is evaluating the effects that IFRS 15 will have on its financial statements and disclosures.

Additionally, it is not expected that the following new standards or modifications can have a significant impact on the Company's consolidated financial statements:

- Accounting for Acquisitions of Interests in Joint Operations (alteration of IFRS 11);
- Acceptable Methods of Depreciation and Amortisation (alteration of CPC 27/IAS 16 and CPC 04/IAS 38);
- Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (alteration of CPC 36/IFRS 10 and CPC 18/IAS 28);
- Disclosure Initiative (Alteration of CPC 26/IAS 1).

The Accounting Pronouncements Committee has not yet issued accounting pronouncement or changes in existing pronouncements corresponding to all new IFRS. Therefore, the early adoption of these IFRS is not permitted for entities to disclose their financial statements in accordance with accounting practices adopted in Brazil.

4 Cash and cash equivalents and Securities

Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
<u>Cash and banks</u>				
Brazil	5	7	72	107
Abroad	-	46	6,309	1,056
	5	53	6,381	1,163
<u>Financial Investments</u>				
Bank deposit certificate	-	70	-	70
	-	70	-	70
Cash and cash equivalents	5	123	6,381	1,233

The financial investments are highly liquid and with insignificant risk of change in the value and relate to funds invested in fixed income fund and bank certificates of deposit. The yield rates of financial investments in bank deposit certificate are in accordance with the characteristics of the financial application with CDI's, parameter.

Securities – restricted account

On September 30, 2017, the Company owned a balance of R\$874, registered as "Marketable securities - restricted" in current assets, and R\$2,321 in the non-current assets (R\$1,541 in current assets, and R\$2,046 in the non-current assets on December 31, 2016), relating to security deposit the payment of any liabilities compensable as clause contract of sale of the unit Metallurgical Ipe for Duratex, called "Escrow Account", applied to the CBD.

5 Trade receivables

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Local market	21,924	16,526	43,540	40,353
Export	432	4,411	472	9,793
	22,356	20,937	44,012	50,146
Less: allowance for doubtful accounts	(4,170)	(4,119)	(5,095)	(5,234)
Total	18,186	16,818	38,917	44,912

In the nine-month ended on September 30, 2017, were recognized in the result, losses with a provision for doubtful accounts in the amount of R\$51 in the parent and gain of reversal of allowance for loan losses of R\$136 in the consolidated.

In the nine-month ended on September 30, 2016, were recognized in the result, gain of reversal of losses with a provision for doubtful accounts in the amount of R\$455 in the parent and R\$270 in the consolidated.

6 Estoques

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Finished goods	3,295	3,499	7,911	9,276
Goods for resale	945	1,536	4,366	5,046
Work in progress	9,201	9,263	15,699	15,756
Raw material	20,126	21,842	54,225	57,259
Losses on inventory obsolescence	(7,253)	(5,545)	(33,049)	(30,646)
Total	26,314	30,595	49,152	56,691

In the nine-month ended on September 30, 2017 were recognized in the result, losses on inventories obsolescence in the amount of R\$1,708 in parent and R\$2,403 in consolidated.

In the nine-month ended on September 30, 2016 were recognized in the result, losses on inventories obsolescence in the amount of R\$5,200 in parent and R\$6,464 in consolidated.

7 Recoverable taxes

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Value-added Tax on Sales and Services (ICMS) recoverable	13,219	13,666	13,645	14,142
Excise Tax (IPI) recoverable	1,320	1,523	1,608	1,907
Social Integration Program (PIS) recoverable	632	627	993	1,240
Social Contribution on Revenues (COFINS) recoverable	3,135	3,112	4,849	5,240
Corporate Income Tax (IRPJ) advances	-	-	9,820	12,488
IRF and IRPJ recoverable	543	880	33,230	33,122
CSLL recoverable	162	54	5,491	5,682
National Institute of Social Security (INSS) Contribution recoverable	44	44	999	824
Service tax (ISS) recoverable	-	-	53	36
Other	72	72	139	189
Provision for non-recovery of taxes	-	(8,227)	-	(8,227)
Total	19,127	11,751	70,827	66,643
Current	5,515	5,650	27,339	29,603
Non-Current	13,612	6,101	43,488	37,040

The source of the aforementioned credits is the following:

- **Recoverable COFINS, PIS and IPI** – these are basically a result of credits on purchase of inputs used in exported products and sale of products taxed at zero rate. The realization of these credits has been conducted by offsetting other federal taxes.
- **Recoverable income tax and social contribution** – these results from taxes on income overpaid throughout previous years or in the form of advance payment during the current year, and from taxes on financial operations withheld at source. The Company provides services to Petrobras, a state-owned company that performs withholding taxes on sales. These taxes have been offset against taxes payable of the same nature.

- **ICMS** – refers to credits on acquisitions of inputs used in the manufacture of products whose sale is subject to ICMS reduced calculation basis, as well as credits on acquisitions of inputs used in the manufacture of products to be exported.

Actions have been taken to use these accumulated tax credits, mainly involving strategies and logistics for the acquisition of inputs.

On December 31, 2016, the Company had a provision in the amount of R\$8,227 relating to ICMS credits over which it had no expectation of realization. The Company has been able to recover the said credits (R\$122 recovered in 2016 and R\$482 in previous years), and thus, on March 31, 2017, this provision was reversed.

8 Other receivables

on September 30, 2017, the Company has the following balances recorded as other accounts receivable in current and non-current assets, as shown below:

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Other accounts receivable - Current				
Travel advances	32	3	76	48
Advances to employees	492	554	729	944
Profits and dividends receivable	-	2,913	1,664	4,577
Receiving insurance and accident	138	138	138	138
Other receivables	228	205	1,494	687
Total	890	3,813	4,101	6,394
Other accounts receivable - Non-current				
Loans receivable from related Unifit	6,935	6,570	6,935	6,570
Loans receivable from related Luxxon	163	154	6,091	5,681
Accounts receivable related to investment sale	-	-	-	4,155
Other receivables	-	-	479	479
Total	7,098	6,724	13,505	16,885

9 Investments

9.1 Investments in subsidiaries and associated companies

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
In affiliates	432,075	350,523	-	-
Goodwill on acquisition of investments (Note 11)	6,065	6,065	-	-
Total	438,140	356,588	-	-

	Mipel	Recu	LESP	Finance	Finance II	LNC	LOFS	Lochness	Parent	
									09/30/2017	12/31/2016
Investment										
Amount of share or quotas										
Ordinary shares (thd)	-	3,000	-	-	-	-	-	619,895		
Capital stock quotas (thd)	18,717	-	379,174	50	1	-	-	-		
Participation %	100	95	100	100	100	2	100	100		
Shareholders' equity										
(Unfunded liabilities)	10,743	820	27,993	225,238	-	12,243	33,259	5,794		
Income (Loss) for the year	(3,116)	-	70	60,252	-	(1,253)	(4,600)	(12,136)		
Unrealized profits	(369)	-	-	-	-	-	-	-		
Fair value of SABR assets and liabilities	-	-	-	-	-	-	-	54,536		
Changes in investments										
Beginning balance	16,374	877	72,853	169,298	-	318	41,994	48,809	350,523	448,991
Advance for future capital increase	(1,183)	-	8,257	-	-	-	-	(4,757)	2,317	(11,699)
Sale of interest in subsidiary	-	-	-	-	-	-	(2,485)	-	(2,485)	-
Equity pick-up result	(3,132)	-	70	60,150	-	(29)	(4,601)	42,400	94,858	(32,616)
Equity evaluation adjustments	-	(98)	(266)	(4,210)	-	(9)	(1,649)	(6,906)	(13,138)	(54,153)
Final balance	12,059	779	80,914	225,238	-	280	33,259	79,546	432,075	350,523

The corporate names of the subsidiaries and associated companies are the following: Mipel - Mipel Ind. Com. Válvulas Ltda. - In Judicial Recovery; LESP – Lupatech – Equipamentos e Serviços para Petróleo Ltda. - In Judicial Recovery; Lupatech Finance Limited – In Judicial Recovery; Finance II - Lupatech II Finance Limited; LNC – Lupatech Netherlands Coöperatief U.A.; LOFS – Lupatech OFS Coöperatief U.A. and Lochness Participações S/A – In Judicial Recovery.

The equity pick-up result is composed as follow:

	Parent			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
In affiliates	60,950	10,134	94,858	(91,867)
In joint venture	1,337	(9,922)	(442)	(9,922)
Total	62,287	212	94,416	(101,789)

	Consolidated			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
In joint venture	1,337	(9,922)	(442)	(9,922)
Total	1,337	(9,922)	(442)	(9,922)

9.1.1 Reversal of fair value adjustments of contingencies undertaken in business combination

The contingencies undertaken in the business combination of Companhia San Antonio Brasil S/A, in August 2012, were evaluated and adjusted to fair value in accordance with CPC 15.

On September 30, 2017, these amounts were reversed and booked as other operating revenues in the amount of R\$54,536 in the consolidated statements, while recognized as equity gain in the parent company.

9.2 Investments in jointly controlled entities (joint venture)

Luxxon Participações S/A is a jointly controlled entity of the Lupatech Group with Axxon Group. The Company shares with the other members of the joint administration of relevant activities of that entity.

On September 30, 2017, the Company recognized investments in joint ventures related to Luxxon Participações S/A, as a provision for unfunded liabilities in the amount of R\$15,058 (R\$19,180 on December 31, 2016).

Investments in jointly controlled are measured by the equity method.

10 Property, plant and equipment

	rate of depreciation % p.p.	Parent		Consolidated	
		09/30/2017	12/31/2016	09/30/2017	12/31/2016
		Net	Net	Net	Net
Land	-	12,336	12,336	13,897	13,035
Building and construction	2%	30,520	31,190	41,042	42,069
Machinery and equipment	9%	25,591	28,764	153,783	153,917
Molds and matrixes	15%	674	763	791	900
Industrial facilities	5%	6,694	7,138	8,457	8,952
Furniture and fixtures	9%	1,011	1,170	1,932	2,238
Data processing equipments	14%	143	204	298	429
Improvements	2%	173	185	1,456	1,506
Vehicles	19%	107	130	1,256	448
Casks	-	-	1	5	6
Advances for fixed assets acquisitions	-	1	11	9,882	9,857
Construction in progress	-	953	894	44,149	48,373
Total		78,203	82,786	276,948	281,730

Bellow is the breakdown of property, plants and equipments:

Parent								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Data processing equipments	Construction in progress	Others
Gross Cost								
Balance on December 31, 2016	12,336	39,257	90,491	11,725	3,861	3,951	894	497
Additions	-	-	200	6	-	(45)	59	-
Transfer	-	-	-	-	2	-	-	-
Disposal	-	-	(1,176)	-	(34)	(21)	-	(12)
Balance on September 30, 2017	12,336	39,257	89,515	11,731	3,829	3,885	953	485
Parent								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Data processing equipments	Construction in progress	Others
Accumulated depreciation								
Balance on December 31, 2016	-	(8,067)	(60,964)	(4,402)	(2,691)	(3,747)	-	(355)
Additions	-	(670)	(3,205)	(462)	(158)	(70)	-	(24)
Transfer	-	-	-	-	(2)	-	-	-
Disposal	-	-	919	-	33	75	-	2
Balance on September 30, 2017	-	(8,737)	(63,250)	(4,864)	(2,818)	(3,742)	-	(377)
Parent								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Data processing equipments	Construction in progress	Others
Net property, plant and equipment								
Balance on December 31, 2016	12,336	31,190	29,527	7,323	1,170	204	894	142
Balance on September 30, 2017	12,336	30,520	26,265	6,867	1,011	143	953	108

Consolidated								
	Land	Building and construction	Machinery and equipment, molds and matrices	Industrial facilities and improvements	Furniture and fixtures	Data processing equipments	Construction in progress	Others
Gross Cost								
Balance on December 31, 2016	13,035	56,302	430,071	18,934	10,088	10,727	48,373	33,225
Additions	852	-	1,185	5	45	(29)	153	86
Disposal	-	(1)	(22,876)	-	(40)	(25)	(176)	(2,556)
Transfer	-	-	-	-	2	-	-	-
Effect of exchange variance	10	(3)	(4,100)	-	(3)	(9)	(856)	(101)
Reversal of provision for impairment of assets	-	-	21,966	-	-	-	-	1,564
Reclassification for assets held for sale	-	-	8,247	-	-	-	-	-
Reversal of fair value adjustment of business combination SABR	-	-	-	-	-	-	(3,345)	-
Balance on September 30, 2017	13,897	56,298	434,493	18,939	10,092	10,664	44,149	32,218
Total								
								620,755

Consolidated								
	Land	Building and construction	Machinery and equipment, molds and matrices	Industrial facilities and improvements	Furniture and fixtures	Data processing equipments	Construction in progress	Others
Accumulated depreciation								
Balance on December 31, 2016	-	(14,233)	(275,254)	(8,476)	(7,850)	(10,298)	-	(22,914)
Additions	-	(1,025)	(16,433)	(550)	(348)	(155)	-	(740)
Disposal	-	1	13,383	-	37	78	-	2,547
Transfer	-	-	-	-	(2)	-	-	-
Effect of exchange variance	-	1	1,843	-	3	9	-	32
Reclassification for assets held for sale	-	-	(3,458)	-	-	-	-	-
Balance on September 30, 2017	-	(15,256)	(279,919)	(9,026)	(8,160)	(10,366)	-	(21,075)
Total								
								(339,025)

Consolidated								
	Land	Building and construction	Machinery and equipment, molds and matrices	Industrial facilities and improvements	Furniture and fixtures	Data processing equipments	Construction in progress	Others
Net property, plant and equipment								
Balance on December 31, 2016	13,035	42,069	154,817	10,458	2,238	429	48,373	10,311
Balance on September 30, 2017	13,897	41,042	154,574	9,913	1,932	298	44,149	11,143
Total								
								281,730

The value attributed to property, plants and equipments in guarantee of liabilities on September 30, 2017 is as follows:

Guaranteed liabilities	Fixed assets	
	Parent	Consolidated
Taxation (Tax executions)	14,791	14,949
Loans and financing (Note 13)	38,655	55,040
Total	53,446	69,989

Commercial Lease

On September 30, 2017, the Company has through its subsidiary Lupatech OFS S.A.S. commitment of fixed assets acquisition that are in the phase of production through financial leasing in the amount of R\$8,288 (R\$8,854 on December 31, 2016).

Impairment tests

In 2016, based on the appraisal reports of property, plant and equipment, impairment tests were performed, and a provision for impairment loss of R\$28,387 was identified in the consolidated.

In the nine-month ended September 30, 2017, after a new analysis, impairment provision for prior years was recognized and recorded in the amount of R\$24,742 and loss recording in the amount of R\$1,212, consolidated, resulting in an adjustment Net of R\$23,530 in property, plant and equipment (zero in the nine-month ended September 30, 2016).

Depreciation

In the nine-month period ended on September 30, 2017, in accordance with CPC 27, the Company recorded a reversal of a depreciation provision in the amount of R\$3,995 (US\$1,212 thousand) referring to machinery and equipment leased to the indirect subsidiary UNAP International Ltd.

This unit is without operation and has no intention of operating, and will be available for sale after the release of the court of Company's Judicial Recovery.

11 Intangible Assets

	Weighted rates of amortization % p.p.	Parent		Consolidated	
		09/30/2017	12/31/2016	09/30/2017	12/31/2016
		Net	Net	Net	Net
Goodwill (*)	-	55,414	55,414	100,815	100,936
Software and other licenses	20%	698	1,061	1,138	1,670
New projects developments	20%	13,218	13,737	13,559	14,106
Total		69,330	70,212	115,512	116,712

(*) In Parent represents the balance of goodwill of subsidiaries incorporated

Bellow is the breakdown of intangible Assets:

Parent				
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Gross Cost				
Balance on December 31, 2016	55,414	9,665	20,792	85,871
Low for sale as inventories	-	-	(59)	(59)
Balance on September 30, 2017	55,414	9,665	20,733	85,812
Parent				
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Acculated Amortization				
Balance on December 31, 2016	-	(8,604)	(7,055)	(15,659)
Additions	-	(363)	(460)	(823)
Balance on September 30, 2017	-	(8,967)	(7,515)	(16,482)
Parent				
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Net Intangible Assets				
Balance on December 31, 2016	55,414	1,061	13,737	70,212
Balance on September 30, 2017	55,414	698	13,218	69,330
Consolidated				
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Gross Cost				
Balance on December 31, 2016	100,936	12,725	22,139	135,800
Low for sale as inventories	-	-	(59)	(59)
Effect of exchange variance	(121)	-	-	(121)
Balance on September 30, 2017	100,815	12,725	22,080	135,620
Consolidated				
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Acculated Amortization				
Balance on December 31, 2016	-	(11,055)	(8,033)	(19,088)
Additions	-	(532)	(488)	(1,020)
Balance on September 30, 2017	-	(11,587)	(8,521)	(20,108)
Consolidated				
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Net Intangible Assets				
Balance on December 31, 2016	100,936	1,670	14,106	116,712
Balance on September 30, 2017	100,815	1,138	13,559	115,512

Below is a summary of the allocation of goodwill by level of Cash Generating Unit:

UGCs	Goodwill on acquisition of investments			
	Investments (Note 9)		Intangible	
	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Products Segment				
Carbonox and Valmicro (Group of units)	6,065	6,065	6,065	6,065
Lupatech S/A - CSL unit	55,414	55,414	55,414	55,414
Services Segment				
Fiberware Unit	-	-	20,687	20,687
Lupatech OFS Coöperatief U.A. Unit (Netherlands)	-	-	18,649	18,770
Total	61,479	61,479	100,815	100,936
Investment	6,065	6,065	-	-
Intangible Assets	55,414	55,414	100,815	100,936

Goodwill is allocated to cash-generating units for which can be identified in the cash flows of cash-generating units - CGU.

The goodwill allocated to the group of Carbonox and Valmicro units is not relevant in the comparison with the goodwill's total book value, why not individual information of these CGUs is presented.

Below is a summary of amounts recorded as a loss for the non-recoverability of goodwill by level Cash Generating Unit:

UGCs	Goodwill on acquisition of investments	Impairment	Net Goodwill
Products Segment			
Carbonox and Valmicro (Group of units)	6,065	-	6,065
Lupatech S/A - CSL unit	125,414	(70,000)	55,414
Lupatech - Equipamentos de serviços para Petróleo - Oil Tools Unit	9,149	(9,149)	-
Tecval Unit	55,680	(55,680)	-
Lupatech - Equipamentos de serviços para petróleo - Monitoring Systems Unit	9,884	(9,884)	-
Services Segment			
Lupatech - Equipamentos de serviços para petróleo Unit	59,227	(59,227)	-
Fiberware Unit	20,687	-	20,687
Lupatech OFS Coöperatief U.A. Unit (Netherlands)	18,649	-	18,649
Total	304,755	(203,940)	100,815

12 Suppliers

	09/30/2017						12/31/2016					
	Parent			Consolidated			Parent			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Suppliers												
Subject to Judicial Recovery												
Domestic Suppliers	5,646	117,871	123,517	5,646	117,871	123,517	5,646	115,245	120,891	5,646	115,245	120,891
Export Suppliers	871	8,746	9,617	871	8,746	9,617	871	8,746	9,617	871	8,746	9,617
(-) Present value adjustment	-	(56,321)	(56,321)	-	(56,321)	(56,321)	-	(58,129)	(58,129)	-	(58,129)	(58,129)
	6,517	70,296	76,813	6,517	70,296	76,813	6,517	65,862	72,379	6,517	65,862	72,379
Not Subject to Judicial Recovery												
Domestic Suppliers	7,264	-	7,264	23,310	-	23,310	5,420	-	5,420	17,392	-	17,392
Export Suppliers	99	-	99	1,913	-	1,913	97	-	97	1,114	-	1,114
	7,363	-	7,363	25,223	-	25,223	5,517	-	5,517	18,506	-	18,506
Total	13,880	70,296	84,176	31,740	70,296	102,036	12,034	65,862	77,896	25,023	65,862	90,885

According to the current Judicial Recovery plan, 50% of the unsecured credits of suppliers will be paid through the payment of Warrants, and the remaining 50% will be paid in cash within 15 years, with interest and monetary restatement at a variable rate equivalent to TR + 3% per annum, to be paid 30 days after the last installment of the principal, as proposed in the terms of payments of the unsecured creditors of the New Plan.

In the nine-month ended September 30, 2017, there was recording expenses of present value adjustment on supplier's subject to judicial recovery in the amount of R\$1,808.

On September 30, 2016, due to the annulment of the Judicial Recovery Plan originally presented, as mentioned in note 1.1, the amounts related to the adjustment to present value on the balance of supplier's subject to the Plan were reversed.

The balance of adjustment to present value on supplier's subject to judicial recovery, recognized on September 30, 2017 was R\$56,321 (R\$58,129 on December 31, 2016) in the parent and consolidated, considering the discount rate of 13.65% per year.

13 Loans and financing

		09/30/2017						12/31/2016						
		Parent			Consolidated			Parent			Consolidated			
Description	Index	Weighted interest rates	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Subject to Judicial Recovery														
Local currency														
Secured creditors	FIX	3.00% a.a. + TR	-	43,238	43,238	-	43,238	43,238	-	42,023	42,023	-	42,023	42,023
(-) Present value adjustment			-	(20,138)	(20,138)	-	(20,138)	(20,138)	-	(20,835)	(20,835)	-	(20,835)	(20,835)
Unsecured creditors	FIX	3.00% a.a. + TR	-	97,877	97,877	-	175,853	175,853	-	95,124	95,124	-	175,100	175,100
(-) Present value adjustment			-	(45,585)	(45,585)	-	(76,385)	(76,385)	-	(47,163)	(47,163)	-	(78,099)	(78,099)
			-	75,392	75,392	-	122,568	122,568	-	69,149	69,149	-	118,189	118,189
Not subject to Judicial Recovery														
Local currency														
Working capital / expansion	CDI	6.80% a.a.	2,019	-	2,019	2,019	-	2,019	1,778	-	1,778	1,778	-	1,778
Working capital / expansion	TJLP	5.94% a.a.	8,866	-	8,866	16,065	-	16,065	7,466	-	7,466	13,529	-	13,529
Discounted titles		23.83% a.a.	1,262	-	1,262	2,696	-	2,696	555	-	555	1,564	-	1,564
Credit limit	FIX	213.4% a.a.	41	-	41	41	-	41	-	-	-	-	-	-
Foreign currency														
Working capital / expansion	US DOLAR	7.48% a.a.	1,732	-	1,732	2,880	-	2,880	1,544	-	1,544	2,569	-	2,569
Working capital / expansion	PESO COP	13.83% a.a.	-	-	-	7,499	8,256	15,755	-	-	-	3,971	12,666	16,637
			13,920	-	13,920	31,957	7,499	39,456	11,343	-	11,343	23,411	12,666	36,077
			13,920	75,392	89,312	31,957	130,067	162,024	11,343	69,149	80,492	23,411	130,855	154,266

According to the plan of Judicial Recovery in force, 35% of the credits secured by the Judicial Recovery will be paid through the payment of Warrants, and the remaining 65% will be paid in cash within 15 years, with interest and correction at a variable rate equivalent to TR + 3% per annum, to be paid 30 days after the maturity of the last installment of the principal, as proposed in the terms of payments of the secured creditors of the New Plan.

In the case of unsecured loans and financing, in accordance with the Judicial Recovery Plan in force, 50% will be paid through the payment of Warrants and the remaining 50% will be paid in cash within 15 years, with Interest increase and monetary restatement at a variable rate equivalent to TR + 3% per annum, to be paid 30 days after the last installment of the principal, as proposed in the terms of payments of the unsecured creditors of the New Plan.

In the nine-month ended September 30, 2017, there was a recording of the adjustment to present value of loans and financing subject to judicial recovery in the amount of R\$2,275 in the parent and R\$2,411 in the consolidated.

On September 30, 2016, due to the annulment of the Judicial Recovery Plan originally presented, as mentioned in note 1.1, the amounts related to the adjustment to present value of loans and financing, debentures and bonds, classified as subjects the Judicial Recovery, were reverted.

The balance of adjustment to present value on loans and financing subject to judicial recovery, recognized on September 30, 2017 is R\$65,723 (R\$67,998 on December 31, 2016) at the parent and R\$96,523 (R\$98,934 on December 31, 2016) in the consolidated, considering the discount rate of 13.65% per year.

Maturities for non-current financing installments are distributed as follow:

Maturity	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
2018	-	-	1,884	7,138
2019	3,149	-	9,797	5,105
from 2020	72,243	69,149	118,386	118,612
	<u>75,392</u>	<u>69,149</u>	<u>130,067</u>	<u>130,855</u>

The guarantees of the loans and financing were granted as follows, on September 30, 2017:

		Value of the guarantee			
		Parent		Consolidated	
		Book value*	Appraisal report value**	Book value*	Appraisal report value**
Subject to Judicial Recovery					
Local currency		Guarantee			
Working capital / expansion	Mortgage / Buildings	36,063	103,220	36,063	103,220
Working capital / expansion	Machinery and equipment	2,592	2,624	2,592	2,624
		<u>38,655</u>	<u>105,844</u>	<u>38,655</u>	<u>105,844</u>
Not subject to Judicial Recovery					
Foreign currency		Guarantee			
Working capital / expansion	Own financed asset	-	-	16,385	16,385
		<u>-</u>	<u>-</u>	<u>16,385</u>	<u>16,385</u>
		<u>38,655</u>	<u>105,844</u>	<u>55,040</u>	<u>122,229</u>

* Net values of depreciation.

** Evaluation according to the reports prepared by Appraisal Avaliações e Engenharia Limitada, in July 2015, presented to the Judicial Recovery Court, shown in the table above for reference.

The indirect subsidiary, OFS SAS, has covenants related to financial leasing agreement with Bancolombia which require the maintenance of (a) EBITDA 2x more than interest expense paid (b) Debt / EBITDA until 3x. On September 30, 2017, the indirect subsidiary Lupatech OFS SAS attended to the condition of financial covenants. The total amount of this loan is R\$4,114, recorded in current liabilities in the amount of R\$1,542 and R\$2,571 in non-current liabilities (total amount of R\$4,145 on December 31, 2016 recorded R\$41 in current liabilities and R\$4,104 in non-current liabilities).

On September 30, 2017, the Company has a balance of R\$4,433 (R\$4,256 on December 31, 2016) of billing notification by Votorantim S/A bank relating to the Guarantee provided - Guaranteed by a letter of guarantee requested by Nordeste do Brasil S/A bank for repayment of loan from Unifit – Unidade de Fios Industriais de Timbaúba S/A and BNB, totaling R\$31,180 of which the Company was a guarantor on 50%.

Due to the Judicial Recovery Plan, Bonds and Debentures are treated and registered with loans subject to judicial recovery in noncurrent liabilities, due to their classification as unsecured creditors of the Plan, where they have interest and monetary restatement at a variable rate equivalent to TR + 3% per year, as determined for the payment of these creditors in the new Judicial Recovery Plan.

14 Related parties

14.1 Subsidiary

The balances and transactions between the Company and its subsidiaries, which are its related parties, were eliminated in the consolidation. The details related to the transactions between the parent company and its subsidiaries are presented below:

	Parent					09/30/2017	12/31/2016
	SABR	Mipel Sul	Lupatech Finance	LESP	OFS		
Assets							
Current							
Accounts receivable	-	18	-	-	-	18	-
Other accounts receivable	1,406	73	77,237	467	7	79,190	84,809
Non-current							
Mutual and loans	25,088	-	803,865	-	-	828,953	852,786
	<u>26,494</u>	<u>91</u>	<u>881,102</u>	<u>467</u>	<u>7</u>	<u>908,161</u>	<u>937,595</u>
Liabilities							
Current							
Accounts payable	-	60	-	-	-	60	130
Other accounts payable	-	120	-	1,204	-	1,324	1,459
Mutual and loans	-	-	43,370	29,969	-	73,339	68,404
Non-current							
Mutual and loans	-	-	1,113,862	-	-	1,113,862	1,090,985
	<u>-</u>	<u>180</u>	<u>1,157,232</u>	<u>31,173</u>	<u>-</u>	<u>1,188,585</u>	<u>1,160,978</u>
Income						<u>09/30/2017</u>	<u>09/30/2016</u>
Sales	-	164	-	-	-	164	56
Purchases	-	2,576	-	-	-	2,576	2,994
Financial income	4	-	-	-	-	4	105
Financial expenses	-	-	60,402	21	-	60,423	65,471
Exchange variance	-	-	54,567	-	-	54,567	123,531
	<u>4</u>	<u>2,740</u>	<u>114,969</u>	<u>21</u>	<u>-</u>	<u>117,734</u>	<u>192,157</u>

Parent							
	Transaction date	Time	Interest rate	Amount R\$	Balance US\$	09/30/2017	12/31/2016
Assets mutual							
Foreign currency							
Contract 1	July-14	Indetermined	105% at DI-Cetip	627,226	253,745	803,865	826,982
Contract 2	July-14	Indetermined	105% at DI-Cetip	20,992	7,903	25,036	25,755
Contract 3	December-14	Indetermined	12,000% p.p.	288	16	52	49
				648,506	261,664	828,953	852,786
Foreign currency							
Contract 1	July-07	13 years	9,875% p.p.	28,025	16,182	51,265	50,857
Contract 2	July-07	13 years	9,875% p.p.	65,391	38,905	123,251	122,188
Contract 3	May-09	11 years	12,000% p.p.	40,736	30,726	97,338	94,354
Contract 4	May-09	11 years	12,000% p.p.	117,249	88,571	280,594	271,907
Contract 5	July-09	11 years	12,000% p.p.	50,618	40,967	129,785	125,806
Contract 6	September-09	11 years	10,100% p.p.	134,378	111,339	352,722	344,143
Contract 7	October-09	11 years	10,000% p.p.	46,231	38,598	122,277	119,303
Contract 8	December-15	Indetermined	-	36,951	9,460	29,969	30,831
				519,579	374,748	1,187,201	1,159,389
				521,750	374,748	1,187,201	1,159,389

Loan agreements and foreign currency loans between Lupatech Finance Company and are presented net amount of R\$353,367 (R\$301,576 on December 31, 2016) in liabilities of the parent, due to come from the same transaction related to perpetual bonds.

The transactions are made according to the conditions agreed among the parts.

On September 30, 2017, the Company has a loan agreement with the Unifit – Unidade de fios Industriais de Timbaúba S/A in the amount of R\$6,935 (R\$6,570 on December 31, 2016). This amount is recorded in other receivables as non-current assets.

The Company has, on September 30, 2017, a loan agreement with the jointly Luxxon Participações S/A amounting to R\$6,091 (R\$5,681 on December 31, 2016). This amount is recorded in other receivables in non-current assets.

a. Guarantees granted

The transactions with related parties are not backed by any guarantees, and are nothing but either ordinary commercial transactions (purchase and sale of materials), or intercompany loans.

b. Conditions of price and interests

Intercompany loan in Brazil are monetarily restated according to the DI-Cetip monthly rate for funds raised in the market.

14.2 Key management staff

a. Management compensation

Lupatech S/A - In Judicial Recovery registered a total of R\$2,779 in the nine-month ended September 30, 2017 related to management compensation (R\$3,110 in the nine-month ended September 30, 2016). At the Annual and Extraordinary General Meeting held on May 12, 2017, the fixed remuneration and annual global variable of the Company's management was approved for the year in the amount up to R\$7,962, and so divided: up to R\$3,552 for the global fixed remuneration; including benefits and charges; up to R\$3,276 to the overall variable remuneration; and up to R\$1,134 for the fixed remuneration of the Board of Directors.

On September 30, 2017, the Company has the amount of R\$4,397, booked as current liabilities, related to variable compensation from the financial debt restructuring plan of the Company (R\$4,397 on December 31, 2016).

In the period of nine-months ended September 30, 2017, the Company did not pay a variable compensation related to the retention plan for executives and key personnel in the Company (payment of R\$2,313 in the period of nine-month ended September 30, 2016).

14.3 Loans e debentures with Shareholders

On September 30, 2017, the amount of loans with GPCM, LLC. (A subsidiary of Oilfield Services Holdco LLC) is R\$7,627 (R\$7,323 on December 31, 2016), and are booked in non-current liabilities, with loans subject to judicial recovery.

15 Income taxes and social contribution

For companies with headquarters in Brazil, depending on the situation of each company, if levied by taxable profit, the provision for income tax is calculated and accounted at the 15% rate over the taxable income, plus an additional 10%, and the social contribution at the 9% rate, calculated and accounted over the income before income tax, adjusted pursuant to tax laws. The companies levied based on presumed profit calculate their income tax at the rate of 15%, plus an additional 10%, and social contribution at the rate of 9%, over presumed profits from 8% to 32% for income tax and 12% for social contribution on subsidiaries' gross income from selling and services, pursuant to the fiscal rules in force.

The operations of subsidiaries located in Argentina are taxed at a 35% rate on adjusted profit for tax purposes. Operation of subsidiary located in Colombia is taxed at a 33% rate on adjusted profit for tax purposes.

a. Deferred income tax and social contribution – Current assets

On September 30, 2017, the balance of deferred income tax and social contribution assets recorded in current assets and income for the year (R\$6,954 in the parent company and R\$24,046 in the consolidated) refers to the recognition of the expectation of the use of tax loss carryforwards to pay for certain contingencies as permitted by the Special Program for Tax Regularization - PERT.

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
CURRENT ASSETS				
Deferred income tax and social contribution on tax loss accumulated until 2015	6,954	-	24,046	-
Deferred income tax and social contribution - Current assets	6,954	-	24,046	-

b. Deferred income tax and social contribution – Non-current liabilities

On September 30, 2017, in the parent and consolidated, all active balances were recognized in the proportionality of the existing liabilities. The existing deferred income and social contribution tax balances are presented as follows:

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
NON-CURRENT LIABILITIES				
Adjustment to present value of suppliers, fines, loans and debentures	(29,046)	(30,018)	(36,377)	(37,381)
Assigned Cost	-	-	(16,809)	(19,764)
Others	-	-	4,066	619
Deferred income tax and social contribution - Non-current liabilities	(29,046)	(30,018)	(49,120)	(56,526)

On September 30, 2017, the balance of deferred income tax and social contribution liabilities is R\$29,046 in the parent company and R\$49,120 in the consolidated (R\$30,018 on December 31, 2016 in the parent and R\$56,526 in the consolidated).

Deferred income and social contribution taxes, for the nine-month period ended September 30, 2017, are recorded in the result, in the amounts of R\$7,926 in the parent and R\$29,485 in the consolidated (R\$74,738 in the parent and R\$96,449 consolidated for the nine-month period ended September 30, 2016).

c. Conciliation of income tax and social contribution

	Parent			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Profit (Loss) before tax	36,882	(52,429)	4,619	(551,635)
Additions and exclusions				
Equity pick-up	(62,287)	(212)	(94,416)	101,789
Provision of losses on inventory obsolescence	342	176	1,708	5,200
Allowance for doubtful accounts	(6)	64	51	(664)
Non-deductible interest	18,137	12,788	53,599	61,456
Provision for loss contingencies	1,339	(436)	2,645	2,305
Present value adjustment	1,394	-	4,084	310,683
Tax amortization of goodwill on investment	-	-	(3,446)	(10,195)
Provision of interest on suppliers	1,198	7,552	3,393	26,327
Provision for exchange variation	(7,167)	-	(7,167)	-
Other	(12,555)	32,497	(7,031)	(36,417)
Calculation basis	(22,723)	-	(41,961)	(91,151)
Combined tax rate	34%	34%	34%	34%
Income tax and social contribution by the combined tax rate	-	-	-	-
Current Income tax and social contribution of subsidiaries with taxable income	-	-	-	-
Deferred tax and social contribution	7,286	795	7,926	74,738

	Consolidated			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Profit (Loss) before tax	20,689	(52,840)	(11,080)	(571,058)
Additions and exclusions				
Equity pick-up	(1,337)	9,922	442	9,922
Provision of losses on inventory obsolescence	901	950	2,403	6,464
Provision for impairment of assets	-	-	(23,530)	-
Allowance for doubtful accounts	(241)	(509)	(136)	(910)
Non-deductible interest	18,137	12,788	53,599	61,456
Provision for loss contingencies	2,705	(3,865)	11,262	1,132
Present value adjustment	1,439	-	4,219	394,788
Tax amortization of goodwill on investment	-	(3,445)	(10,995)	(20,529)
Provision of interest on suppliers	1,409	8,672	3,802	27,447
Provision for exchange variation	(4,066)	-	(4,066)	-
Other	(84,118)	19,818	(113,170)	(38,858)
Calculation basis	(44,482)	(8,509)	(87,250)	(130,146)
Combined tax rate	34%	34%	34%	34%
Income tax and social contribution by the combined tax rate	-	-	-	-
Current Income tax and social contribution of subsidiaries with taxable income	(4,346)	(171)	(5,860)	(2,288)
Deferred tax and social contribution	27,825	1,377	29,485	96,449

16 Contingencies processes

16.1 Provision for tax, labor and civil risks

The Company, through its attorneys, has been discussing some tax, labor and civil issues in court. The provision for tax, labor and civil risks was determined by the Management based on available information and supported by the opinion of the Company's attorneys as to the expected decision, in an amount deemed sufficient to cover losses considered likely to occur, which may occur in view of unfavorable court decisions.

		Parent		Consolidated	
		Expectation of loss		Expectation of loss	
		Possible	Probable	Possible	Probable
Tax (i)					
VAT	(i.1)	71,662	-	98,215	-
CSLL - Social Contribution on Net Income	(i.2)	-	-	6,380	-
IRPJ - Corporate Income Tax	(i.3)	30,618	-	97,312	15,470
INSS - National Institute of Social Security	(i.4)	-	-	1,722	-
IPI - Excise Tax	(i.5)	1,536	-	1,536	-
COFINS - Tax for Social Security Financing	(i.6)	-	-	381	-
ISS - Services Tax	(i.7)	-	-	5,881	4,361
CIDE - Contribution for Intervention in the Economic					
Domain	(i.8)	-	-	1,054	-
Other	(i.9)	-	-	607	203
		103,816	-	213,088	20,034
Labor (ii)		7,754	7,222	44,301	37,963
Civil (iii)		15,859	324	30,844	10,210
Total on September 30, 2017		127,429	7,546	288,233	68,207
Total on December 31, 2016		117,711	10,820	205,684	123,977

These figures cover the whole of the Group companies to include figures under litigation and administrative as well as situations where incurred even without the existence of release or formal questioning by the authorities, give rise to risks of future losses.

The provision for resources involved in legal disputes in the amounts above (R\$7,546 in parent and R\$68,207 in consolidated as on September 30, 2017 and R\$10,820 in parent and R\$123,977 in consolidated on December 31, 2016) and referring to the spheres listed below takes into account the probable loss, and this set when an outflow of economic benefits is presumed on the matter discussed, the trials accruing in each demand and the jurisprudential understanding of each case.

In turn, the demands with probability of possible loss are excluded from the provision.

Indemnity assets

The Company is entitled to be reimbursed to the limit of R\$50,000 related to losses it may incur arising from any known contingencies not as guarantee clause in the Investment Agreement signed with GP Investments and other parties. Contingencies not known at the time of the transaction may result this warranty to be triggered in the future.

On April 4, 2017, the Company filed a petition with the Market Arbitration Chamber to institute arbitration against GP Investments and its vehicles seeking reimbursement for losses incurred by the Company and arising from (i) contingencies not known to San Antonio Brasil S/A, and (ii) breach of obligations and breach of declarations and warranties.

The lawsuits are divided into three levels, namely:

(i) *Tax provision*

Issues regarding state and federal taxes, among these IRPJ (corporate income tax), PIS (social integration program), COFINS (contribution for social security financing), INSS (Brazilian Social Security Institute), ICMS (value-added tax) and IPI (tax on manufactured products). There are legal proceedings in all phases, from lower courts to higher courts, STJ (Higher Court of Justice) and STF (Higher Federal Court). The main processes and values are as follows:

Contingent lawsuits classified as possible loss:

- (i.1) Infraction notices by the Finance Department of the State of Rio Grande do Sul (SEFAZ/RS) versus Lupatech S/A – In Judicial Recovery, due to lack of payment - fictitious export of VAT. Process subject to possible loss of R\$53,671 and is waiting for judgment of the extraordinary appeal.

Writ of mandamus of Lupatech Perfuração e Completação Ltda. - In Judicial Recovery, against the National Treasury of Cabo Frio city and Others. Process subject to possible loss of R\$25,277.

Execution tax of the State of São Paulo against Lupatech S/A- In Judicial Recovery, for the purpose of collection of VAT due on imports, not including additional freight for renewal of the merchant navy (AFRMM) on the basis of calculation of tax due. The process is in distribution stage, and on November 26, 2015 the Company filed a petition requesting that any act of constriction be referred to the universal judgment (Bankruptcy stick and Judicial Recoveries), and December 10, 2015, there ordinatório act performed, intimating the State to science. On January 13, 2016, was filed Exception of pre-executivity and, on April 07, 2016, filed impugnation by the State of São Paulo. Process subject to possible loss of R\$7,992.

Annulment action against tax debt Lupatech S/A - In Judicial Recovery, by the State of São Paulo. On May 17, 2016 granted the emergency protection to suspend the payment of claims. On May 24, 2016, the Company filed a motion stating that it made the payment of official warrant rate of justice, and the first installment of judicial rate. Process subject to possible loss of R\$3,408.

Tax enforcement of São Paulo State Treasury regarding the collection of VAT and fine debt, the notice of violation with a fine of imposition nº 3149008 against Lupatech S/A – In Judicial Recovery in the amount of R\$1,738, subject to possible loss. On April 17, 2015, it was certified the filing of the Instrument of Appeal filed against a decision that granted the online attachment and reported the filing of a Special Appeal. On April 22, 2015, an order was issued determining the manifestation of the parties about the certificate issued informing that a Special Appeal is being processed before the 9th Chamber of the TJSP. On October 23, 2015, the Special Appeal was inadmitted and directed to the processing of Resources. On June 13, 2016, together with the petition filed by the Company, informing about the filing of the Appeal.

Annulment action against the State of Rio Grande do Sul by Lupatech S/A - In Judicial Recovery, which seeks to suspend the tax liability due regardless of the presentation of the guarantee. The tax debt consists of amounts of ICMS, arrears interest and fine for material tax infraction found in the tax action of the State Revenue Auditors. The statement that the author company failed to export the imported goods under the special customs regime of Drawback Suspension and, therefore, failed to collect the ICMS within the legal time limit, is stated in the notice of release (pages 59/80). Process subject to possible loss of R\$1,646.

Fiscal Execution of the National Treasury against Lupatech S/A - MNA Nova Odessa Unit. On June 22, 2016, process sent to the State, this being the last update. Process subject to possible loss of R\$1,204.

Fiscal Execution of the Treasury of the State of São Paulo against Lupatech S/A. On March 31, 2017 there was an appeal filed against the EPE together and on the same date as the ordinary act requesting the manifestation of the contested offer regarding the EPE presented. Process subject to possible loss of R\$1,009.

- (i.2) Federal Action against Lupatech Perfuração e Completação Ltda. - In Judicial Recovery, referring to federal taxes, where on September 14, 2016, a petition for a document document was filed. Process subject to possible loss of R\$2,258.

Action of nonconformity of Lupatech Perfuração e Completação Ltda. - In Judicial Recovery, with the Federal Revenue Service of Brazil. Process subject to possible loss of R\$1,736.

Tax assessment by the Federal Revenue of Brazil against Sotep – Sociedade Técnica de Perfuração S/A – In Judicial Recovery, regarding the collection of social contributions on the payroll typified in the art. 22 of Law nº 8.212/91, as well as incidents on the remuneration paid, due or credited to their services to individual taxpayers. In July 22, 2014, autos welcomed the 2nd Trial Section of the CARF to voluntary appeal trial. Possible loss of R\$1,379.

Action of nonconformity of the Federal Revenue of Brazil against Lupatech Perfuração e Completação Ltda. Process subject to possible loss of R\$1,007 and is awaiting judgment of the manifestation of non-compliance presented by the Company.

- (i.3) Tax assessment notice issued by the Federal Revenue Service of Brazil against Lupatech Perfuração e Completação Ltda. - In Judicial Recovery. Case subject to possible loss of R\$44,034.

Security order of Lupatech S/A - In Judicial Recovery against Delegate of the Federal Revenue of Brazil, in Piracicaba/SP, for adhesion of debit to the simplified installment - Law nº 10.522/02. Case subject to possible loss of R\$22,138, and is awaiting judgment of the appeal.

Tax assessment notice issued by the Federal Revenue Service of Brazil against Lupatech Perfuração e Completação Ltda. - In Judicial Recovery. Process subject to possible loss of R\$8,420.

Tax enforcement by the Federal Union against Lupatech S/A – In Judicial Recovery resulting from the administrative process which refers to the allegation of revenue omission, having as basis documents obtained in an illicit and incorrect way by the Federal Revenue. The act of violation originally recorded was decided on first administrative instance where it achieved success; the tax requirements as well as the allegation of omission were excluded. Such decision was confirmed by the Taxpayers Council. The process is subject to classification of possible loss by the legal consultants and totals the updated amount of R\$5,431. Currently, the process is awaiting trial judgment of embargo presented to restore the decision that denied continuation to the Extraordinary Remedy lodged from the Union for recognizing the unconstitutionality of the break of bank secrecy.

Process of requesting compensation from Brazil's Federal Revenue against Lupatech Serviços de Petróleo Ltda - In Judicial Recovery, referring to the negative balance of the IRPJ where, on August 19, 2015, a manifestation of nonconformity was presented. Since August 28, 2015 the process is in the reception and sorting service DRJ-RJO-RJ. Process subject to possible loss of R\$5,360.

Administrative proceeding of the Federal Revenue of Brazil, request for tax compensation by Prest Perfurações Ltda – In Judicial Recovery. Process subject to possible loss of R\$3,332.

Infraction notice issued by the Federal Revenue of Brazil against Prest Perfuração Ltda. - In Judicial Recovery. On April 27, 2017, the case was referred to the National Center for Process Management. Process subject to possible loss of R\$1,494.

Tax assessment by the Internal Revenue Service of Brazil against Lupatech S/A - In Judicial Recovery, through which requires separate fine resulting from the application of the percentage of 50% on the amount of object debts of unapproved compensation as provided in art.74, § 17 of Law nº 9.430/96. On November 6, 2015, presented objection alleging the unconstitutionality of the fine imposed on contesting. Possible loss of R\$1,479.

- (i.4) Notice of Infringement drawn up for collection by DEBCAD No. 37.142.030-0, regarding the conversion of ancillary obligation into main obligation, consisting of the failure to declare in GFIP the contributions due in the period between January 1999 and June 2007 at the company Sotep Sociedade Drilling Technique S/A - In Judicial Recovery. Case subject to possible loss of R\$1,722. On April 29, 2011, a process was received at the CARF for the judgment of the Voluntary Appeal filed by the company, with distribution on August 6, 2015.
- (i.5) Tax Enforcement against Lupatech S/A – In Judicial Recovery consistent in launching IPI debts under omission pretext revenue, with the foundation documents obtained unlawfully. The process is subject to possible loss classification (trending to probable loss) the legal consultants and comes to a total amount of R\$1,536. It is currently awaiting trial Paradigma Appeal.
- (i.7) Fiscal Execution of the Municipality of Três Rios - RJ, against Sotep - Sociedade Técnica de Perfuração S/A - In Judicial Recovery. Case subject to possible loss of R\$3,336.
- (i.8) Fiscal Administrative Procedure of the Federal Revenue Secretariat of Brazil against Lupatech Perfuração e Completação Ltda. – In Judicial Recovery, for charging debits of CIDE resulting from remittances outside Brazil. On February 20, 2015, the Federal Revenue of Brazil partially upheld the appeal lodged by the records of the administrative process. On April 9, 2015, file forwarded to the CARF and given input on July 16, 2015. Process subject to possible loss of R\$1,054.

Contingent processes classified as probable loss

- (i.3) Assessment notice from the Federal Revenue of Brazil, issued due to the arbitration of the company's profit Lupatech Perfuração e Completação Ltda - In Judicial Recovery in the 2010 calendar year due to shortcomings in the transmission of Digital Bookkeeping (ECD). His last update was on March 6, 2015, when the case was referred to Delagacia Internal Revenue Service of Ribeirão Preto Brazil. Process with probable loss of R\$14,787.

- (i.7) ISS over the provision of services performed on the Brazilian continental shelf, which may be subject to challenge by the tax authorities. Process without lawsuit subject to probable loss if challenged in R\$4,223.

(ii) *Labor provision*

The Company and its subsidiaries are part of labour lawsuits referring to discussions that are mainly complaints about overtime, insalubrities and dangerousness, among others. None of the lawsuits refers to individually significant values.

(iii) *Civil provision*

The main discussions in this area, classified as possible loss are related to:

- (iii.1) Common share obligation moved by Weatherford Indústria e Comércio Ltda. Weus Holding Inc. and is alleged misappropriation of confidential blueprints of your property. The process has a risk classification as probable loss and approximate value of R\$623, as possible loss of R\$2,080, and remote loss of R\$42.000. It is currently in the execution stage/final award, pending forensic accounting.
- (iii.2) Search and seizure action filed by BNDES - National Economic Development Bank against Lupatech S/A - In Judicial Recovery. Process in the knowledge stage, subject to a possible loss of R\$12,139.
- (iii.3) Execution of Extrajudicial Title filed by STMS Manutenção Comércio e Serviços de Máquinas Ltda-ME against Lupatech S/A - In Judicial Recovery. Case awaiting service of the Company in Appeal. Subject to possible loss of R\$1,348.
- (iii.4) Execution of Extra-Legal Title made by Banco Pine S/A against Lupatech S/A - In Judicial Recovery. An Exception on June 22, 2017, the Company petitioned to reject Banco Pine's previous petition. Case subject to possible loss of R\$2,210.
- (iii.5) Collection action of Smith International Brazil Ltda. Process subjecting the possible loss of R\$2,173.
- (iii.6) Collection action of Tania Regina dos Santos Mathias Epp. Process subjecting the possible loss of R\$1,369.

The main discussions in this area classified as probable loss are related to:

- (iii.7) Action for return for damages, where the author requests reimbursement of the amounts blocked in the records of the labor claim filed by Bergson Rosa against San Antonio International do Brasil Serviços de Petróleo Ltda., the Author, UNAP International Ltda., Delba Marítima Navegação Ltda. And Cia Batsco Ltda. Process with probable loss of R\$4,015.
- (iii.8) Indemnification action of Meiodia Refeições Industriais Ltda - EPP, against Lupatech Perfuração e Completação Ltda – In Judicial Recovery. Process with probable loss of R\$3,663.
- (iii.9) Indemnification action of the company Aeróleo Taxi Aéreo S/A. Case subject to probable loss of R\$1,116.

The changes in provision balance on September 30, 2017 are as follows:

	Parent				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balance on December 31, 2016	4,199	6,338	283	10,820	51,381	62,288	10,308	123,977
Net additions	(4,199)	5,242	41	1,084	(3,347)	15,716	1,080	13,449
Net write-offs	-	(4,358)	-	(4,358)	-	(8,903)	(11)	(8,914)
Reversal of the fair value adjustment of the business combination SABR, referring to the contingent process classified as possible loss, according to CPC 15	-	-	-	-	(28,000)	(31,138)	(1,167)	(60,305)
Balance on September 30, 2017	-	7,222	324	7,546	20,034	37,963	10,210	68,207

16.2 Contingent assets

	Probability of probable gain	
	Parent	Consolidated
Tax (i)	5,619	93,196
Balance on September 30, 2017	5,619	93,196
Balance on December 31, 2016	5,297	21,296

The Company did not record contingent gains, for it only records them after the claims are final and unappeasable or upon the effective inflow of funds.

(i) Tax provision

Tax – discussions related to city, state and federal tax rights.

Main processes contingent tax assets with probable gain:

- (i.1) Security order of Sotep - Sociedade Técnica de de Perfuração S/A - In Judicial Recovery versus National Treasury in the State of Bahia. Probable gain amount of R\$72,715.
- (i.2) Tax assessment notice and fine, drawn up by the Federal Revenue Service of Brazil against Lupatech S/A - In Judicial Recovery, with the purpose of collecting IRPJ and CSLL debts ascertained in the calendar years 2009 and 2010, under the Allegation that Tecval made undue tax deduction of goodwill paid by TCV, upon the acquisition of the control of Tecval itself. Amount subject to probable gain for the discussion of the qualified fine in the amount of R\$4,236.
- (i.3) Refutation of fiscal execution about ICMS collection of Lupatech S/A - In Judicial Recovery, due to the transfer of goods between establishments of the company itself, supported by the Certificate of Active Debt nº 1092569630 (AIIM nº 3158871). On July 04, 2016, a judgment was handed down ruling the Embargoes to Execution, declaring the unenforceability of the tax, as well as the nullity of the CDA that bases the Fiscal Execution. Probable gain amount of R\$1,382.
- (i.4) Administrative proceeding of request of restitution of taxes in the Federal Revenue of Brazil by Prest Perfurações Ltda. - In Judicial Recovery. Probable process of gain of R\$3,372.
- (i.5) Common action filed by Prest Perforaciones Ltda. - In Judicial Recovery against the State of Rio Grande do Norte. Process subject to probable gain of R\$3,312.
- (i.6) Federal Administrative Proceedings of Prest Perfurações Ltda. - In Judicial Recovery against Federal Revenue of Brazil. Processes in recursal phase subject to a probable gain of R\$3,240.

- (i.7) Action against the State of Rio de Janeiro filed by Lupatech Perfuração e Completação Ltda - In Judicial Recovery. Process distributed on June 16, 2017, probable gain of R\$1,930.

16.3 Judicial deposits

The Company has the following balances of judicial deposits on September 30, 2017, which are linked to contingent liabilities:

	Judicial deposits	
	Parent	Consolidated
Tax contingencies	611	3,618
Labor contingencies	1,183	26,440
Civil contingencies	174	1,498
Balance on September 30, 2017	1,968	31,556
Balance on December 31, 2016	1,663	24,657

17 Taxes payable

On September 30, 2017, the Company has the following balances recorded as taxes payable in current and non-current liabilities, according to the composition below:

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Tax payable - Current				
PERT Installment	13,971	-	51,786	-
REFIS of Cup Law 12.996/2014 Installment	-	63	-	344
SESI/SENAI Installment	-	-	11	11
INSS - National Institute of Social Security	1,630	1,115	3,602	3,060
IRPF - Personal Income Tax	42,429	39,637	42,516	40,120
CSLL - Social Contribution on Net Income	83	21	91	40
COFINS - Tax for Social Security Financing	1,181	1,047	1,588	4,552
PIS - Employees' Profit Participation Program	256	193	333	955
IPI - Excise Tax	-	-	-	-
FGTS - Guarantee Fund for Time of Service	1,433	1,464	4,646	1,977
VAT	1,335	1,335	8,139	6,625
Other	221	242	2,751	2,378
Total	62,539	45,117	115,463	60,062

	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Tax payable - Non-Current				
INSS REFIS installment	219	1,600	258	2,540
IRPJ REFIS installment	3,672	3,672	3,672	3,672
CSLL REFIS installment	1,329	1,329	1,329	1,329
COFINS REFIS installment	643	643	643	643
REFIS of Cup Law 12.996/2014 Installment	691	753	691	4,084
Monetary variation	8,196	8,196	8,151	8,151
Other	5	-	5	87
	14,755	16,193	14,749	20,506
Judicial deposits linked to REFIS installment	(10,459)	(10,459)	(10,459)	(10,459)
Total	4,296	5,734	4,290	10,047

On August 31, 2017, the Company promoted the adhesion of several Lupatech Group Companies to the Special Tax Regularization Program - PERT, established by Provisional Measure nº. 783/2017 and legalized through Law 13.496/2017.

Through this action, the Company reorganized R\$53,544 of its liabilities related to tax contingencies, of which R\$ 41,418 refers to debits of the Brazilian Federal Revenue – RFB and R\$12,126 to debts with the Office of the Attorney General of the National Treasury - PGFN.

The adhesion requires payment in cash of 7.5% in view of the value of the consolidated debt, divided into five consecutive monthly payments, and another R\$7,185 in 145 monthly installments, maturing from January 2018.

The Company will use R\$24,046 of accumulated tax losses of the Group to settlement of the rest of the consolidated tax debt, in accordance with PERT conditions.

The Company has already paid two installments related to the tolling on the plan, on August 31, 2017 and September 30, 2017, for a total of R\$1,758.

Total debt adhered to PERT	53,544
(-) Payment of installments 1 and 2	(1,758)
PERT Balance on September 30, 2017	51,786

This program generates a direct benefit to the Lupatech Group with discounts on interest, fines and charges, and represents another important step of the Company in its restructuring process.

As explained in note 27, the amounts above were originally calculated in accordance with provisional measure no. 783/2017, which were later legalized through Law 1396/1997 with material changes. Such adjustments included the prorogation of the program until November 14, 2017, according to Provisional Measure no. 807, of October 31, 2017, and also, by altering the parameters of the Program introduced by the Law, which opened new possibilities and scope of adhesion. Therefore, the figures presented are expected to change materially.

18 Shareholders' equity

a. Capital stock

Current integrated capital stock only comprises common shares with 100% tag-along right, as follows:

	Parent and Consolidated	
	Quantity of share Thousand	Capital stock R\$
Balance on December 31, 2016	9,394	1,853,684
Balance on September 30, 2017	9,394	1,853,684

b. Dividends

Annually, is ensured to the shareholders, the distribution of a minimum mandatory dividend of 25% of net income adjusted as per corporate legislation.

c. Equity Evaluation Adjustment

The Company recognizes in this rubric the effects of exchange rate variations on the investments in subsidiaries abroad and on the goodwill originating from acquisitions of investments abroad whose functional currency follows the one that the operation abroad is subject to. The accumulated effect will be reverted for the income statement of the fiscal year as gain or loss only in case of sale or decrease of the investment. On September 30, 2017, the balance of equity evaluation adjustment is R\$51,610 (R\$65,617 on December 31, 2016).

d. Options granted

In the period of nine-months ended on September 30, 2017, there weren't changes in the balance of R\$13,549 of the reserve of options granted.

e. Capital reserve to be realized

In the terms of Lupatech Group's Judicial Recovery Plan, the exchange of a portion of the liability subject to the Plan for the Warrants to be issued within two years of the judicial approval of the Plan was contracted on a definitive basis. Accordingly, for the exclusive purpose of complying with accounting regulations, the Company applied the provisions of ICPC 16. Thus, the amounts of liabilities swapped for warrants (R\$298,493 on December 31, 2016) and the adjustment to fair value (R\$292,152 on December 31, 2016) were recorded as capital reserve to be realized in the net amount of R\$6,341.

19 Financial instruments

19.1 Financial risk management

Financial risk factor

The Group's activities expose it to several financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's program for global risk management is focused on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance through the use of derivative financial instruments to protect certain exposures.

Risk management is carried out by the Group's treasury according to approved policies, except for jointly-owned subsidiaries, which are shared with the other controlling shareholders. The Group's treasury identifies, evaluates and protects the Company against possible financial risks in cooperation with the Group's operating units. The Board of Directors sets forth principles for global risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, use of derivative and non-derivative financial instruments.

(i) *Exchange risk*

The Company operates internationally and is exposed to foreign exchange risk resulting from exposure to some currencies, mainly the US dollar and the Colombian Peso.

Foreign exchange risk results from trade and financial operations, recorded assets and liabilities and net investments in overseas operations.

The Management has established a policy that requires that the Company manage their foreign exchange risk related to their functional currency. In order to manage their foreign exchange risk resulting from trade operations, the Company seeks to balance their balance of trade between purchases and sales in currencies different from their functional currency.

The Company has certain investments in overseas operations whose net assets are exposed to foreign exchange risk.

On September 30, 2017 and December 31, 2016, the Company and its subsidiaries had assets and liabilities denominated in US dollars, as shown in the table below:

Items	Amounts in US dollar thousands			
	Parent		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Cash and cash equivalents	-	14	969	152
Accounts receivable	116	841	1,827	2,477
Other assets	-	6	30,115	35,298
Related parties	261,665	261,663	-	-
Loans and financing	(547)	(474)	(25,523)	(25,328)
Related parties	(374,748)	(355,739)	-	-
Other obligations	(22)	(211)	(1,017)	(1,467)
Net exposure in Dollar	(113,536)	(93,900)	6,371	11,132

On September 30, 2017, the US dollar rate in relation to the Brazilian Real was US\$1.00 = R\$3.1680 (on December 31, 2016 US\$1.00 = R\$3.2591). If the Real depreciates 10% in relation to the official dollar rate at the end of the year and all the other variables remain equal is a loss of approximately R\$23,739 in parent and a gain of R\$1,332 in consolidated.

Analysis of the sensitivity of foreign currency, variation of interest rate and risks involving derivative transactions

As presented in the note 19.1, the Company is exposed to risks of fluctuation of interest rates and foreign currencies (other than its functional currency, the "Real"), mainly the U.S. dollar on their loans, financing and perpetual bond. The sensitivity analysis considers 3 scenarios of interest rate fluctuation and exchange rate fluctuation. To define the scenarios used, the Company's Management believes that the following assumptions may be fulfilled, with their respective

likelihoods; however, it is worth pointing out that these assumptions are based on judgments of the Company's Management and that they may vary significantly in relation to the actual results due to market conditions, which cannot be estimated with certainty on this date for the full estimation profile.

As established by CVM Instruction 475 by the Directors of the Company presents the sensitivity analysis, considering:

Scenario involving a probable interest rate parity of US Dollar in comparison with Brazilian Real estimated by the Management:

Interest rate for the year 2017: 9.5%

US\$: 3.53

Scenario involving a possible interest rate parity of US Dollar in comparison with Brazilian Real and a twenty-five percent (25%) impairment in the risk variable considered likely:

Interest rate for the year 2017: Increase of 11.9%

US\$: 4.41

Scenario involving a remote interest rate parity of US Dollar in comparison with Brazilian Real and a fifty percent (50%) impairment in the risk variable considered likely:

Interest rate for the year 2017: Increase of 14.3%

US\$: 5.30

The impact shown in the table below refers to the period of 1 year of projection:

		Scenario as per description above					
Operating	Risk	Parent			Consolidated		
		Probable	Possible	Remote	Probable	Possible	Remote
Loans and financing	US\$ hike	213	731	1,250	2,373	8,157	13,941
Loans and financing	Interest rate hike	81	101	122	129	161	194
Mutual contracts	US\$ hike	150,414	517,101	883,787	-	-	-
Total (gain) loss		150,708	517,933	885,159	2,502	8,318	14,135

(ii) *Cash flow or fair value associated with interest rate*

The Group's interest rate risk arises from long-term loans. The loans funded at variable rates expose the Group to cash flow interest rate risk. The Group's loans at variable rates were mainly denominated in "Reais". To reduce the possible impacts resulting from these fluctuations, the Company adopts a policy of diversification, alternating the contract of its debts, adjusted to the market.

The Group analyzes its interest rate exposure dynamically. Several scenarios are simulated taking into consideration refinancing, renewal of existing positions, and alternative financing and hedge. Based on these scenarios, the Group determines a reasonable change in the interest rate and calculates the impact on income. For each simulation, the same change in interest rate is used for all currencies. The scenarios are prepared only for liabilities representing the main interest-bearing positions.

Based on the simulations and considering the Group's indebtedness profile on September 30, 2017, the impact on income, after the calculation of income tax and social contribution, with a variation of around 0.25 percentage points in variable interest rates and with all the other variables

remaining constant, would correspond to an approximate increase of R\$30 in interest expenses for the year.

The simulation is conducted quarterly to ascertain whether the maximum loss potential is within the limits set forth by the Management.

The credit and cash positioning restrictions faced by the Company significantly limit the possibilities of interest rate risk management.

(iii) *Credit risk*

Credit risk is managed within the company. It arises from cash and cash equivalents, derivative financial instruments, deposits in banks and financial institutions and exposure to client credit. For banks and financial institutions, securities from entities classified by the Company's Management as prime are accepted. Individual risk limits are determined based on internal or external classifications, according to limits set forth by the Management. The use of credit limits is monitored regularly and recorded when applicable the allowance for doubtful accounts.

Client selection and the monitoring of the periods for financing sales by business segments and individual position limits are procedures adopted in order to minimize potential default in its accounts receivable. Our revenues are more concentrated, directly and indirectly, on the client Petrobras, which amounted for the period of nine months ended on September 30, 2017 approximately 25.8% (57.4% for the period of nine months ended on September 30, 2016) of the Company's and its subsidiaries' total revenues.

(iv) *Liquidity risk*

The cautious management of liquidity risk implies keeping enough cash and securities, availability of funding through conditional credit lines and the ability to settle market positions. Due to the dynamic nature of the Group's businesses, the treasury keeps funding flexible by maintaining conditional credit lines.

The Management monitors the level of the Group's liquidity, considering the expected cash flow, which comprises the unused credit lines, cash and cash equivalents. This is generally conducted locally within the Group's operating subsidiaries, according to the practice and the limits set forth by the Group. These limits vary according to the region in order to take into account the liquidity of the market where the organization operates. Additionally, the Group's liquidity management policy involves the projection of cash flows in the main currencies and the consideration of the level of net assets required to achieve these projections, the monitoring of the balance sheet's liquidity index in relation to the internal and external regulatory requirements and the maintenance of debt financing plans.

19.2 **Fair value estimate**

The fair value of financial assets and liabilities that have terms and conditions and traded in active markets is determined on the basis of observed prices in these markets.

The fair value of other assets and liabilities (excluding derivative instruments) is determined by pricing models that use as a base the estimated discounted cash flows from the prices of similar instruments applied to transactions in a current market observable.

The fair value of derivative instruments is calculated using quoted prices. When those prices are not available, is used the analysis of discounted cash flows using the yield curve, apply according to the duration of the derivative instruments to no options. For derivatives containing options models are used models for pricing options.

The Company's main financial assets and liabilities are described below, as well as the criteria for their valuation/assessment:

a. Cash, cash equivalents and securities held to maturity

Balances in cash and cash equivalents and securities have a similar value to the accounting balances, considering their turnover and liquidity. The table below shows this comparison:

Items	Parent		Consolidated	
	Book value	Fair Value	Book value	Fair Value
Cash and cash equivalents	5	5	6,381	6,381
Marketable securities	3,195	3,195	3,195	3,195

b. Loans and financing

The estimated market value was calculated based on the present value of future cash disbursement, using interest rates available to the Company, and the evaluation indicates that the market values, in relation to the accounting balances, are as follows:

Items	Parent		Consolidated	
	Book value	Fair Value	Book value	Fair Value
Loans and financing	89,312	89,860	162,024	160,366

19.3 Financial instruments by category

Summary of financial instruments by category:

	Parent					
	09/30/2017			12/31/2016		
	Empréstimos e recebíveis	Mantidos até o vencimento	Total	Empréstimos e recebíveis	Mantidos até o vencimento	Total
Assets, according to balance sheet						
Securities-restricted	-	3,195	3,195	-	3,587	3,587
Accounts receivable	18,186	-	18,186	16,818	-	16,818
Cash and cash equivalents	5	-	5	123	-	123
Related parties	104,296	-	104,296	110,613	-	110,613
Total	122,487	3,195	125,682	127,554	3,587	131,141
	Parent					
	09/30/2017			12/31/2016		
	Not subject to Judicial Recovery			Not subject to Judicial Recovery		
	Judicial Recovery	Financial liabilities at amortized cost	Total	Judicial Recovery	Financial liabilities at amortized cost	Total
Liabilities, according to balance sheet						
Loans and financing	75,392	13,920	89,312	69,149	11,343	80,492
Suppliers	76,813	7,363	84,176	72,379	5,517	77,896
Related parties	-	384,720	384,720	-	333,996	333,996
Total	152,205	406,003	558,208	141,528	350,856	492,384

Consolidated					
09/30/2017			12/31/2016		
Loans and receivables	Held to maturity	Total	Loans and receivables	Held to maturity	Total
Assets, according to balance sheet					
Securities-restricted	3,195	3,195	-	3,587	3,587
Accounts receivable	-	38,917	44,912	-	44,912
Cash and cash equivalents	-	6,381	1,233	-	1,233
Total	3,195	48,493	46,145	3,587	49,732
Liabilities, according to balance sheet					
09/30/2017			12/31/2016		
Judicial Recovery	Not subject to Judicial Recovery		Judicial Recovery	Not subject to Judicial Recovery	
Creditors list	Financial liabilities at amortized cost	Total	Creditors list	Financial liabilities at amortized cost	Total
Loans and financing	39,456	162,024	118,189	36,077	154,266
Suppliers	25,223	102,036	72,379	18,506	90,885
Total	64,679	264,060	190,568	54,583	245,151

20 Insurance coverage

It is the Company's principle to maintain insurance coverage for property, plant and equipment, inventories subject to risks, in the "Comprehensive Business" modality. It also has general liability insurance coverage, as shown below:

Insurance purpose	Amount secured	
	09/30/2017	
- Comprehensive business insurance	R\$	75,965
- General civil responsibility insurance	R\$	8,000
- International freight insurance *	US\$	1,000

* Amounts in US dollar thousands.

21 Statement of net Sales

	Parent			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Gross sales and/or services				
In Brazil	8,105	6,475	19,098	16,430
Export	203	99	4,064	597
	8,308	6,574	23,162	17,027
Deductions for gross sales				
Taxes on sales	(1,468)	(1,068)	(3,484)	(2,899)
Net sales and/or services	6,840	5,506	19,678	14,128

	Consolidated			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Gross sales and/or services				
In Brazil	28,391	34,790	89,504	119,638
Export	456	100	4,740	598
	28,847	34,890	94,244	120,236
Deductions for gross sales				
Taxes on sales	(2,334)	(3,496)	(7,727)	(12,822)
Net sales and/or services	26,513	31,394	86,517	107,414

22 Income (Loss) per Share

a. Basic

The basic income (loss) per share is calculated by dividing the gain or loss attributable to the Company's shareholders by the weighted average number of common shares issued during the year.

Items	Parent			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Income (Loss) attributable to shareholders of the company	44,168	(51,634)	12,545	(476,897)
Weighted average quantity of common shares outstanding (thousands)	9,394	9,394	9,394	9,394
Basic Income (loss) per share - R\$	4.70	(5.50)	1.34	(50.77)

Items	Consolidated			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Income (Loss) attributable to shareholders of the company	44,168	(51,634)	12,545	(476,897)
Weighted average quantity of common shares outstanding (thousands)	9,394	9,394	9,394	9,394
Basic Income (loss) per share - R\$	4.70	(5.50)	1.34	(50.77)

b. Diluted

The diluted Income (loss) per share is calculated by adjusting the weighted average number of outstanding common shares to presume the conversion of all potential diluted common shares.

For stock options, a calculation is made to determine the number of shares that could have been acquired, based on the monetary value of the subscription rights attached to the outstanding stock options.

The options under share-based payments are dilutive when they result in the issuance of shares at a value below the average market price of shares during the period less the adjusted issue price at the fair value of the services to be provided to the Company in the future according with the option of purchase of the stock.

In the nine-month period ended September 30, 2017, the calculation of diluted shares was a gain and therefore dilution in the number of shares was not applied.

Items	Parent			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Income (Loss) attributable to shareholders of the company	44,168	(51,634)	12,545	(476,897)
Weighted average quantity of common shares outstanding (thousands)	9,394	9,394	9,394	9,394
Diluted Income (loss) per share - R\$	4.70	(5.50)	1.34	(50.77)

Items	Consolidated			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Income (Loss) attributable to shareholders of the company	44,168	(51,634)	12,545	(476,897)
Weighted average quantity of common shares outstanding (thousands)	9,394	9,394	9,394	9,394
Diluted Income (loss) per share - R\$	4.70	(5.50)	1.34	(50.77)

23 Financial result

Items	Parent			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Financial Income				
Income from financial investments	48	205	177	644
Related-party interest income (mutual contract)	1	6	4	105
Monetary variance	-	320	9	343
Interest on receivables	4	160	329	482
Other financial income	15	2	108	7
Total financial Income	68	693	627	1,581
Financial Expenses				
Interest on loans and financing	(2,019)	(9,201)	(6,371)	(43,227)
Interest and charges on debentures	-	(2,945)	-	(14,318)
Present value adjustment	(1,394)	-	(4,084)	(310,683)
Interest of mutual contract	(20,296)	(20,447)	(60,423)	(65,471)
Discount granted	(1)	-	(5)	(765)
Provision of interest on suppliers	(1,198)	(7,552)	(3,393)	(26,327)
Fines and interest on taxes	(4,155)	(1,683)	(5,896)	(16,337)
IOF, banking expenses and others	(915)	(383)	(1,475)	(2,128)
Total financial expenses	(29,978)	(42,211)	(81,647)	(479,256)
Gain on exchange variance	77,106	9,536	194,827	420,306
Loss on exchange variance	(64,800)	(13,038)	(187,744)	(370,133)
Exchange variance, net	12,306	(3,502)	7,083	50,173

Items	Consolidated			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Financial Income				
Income from financial investments	53	244	197	1,135
Monetary variance	105	555	1,431	1,306
Interest on receivables	202	1,942	823	2,560
Other financial income	86	17	224	1,552
Total financial Income	446	2,758	2,675	6,553
Financial Expenses				
Interest on loans and financing	(3,261)	(10,659)	(10,210)	(46,756)
Interest on perpetual bond	(79)	(1,227)	(236)	(30,459)
Interest and charges on debentures	-	(2,945)	-	(14,318)
Present value adjustment	(1,439)	-	(4,219)	(394,788)
Discount granted	(1)	(1)	(227)	(766)
Provision of interest on suppliers	(1,409)	(8,672)	(3,802)	(27,447)
Fines and interest on taxes	(16,350)	(1,991)	(19,682)	(19,248)
IOF, banking expenses and others	(3,987)	(889)	(5,675)	(4,253)
Total financial expenses	(26,526)	(26,384)	(44,051)	(538,035)
Gain on exchange variance	67,935	11,476	187,954	392,226
Loss on exchange variance	(55,618)	(14,707)	(181,966)	(341,492)
Exchange variance, net	12,317	(3,231)	5,988	50,734

24 Other operating expenses (income)

Items	Parent			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Other operating income				
Reversal of provision for loss of lawsuit	-	-	37	234
Gain on disposal of fixed assets	-	1	929	2
Reversal of provision for losses on inventory obsolescence	-	34	19	36
Adjustment to market value with inventories	-	-	-	1,054
Revenue from sale of investments	-	-	-	28,599
Reversal of provision for loss of tax recovery	-	-	7,745	-
Other	9	505	13	508
Total other operating income	9	540	8,743	30,433
Other operating expenses				
Provision for loss of lawsuit	(1,336)	439	(2,636)	(2,301)
Loss on disposal of fixed assets	-	(5)	(204)	(5)
Provision for losses on inventory obsolescence	(342)	(210)	(1,727)	(5,236)
Extraordinary losses with inventories	-	-	-	(4,668)
Cost of idle production	(1,954)	(2,512)	(6,161)	(8,104)
Cost of investment sold	-	-	-	(15,284)
Other	(8)	(224)	(62)	(303)
Total other operating expenses	(3,640)	(2,512)	(10,790)	(35,901)
Other operating income (expenses), net	(3,631)	(1,972)	(2,047)	(5,468)

Items	Consolidated			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Other operating income				
Reversal of provision for loss of lawsuit	727	-	764	4,956
Gain on disposal of fixed assets	105	30	6,023	36
Reversal of provision for losses on inventory obsolescence	-	85	226	87
Adjustment to market value with inventories	-	-	-	1,054
Contractual fines	-	500	-	500
Revenue from sale of investments	6,302	-	6,302	28,599
Reversal of provision for loss of tax recovery	-	-	7,745	-
Reversal of provision for impairment of assets	129	-	24,742	-
Reversal of fair value adjustment of business combination SABR	54,536	-	54,536	-
Other	1,063	530	1,125	602
Total other operating income	62,862	1,145	101,463	35,834
Other operating expenses				
Provision for loss of lawsuit	(2,705)	3,820	(11,262)	(1,132)
Loss on disposal of fixed assets	(53)	(30)	(2,950)	(11,748)
Provision for losses due to non-recoverability of assets	-	-	(1,212)	-
Provision for losses on inventory obsolescence	(901)	(1,035)	(2,629)	(6,551)
Extraordinary losses with inventories	-	(33)	-	(4,701)
Cost of idle production	(2,330)	(3,012)	(7,453)	(9,773)
Cost of investment sold	(9,243)	-	(9,243)	(15,284)
Other	(4,381)	(146)	(5,662)	(1,073)
Total other operating expenses	(19,613)	(436)	(40,411)	(50,262)
Other operating income (expenses), net	43,249	709	61,052	(14,428)

25 Expenses by type

Items	Parent			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Depreciation and amortization	(1,750)	(2,002)	(5,412)	(6,228)
Salaries, social charges and benefits	(3,021)	(3,403)	(9,430)	(9,182)
Raw material	(3,907)	(2,414)	(11,334)	(6,894)
Commissions	(275)	(212)	(628)	(583)
Freights	(141)	(85)	(355)	(225)
Legal advice and tax	(1,626)	(2,187)	(4,775)	(6,503)
Traveling expenses	(152)	(94)	(349)	(347)
Provision for loss of lawsuit	(1,339)	436	(2,645)	(2,305)
Residual value on disposal of fixed assets	-	(5)	(204)	(5)
Provision of contractual fines	(55)	(55)	(112)	(214)
Losses on inventory obsolescence	(343)	(210)	(1,727)	(5,236)
Cost of idle production	(1,954)	(2,512)	(6,161)	(8,104)
Extraordinary losses with inventories	-	-	-	(4,668)
Customs expenses	(3)	(20)	(42)	(20)
Cost of investment sold	-	-	-	(15,284)
Other expenses	(84)	(904)	(1,107)	(1,107)
	(14,650)	(13,667)	(44,281)	(66,905)
Classified as:				
Cost of sales	(6,694)	(5,140)	(20,446)	(14,438)
Selling expenses	(1,202)	(1,218)	(3,302)	(2,646)
General and administrative expenses	(2,348)	(3,797)	(6,964)	(10,810)
Management fees	(766)	(1,000)	(2,779)	(3,110)
Other operating expenses	(3,640)	(2,512)	(10,790)	(35,901)
	(14,650)	(13,667)	(44,281)	(66,905)

Items	Consolidated			
	For the three months ended		For the nine months ended	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Depreciation and amortization	(3,404)	(11,823)	(20,271)	(37,039)
Salaries, social charges and benefits	(18,007)	(21,443)	(54,909)	(88,884)
Raw material	(6,244)	(4,816)	(18,717)	(18,344)
Commissions	(368)	(270)	(846)	(748)
Freights	(226)	161	(586)	(470)
Legal advice and tax	(1,999)	(2,991)	(6,245)	(9,821)
Traveling expenses	(183)	(131)	(425)	(499)
Provision for loss of lawsuit	(2,705)	3,865	(11,262)	(1,132)
Impairment of assets	-	-	(1,212)	-
Residual value on disposal of fixed assets	(53)	(30)	(2,950)	(11,748)
Provision of contractual fines	(55)	(68)	(157)	(1,588)
Losses on inventory obsolescence	(902)	(1,035)	(2,629)	(6,551)
Cost of idle production	(2,330)	(3,012)	(7,453)	(9,773)
Extraordinary losses with inventories	-	(33)	-	(4,701)
Customs expenses	(1,305)	(1,658)	(5,405)	(5,387)
Cost of investment sold	(9,243)	-	(9,243)	(15,284)
Other expenses	(9,236)	(5,316)	(20,920)	(11,667)
	<u>(56,260)</u>	<u>(48,600)</u>	<u>(163,230)</u>	<u>(223,636)</u>
Classified as:				
Cost of sales	(27,860)	(36,168)	(94,594)	(134,104)
Selling expenses	(1,394)	(2,147)	(4,493)	(6,144)
General and administrative expenses	(6,627)	(8,849)	(20,953)	(30,016)
Management fees	(766)	(1,000)	(2,779)	(3,110)
Other operating expenses	(19,613)	(436)	(40,411)	(50,262)
	<u>(56,260)</u>	<u>(48,600)</u>	<u>(163,230)</u>	<u>(223,636)</u>

26 Information by business segment

The Company established the Group's operating segments based on the reports used to make strategic decisions, reviewed by the Board of Directors considers that the target markets are segmented lines of **products** and **services**, same composition presented in note 1.

Geographically, the Management considers the performance of Brazilian and South America markets. The distribution by region takes into account the location of Group's companies and not client's location.

Revenues generated by operating segments mainly derive from:

- a. **Products:** platforms mooring cables in deep waters, manual and automated valves for use in the exploitation, production, transportation and oil refining and hydrocarbon chain, oil well completion equipment, drill pipe coatings and production.
- b. **Services:** services as workover, well intervention, drilling, coating and inspection of pipes.

Inter-segments sales were made as arm's length transactions. Revenues from external parties informed to the Board of Executive Officers were measured consistently with those revenues reported in the statement of income.

The amounts provided to the Board of Executive Officers in relation to total assets are compatible with balances recorded in the financial statements. These assets are allocated based on the segment operations and physical place of assets.

The amounts provided to the Board of Executive Officers in relation total liabilities are compatible with balances recorded in the financial statements. These liabilities are allocated based on the segment operations.

The Company's revenues have higher concentrations involving the customer Petrobras, directly and indirectly, which responded for the period of nine months ended on September 30, 2017 by approximately 25.8% (57.4% for the period of nine months ended on September 30, 2016) of the total revenue of the Company and its subsidiaries.

The information by segment is as follows:

	For the three months ended					
	Products		Services		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Net sales	9,428	7,805	17,085	23,589	26,513	31,394
Cost of sales	(9,052)	(7,225)	(18,808)	(28,943)	(27,860)	(36,168)
Gross profit	376	580	(1,723)	(5,354)	(1,347)	(4,774)
Selling expenses	(1,540)	(1,416)	146	(731)	(1,394)	(2,147)
General and administrative expenses	(2,418)	(3,246)	(4,209)	(5,603)	(6,627)	(8,849)
Management fees	(270)	(240)	(496)	(760)	(766)	(1,000)
Equity pick-up	1,337	(9,922)	-	-	1,337	(9,922)
Other operating income (expenses), net	(2,741)	(2,672)	45,990	3,381	43,249	709
Income before financial results	(5,256)	(16,916)	39,708	(9,067)	34,452	(25,983)
	Products		Services		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Identifiable assets (1)	218,055	219,219	321,799	335,280	539,854	554,499
Identifiable liabilities (2)	44,296	23,910	219,764	221,241	264,060	245,151
	For the three months ended					
	Products		Services		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Depreciation and amortization	(1,660)	(1,795)	(1,744)	(10,028)	(3,404)	(11,823)
Acquisition of property, plants and equipment	191	493	1,237	(14)	1,428	479

1 - Identifiable assets: accounts payable; inventories; property, plants and equipments, and goodwill; recoverable income taxes; marketable securities

2 - Identifiable liabilities: accounts payable and loans and financing

	For the nine months ended					
	Products		Services		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Net sales	26,505	20,115	60,012	87,299	86,517	107,414
Cost of sales	(26,940)	(20,070)	(67,654)	(114,034)	(94,594)	(134,104)
Gross profit	(435)	45	(7,642)	(26,735)	(8,077)	(26,690)
Selling expenses	(4,153)	(3,327)	(340)	(2,817)	(4,493)	(6,144)
General and administrative expenses	(7,693)	(9,687)	(13,260)	(20,329)	(20,953)	(30,016)
Management fees	(833)	(614)	(1,946)	(2,496)	(2,779)	(3,110)
Equity pick-up	(442)	(9,922)	-	-	(442)	(9,922)
Other operating income (expenses), net	(1,720)	(18,072)	62,772	3,644	61,052	(14,428)
Income before financial results	(15,276)	(41,577)	39,584	(48,733)	24,308	(90,310)
	Products		Services		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016
	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Identifiable assets (1)	218,055	219,219	321,799	335,280	539,854	554,499
Identifiable liabilities (2)	44,296	23,910	219,764	221,241	264,060	245,151

	For the nine months ended					
	Products		Services		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Depreciation and amortization	(5,085)	(5,553)	(15,186)	(31,486)	(20,271)	(37,039)
Acquisition of property, plants and equipment	325	695	1,972	1,901	2,297	2,596

1 - Identifiable assets: accounts payable; inventories; property, plants and equipments, and goodwill; recoverable income taxes; marketable securities
2 - Identifiable liabilities: accounts payable and loans and financing

Information by geographic region is as follows:

	For the three months ended					
	Brazil		South America		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Net sales	10,596	24,393	15,917	7,001	26,513	31,394
	Brazil		South America		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016
	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Identifiable assets (1)	464,716	478,163	75,138	76,336	539,854	554,499
Identifiable liabilities (2)	242,879	222,813	21,181	22,338	264,060	245,151
	Brazil		South America		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Depreciation and amortization	(1,988)	(9,397)	(1,416)	(2,426)	(3,404)	(11,823)
Acquisition of property, plants and equipment	199	479	1,229	-	1,428	479

1 - Identifiable assets: accounts payable; inventories; property, plants and equipments, and goodwill; recoverable income taxes; marketable securities
2 - Identifiable liabilities: accounts payable and loans and financing

	For the nine months ended					
	Brazil		South America		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Net sales	46,174	83,682	40,343	23,732	86,517	107,414
	Brazil		South America		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016
	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Identifiable assets (1)	464,716	478,163	75,138	76,336	539,854	554,499
Identifiable liabilities (2)	242,879	222,813	21,181	22,338	264,060	245,151
	Brazil		South America		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Depreciation and amortization	(15,976)	(29,198)	(4,295)	(7,841)	(20,271)	(37,039)
Acquisition of property, plants and equipment	359	2,416	1,938	180	2,297	2,596

1 - Identifiable assets: accounts payable; inventories; property, plants and equipments, and goodwill; recoverable income taxes; marketable securities

2 - Identifiable liabilities: accounts payable and loans and financing

27 Subsequent events

Adhesion to the Special Tax Regularization Program - PERT

As a result of the extension to the date of adhesion to Pert until November 14, 2017, of Provisional Measure nº. 807, of October 31, 2017, and also, for the alteration and inclusion of new possibilities in the Program, the Company will carry out inclusion of new tax contingencies to PERT.

Below, the main novelties presented in Provisional Measure nº 807:

- Possibility to include taxes withheld and not collected; debits involving crimes of evasion, fraud or collusion; and debits owed by the incorporator opting for the Special Tax Regime of Equity Segregation;
- New modality of payment: 24% in 24 installments, the remainder with credits that the taxpayer may have with the Federal Revenue, including Tax Loss carryforwards or CSLL Negative Calculation Base;
- The percentage to be paid cash in 2017 was reduced, from 7.5 to 5%, for debt totaling less than R\$ 15 million per company;
- Increase in discounts: after the 2017 downpayment (5 or 20%, depending on whether the debt is greater or less than R\$ 15 million), if the taxpayer chooses to pay the entire balance of the debt in January 2018, 90% reduction on interest and 70% on fines; case the company chooses to pay the balance in 145 installments, the discount will be 80% on interest and 50% on fines; if choose to pay in 175 installments, then 50% reduction of interest and 25% of the fines apply.

On November 14, 2017, the Company will pay the third installment of the PERT downpayment, adjusting the new debits added to the Program as a result of the extension of the adhesion date, and in accordance with Provisional Measure No. 807.

Independet auditor's report

REPORT ON THE REVIEW OF QUARTERLY INFORMATION - ITR

To
Management and Shareholders of
Lupatech S/A – In Judicial Recovery
Nova Odessa - SP

Introduction

We have reviewed the individual and consolidated interim financial information of Lupatech S/A - In Judicial Recovery ("Company"), contained in the Interim Financial Information (ITR) for the quarter ended on September 30, 2017, which comprise the balance sheet on September 30, 2017 and the related statements of income and comprehensive income for the three and nine months periods then ended, changes in shareholders' equity and cash flows for the nine-month period then ended, including the notes to the financial statements.

The Company's management is responsible for preparing the interim individual financial information in accordance with CPC 21 (R1) - Interim Financial Statements and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, Issued by the International Accounting Standards Board (IASB), as well as for presenting this information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Brazilian and international standards for review of interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Entity's Auditor and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of inquiries, mainly to persons responsible for financial and accounting matters, and in the application of analytical procedures and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance with auditing standards and therefore has not enabled us to obtain assurance that we are aware of all material matters that could be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, we are not aware of any fact that would lead us to believe that the individual interim financial information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) applicable to Quarterly Information (ITR) and presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on consolidated interim financial information

Based on our review, we are not aware of any facts that may lead us to believe that the consolidated interim financial information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by the IASB applicable to the preparation of Quarterly Information (ITR) and presented in a manner consistent with the standards issued by the Securities and Exchange Commission.

Emphasis

Judicial recovery

As mentioned in note 1.2 to the interim financial information, on November 8, 2016, Lupatech S/A and its direct and indirect subsidiaries had their New Judicial Recovery Plan approved by the Lupatech Group's General Meeting of Creditors. Judgment of the 1st Bankruptcy and Judicial Recovery Court of the Court of Justice of the State of São Paulo, without any reservations, on December 1, 2016. The Company filed foreclosure of the statement since the issuance of the approval did not mention one of the Group Companies in Judicial Recovery. On February 15, 2017, the court corrected its approval order, including the company not mentioned. During the quarter ended on September 30, 2017, there was no presentation of any grievance against the approved plan. Our conclusion has no qualification related to this subject.

Going Concern

As mentioned in note 1.1 to the interim financial information, the Company and its subsidiaries have generated recurring losses and during the nine-month period ended on September 30, 2017 incurred a loss before tax and social contribution of R\$11,080 and have not generated cash in amount Sufficient to settle its obligations. These conditions, together with the fact that the Company and its subsidiaries entered the judicial recovery process, indicate the existence of significant uncertainty that may raise significant doubt as to the Company's and its subsidiaries' continuing operating capacity. The reversal of this situation of recurring losses and difficulty in generating cash depends on the success of the Company's and its subsidiaries' restructuring and financial restructuring plans, as well as compliance with the judicial recovery plan, described in note 1.2 to the financial statements. Our conclusion has no qualification related to this subject.

Other Matter

Statement of value added

We have also reviewed the individual and consolidated statements of value added (DVA) for the nine-month period ended on September 30, 2017, prepared under the responsibility of the Company's management, whose presentation in the interim information is required in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of the Quarterly Information (ITR) and considered supplementary information under IFRSs, which do not require the presentation of the DVA. These statements have been subject to the same review procedures described above and, based on our review, we are not aware of any facts that may lead us to believe that they have not been prepared, in all material respects, in a manner consistent with the interim accounting information Individual and consolidated financial statements taken as a whole.

Comparative balances

The amounts corresponding to the year ended December 31, 2016 and the interim information for the nine-month period ended on September 30, 2016, presented for comparison purposes, were audited and reviewed, respectively, by other independent auditors that issued reports Dated March 28, 2017 and August 11, 2016, respectively, which contained similar emphases as described in the paragraphs above.

São Paulo, November 14, 2017.

Crowe Horwath Macro Auditores Independentes
CRC-2SP033508/O-1

Sérgio Ricardo de Oliveira
Accountant – CRC-1SP186070/O-8

Management's declaration of the financial statements

In accordance with section VI of article 25 of CVM Instruction 480, of December 7, 2009, Management declares that reviewed, discussed and agreed with the Quarterly Information (ITR) for the quarter ended on September 30, 2017.

Nova Odessa, November 14, 2017.

Rafael Gorenstein - Chief Executive Officer and Investor Relations Officer
Paulo Prado da Silva - Director without specific designation

Management's declaration of the independent auditor's report

In accordance with section VI of article 25 of CVM Instruction 480, of December 7, 2009, Management states that reviewed, discussed and agreed with independent auditors' report relating to Company's Financial Statements for the period of three months ended on September 30, 2017.

Nova Odessa, November 14, 2017.

Rafael Gorenstein - Chief Executive Officer and Investor Relations Officer
Paulo Prado da Silva - Director without specific designation