INTERIM FINANCIAL STATEMENTS Q1 2018

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

NIRE 35.3.0045756-1

Management Report

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

Message from the Administration

Context

In the 1st trimester of 2018 we have observed positive winds in regards to the perspectives of recovery of business.

The economic activity shows signals of leaving behind the deep and long recession. Despite the fact that the currency devaluation observed in the days that preceded this report has negatively affected the prognosis for this year, it is of common sense that the worst is over. However, it is evident that the environment of electoral uncertainty has been retracting decisions of investment from the industry, which consequently affects in a significant way the demand for our range of industrial valves.

In the other hand, the petrol business appears to have acquired its own dynamics, unattached from the macroeconomic environment in general. It has been observed a strong demand for the areas of exploration offered by ANP. Important projects, like the UPGN of Comperj and the maintenance program of 25 offshore platforms, are coming out of paper and starting to become real. This improves the perspectives for the business of oil and gas valves, and anchorage cables.

Industrial Operations

The performance in the 1st trimester has been timid, if compared with the 4th trimester of the previous year. There is a seasonal component in businesses, which are affected at the beginning of the year by the smaller dynamics of the economy and by the holidays. This has modestly weighed in the business of industrial valves.

We had some setbacks of component supplies between the end of the previous year and the beginning of the current year, which have mostly impacted the business of oil and gas valves. The volume of operations has also been affected by a minor conversion of biddings conquered in the Petronect environment in requests.

In the latest weeks we have managed to rectify all debts for the recertification of the Cordwork by Petrobras and we are waiting the issuing of CRC, a new certificate for supplying that will replace the old CRCC, starting this month.

We have started the production of piping coatings and the coating of tubes in attendance to a contract conquered in the previous year. The deliveries have started in the 2º trimester. The units of Pojuca and Feliz have resumed activities, even if transiently, and have been performing above expectations and with higher efficiency than in the past.

Services x Demobilization

We had no more activities of services on Brazil. We only take care of the process of demobilization of the units. There is a demand for plenty of equipment, but quite bounded to the signing of contracts by the interested parties with Petrobras and other clients, which has turned out to be slower than the expected. With the recent increase on the price of petrol, we hope that the interests are hastened.

The businesses in Colombia that have been coming in a strong retake have suffered a small blow in the beginning of the year due to a terrorist attack to an important base of Ecopetrol, harming the execution of an important contract and causing material damage. Fortunately, there have been no victims or wounded casualties.

Recently we have announced the reengaging of *Petroalianza International Ltd*., a minor associate in the Colombian company, for the acquisition of the remaining participation. In a first step they will acquire, in installments, 49% of the Dutch vehicle that controls the Colombian company with 51% of participation. As part of the agreement, they receive an option to purchase what remains of the exercisable company between August of 2018 and January of 2019.

The resources derived from the demobilization of Services are extremely important for the injection of liquidity in the company and for the continuity and growth of the operations.

3rd Issuing of Debentures and Payment of Creditors Class I of the Plan of Judicial Recovery *(Explanatory Note 32)*

Aiming the attainment of fundraising to promote the payment of part of the credits of labor nature, and other credits not subject to the Plan of Judicial Recovery, the Administrative Council has approved, in a meeting held in November 28 of 2017, the 3rd issuing of debentures convertible into ordinary stocks of issuing of the Company, in a single series, of the unsecured kind, for private placement, within the limit of the authorized capital, in the amount of R$ 30.0 million reais.

Such issuing, concluded with success in January of 2018 with the subscription of R$ 29.3 million in debentures, has mostly envisioned the instrumentalisation of the payment of credits of labor nature, in the terms of the plan of judicial recovery. The creditors of this class could subscribe these debentures with their credits, a faculty that has also been extended to creditors that are not subject to Judicial Recovery, with the goal of relieving the future flux of disbursements by the Company.

The Company has practiced all of the acts necessary to the payment of eligible Class I creditors, according to a preview of the general board of Class I creditors informed by the legal administration of the Company in January 30, 2017. The creditors that have not opted for the subscription of Debentures convertible into stocks of the 3rd emission of Lupatech S/A will have their credits satisfied by the adjudication of stocks from CIAVAL Administração de Bens e Direitos S/A, society of specific purpose constituted with the goal of turning viable the adjudication of the debtor’s assets into payment of the creditors, in the form of art. 50 XVI of the law 11.101.

To CIAVAL, assets in the amount of R$35.4 million have been poured, equivalent on the date to 2,5 times the net credits listed as apt for payment, accommodation a substantial reserve for the credits that will become demandable in the future.

In April, the judicial recovery has adjudicated Ciaval's stocks to the creditors, in a way that the pertinent accountable patrimonial effects will be reflected in the accounting demonstrations of the 2nd trimester.

Rafael Gorenstein
Director President and of Investor Relations

Financial-Economic Performance

Net Revenue

Net Revenue (R$ thd)	1Q17	1Q18	Chg. R$	4Q17	1Q18	Chg. R$
Products	**9,460**	**6,727**	**(2,733)**	**8,352**	**6,727**	**(1,625)**
Oil&Gas Valves	4,472	1,922	(2,550)	2,497	1,922	- 575
Industrial Valves	4,986	4,805	(181)	5,855	4,805	- 1,050
Others	2	-	(2)	-	-	-
Services	**21,872**	**15,558**	**(6,314)**	**17,497**	**15,558**	**(1,939)**
Oilfield Services Brazil	10,011	68	(9,943)	131	68	(63)
Oilfield Services Colombia	11,861	15,490	3,629	17,366	15,490	(1,876)
Total	**31,332**	**22,285**	**(9,047)**	**25,849**	**22,285**	**(3,564)**

Segment of Products

Both in the comparison of 1T18 against 1T17 and 4T17, there was a substantial reduction on the volume of sales.

On 1T18 the sales of the segment of *Oil&Gas* Valves have been smaller than in 1T17 due to exceptional exportation requests occurred in the previous year. The reduction compared to 4T17 is due to the smallest volume of purchases from Petrobrás – an expressive volume of biddings won in the environment *Petronect* did not have the respective effected purchase requests.

In the Segment of Industrial Valves, the small reduction before 1T17 is due to the bigger prevalence of holidays in 1T18. The reduction before 4T17 has a strong seasonal component.

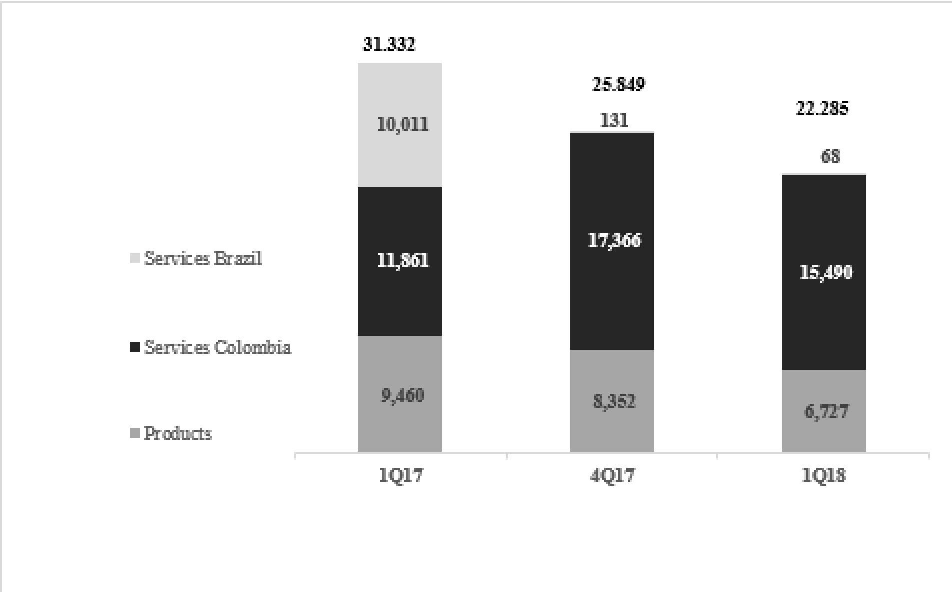
The segment of products has presented a reduction of 28.9% if compared to 1T17, specifically in the *Oil&Gas* valves due to sales occurred for the external market in 2017 that have not happened in 2018.

Segment of Services

The reduction of revenue in the division of *Oilfield Services* Brazil mirrors the discontinuation of business in the Segment.

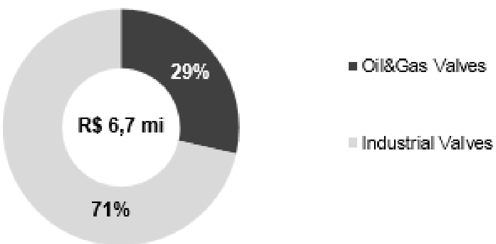
As for the growth of the Net Revenue of 1T18 of the division *Oilfield Services* Colombia, if compared to the same period of the previous year, is due to the recovery of the Colombian market and the recapitalization of the Colombian company. The fall before 4T17 has occurred for exceptional reasons – a terrorist attack an important base of Ecopetrol has resulted in the interruption of services of an important contract.

Operational Net Revenue (R$ thousand)

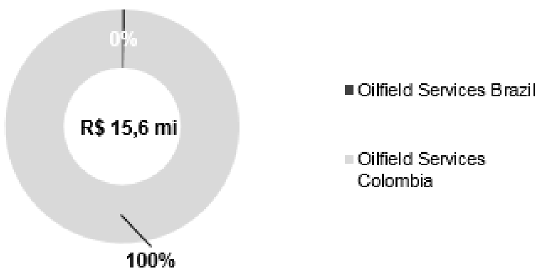


Revenue Distribution - 1T18

Products

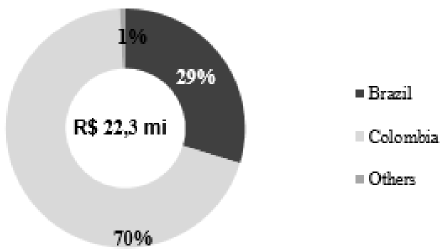


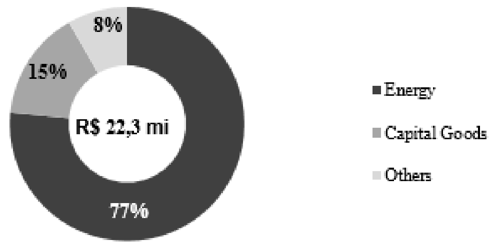
Services



By Region

By Industrial Sector





In March 31 of 2018, the book of "*Backlog*" requests of the Company has summed R$ 10.8 million, which correspond to the book of requests of valves and R$ 2.2 million that correspond to the contract of tubes. Are not included in this figure any expired biddings for which the respective requests have not been issued.

Gross Profit and Gross Margin

Gross Profit (R$ thd)	1Q17	1Q18	Chg. R$/p.p.	4Q17	1Q18	Chg. R$/p.p.
Products	**(759)**	**80**	**839**	**(300)**	**80**	**380**
Gross Margin - Products	-8.0%	1.2%	9,2 p.p.	-3.6%	1.2%	4,8 p.p.
Services	**(5,313)**	**1,336**	**6,649**	**3,098**	**1,336**	**(1,762)**
Gross Margin - Services	-24.3%	8.6%	32,9 p.p.	17.7%	8.6%	-9,1 p.p.
Total	**(6,072)**	**1,416**	**7,488**	**2,798**	**1,416**	**(1,382)**
Gross Margin - Total	-19.4%	6.4%	25,7 p.p.	10.8%	6.4%	-4,5 p.p.
Depreciation	**10,389**	**3,269**	**(7,120)**	**3,278**	**3,269**	**(9)**
Products	1,738	1,547	(191)	1,609	1,547	(62)
Services	8,651	1,722	(6,929)	1,669	1,722	53
Gross Profit without Deprecia	**4,317**	**4,685**	**368**	**6,076**	**4,685**	**(1,391)**
Products	1,738	1,627	(111)	1,309	1,627	318
Services	8,651	3,058	(5,593)	4,767	3,058	(1,709)
Gross Margin without Depreciatio	13.8%	21.0%	7,2 p.p.	23.5%	21.0%	- 2,5 p.p.

Segment of Products

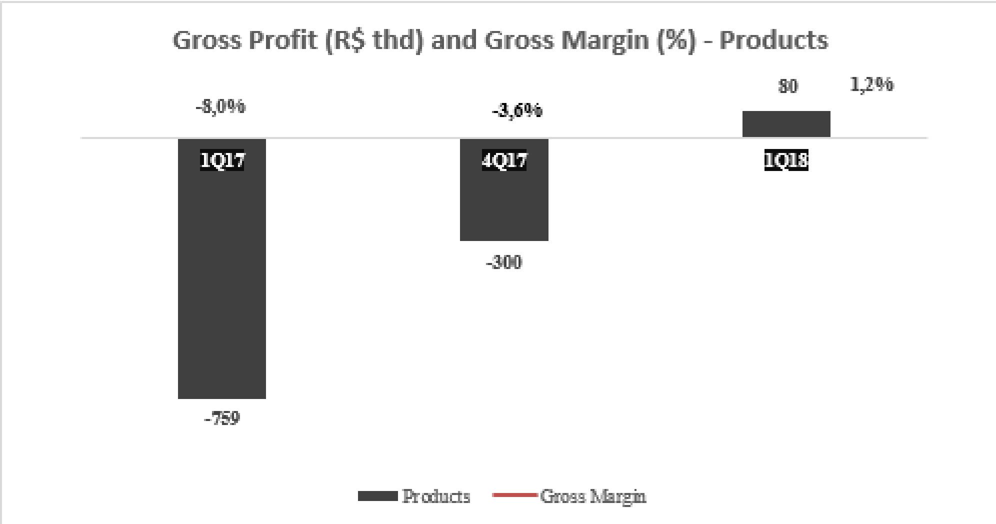
In the comparison of 1T18 before 4T17, despite the smaller volume of sales, the raw margin of Products has been a little better due to the mix of products and more profitable customers. In the 1T17, despite the volume of sales being bigger, the great weight of the exports that had smaller margins has impacted the result in that occasion.

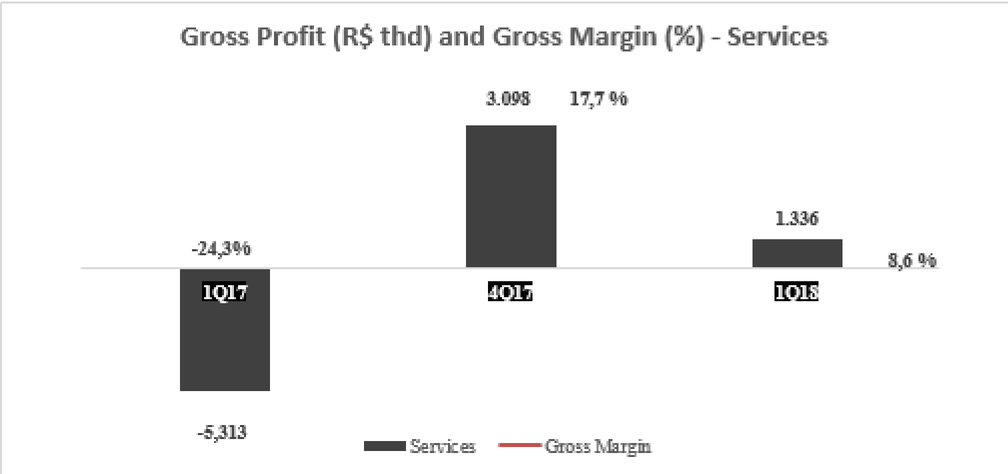
After the depreciation has been excluded, which has an elevated weight due to the significant immobilized capital in a scenery of low level of activity, an adjusted raw margin of 24% has been computed on 1T18, representing an effectively positive contribution for the generation of cash.

Segment of Services

The improvement of results between 1T18 and 1T17 is a result of the improvement of the Colombian business. In comparison with 4T17, the reduction was due to the exceptional events with an attack to Ecopetrol which have produced the reduction of revenue and extraordinary costs.

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





Expenses

Expenses (R$ thd)	1Q17	1Q18	Chg. R$	4Q17	1Q18	Chg. R$
Total Sales Expenses	**1,565**	**1,400**	**(165)**	**10,621**	**1,400**	**(9,221)**
Sales Expenses - Products	1,308	1,255	(53)	10,430	1,255	(9,175)
Sales Expenses - Services	257	145	(112)	191	145	(46)
Total Administrative Expenses	**7,346**	**6,297**	**(1,049)**	**7,428**	**6,297**	**(1,131)**
Administrative Expenses - Products	2,659	2,135	(523)	2,188	2,135	(53)
Administrative Expenses - Services	4,221	4,065	(156)	3,833	4,065	232
Administrative Expenses - Corporate	467	97	(370)	1,407	97	(1,310)
Management Fees	**862**	**705**	**(157)**	**720**	**705**	**(15)**
Total Sales, Administratives and Management Fees	**9,773**	**8,402**	**(1,371)**	**18,769**	**8,402**	**(10,367)**

Expenses with Sales

On 4T17, we had an exceptional expense of R$ 8.9 million due to the provisions constituted by the uncertainty of receipt of values disputed with an important customer, not recurring on 1T18. Excluding this effect, there has been a reduction of R$ 0.3 million of expenses with sales derived from the smaller volume.

In comparison with the 1T17, the expenses with product sales have stood in the same level. Despite the smaller sales on 1T18, the exports of 1T17 have not generated substantial commercial expenses by the form of its contracting.

In the Segment of Services, the variation occurred of 1T18 before 1T17, is due to the discontinuity in the division *Oilfield Services* Brazil that happened throughout the second semester of 2017. In comparison to 4T17, the expenses with sales had no substantial variation.

Administrative Expenses

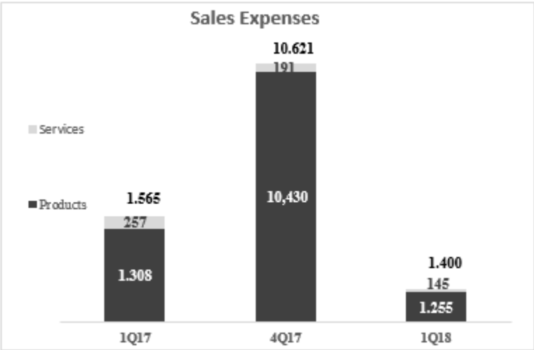
In the administrative expenses of 1T18 before 4T17, an increase has been observed in both Segments, arising from attorney fees derived to Judicial Recovery. Comparing the 1T18 before 1T17, they have diminished in both Segments deriving from the reduction of administrative personnel.

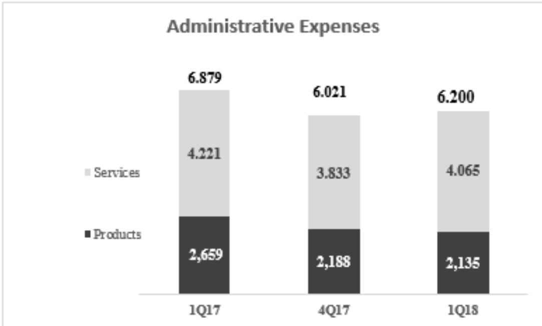
Analyzing the Administrative Expenses of the Corporative, the reduction is due to the surcharge of credits subject to Judicial Recovery fruit of oppositions that happened in 4T17 and not recurrent in 1T8.

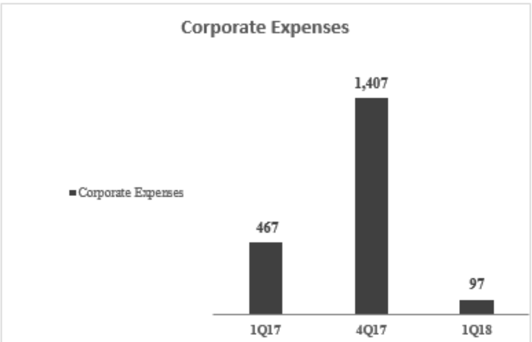
Fees of the Administrators

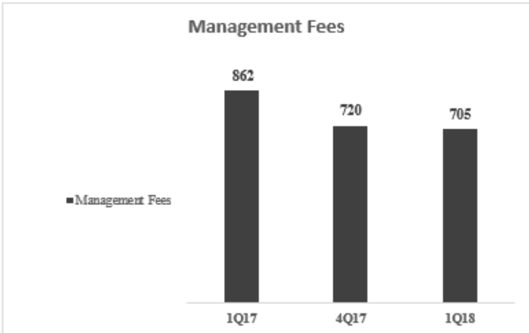
The reduction of 1T18 before 1T17 is mainly due to the ensuing reduction of the number of directors and smaller spending with variable remuneration. In comparison with the 4T17, the fees with administrators had no substantial variation.

Operating Expenses (R$ thousand)









Other Revenues and Operational (Expenses)

Other Operating (Revenue) and Expenses (R$ thd)	1Q17	1Q18	Chg. R$	4Q17	1Q18	Chg. R$
Products	3,942	1,562	(2,380)	(3,949)	1,562	5,511
Expenses with idleness - Products	(1,227)	(2,167)	(940)	(2,059)	(2,167)	(108)
Services	11,469	(4,716)	(16,185)	(18,365)	(4,716)	13,649
Expenses with idleness - Services	(539)	(1,002)	(463)	(291)	(1,002)	(711)
Total	**13,645**	**(6,323)**	**(19,968)**	**(24,664)**	**(6,323)**	**18,341**

In 4T17, the following factors are highlighted by the side of the other expenses and operational revenues:

(i) R$ 20.7 million corresponding to the net effect of the adjustments by *impairment* and result of the alienation of assets.

(ii) R$ 2.4 million regarding expenses with idleness of production;

(iii) R$ 2.8 million regarding the expenses related to imported goods in the division of Oil&Gas Valves and Anchorage Cables in previous years, which had effected its loss;

On 1T18, the expenses with idleness in Products have been materially the same as in 4T17, which in turn have been smaller than in 1T17, when more substantial volumes existed due to the effected exportations.

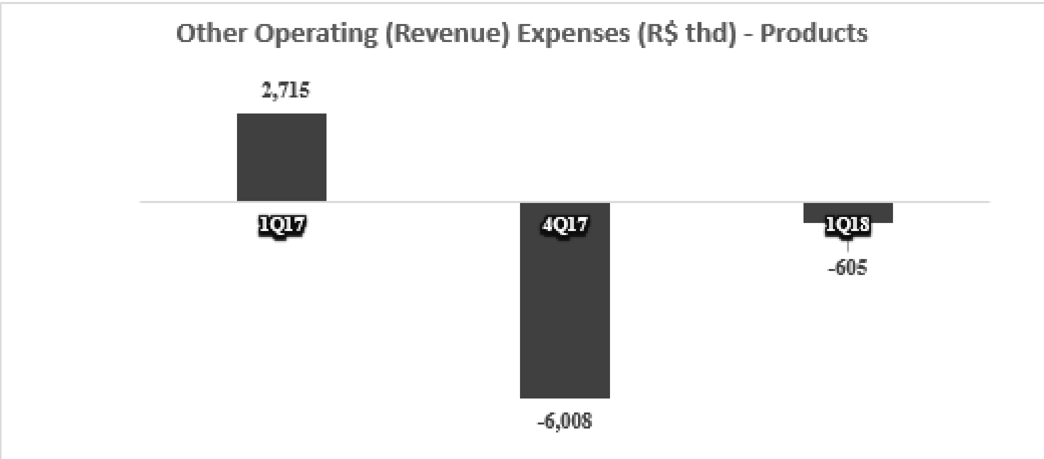
Also in 1T18, exceptional expenses have been computed in both segments, to be known:

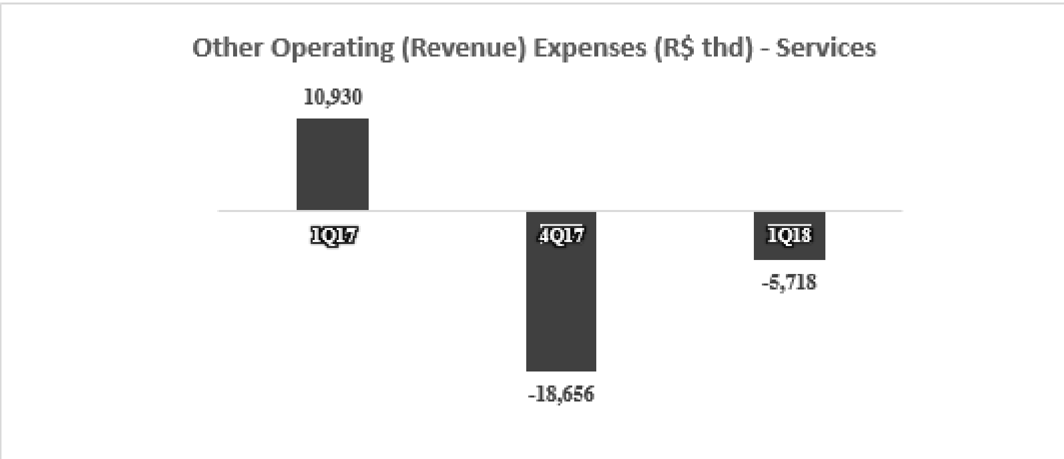
(i) R$ 0.3 in regards to reversion with obsolescence of stock;

(ii) R$ 4.8 million of adjustments in provisions for losses with legal processes;

(iii) R$ 1.2 million corresponding to the positive net effect of the adjustments by *impairment* and result in the alienation of assets.

Other (Revenues) Operational Expenses (R$ thousand)





Financial Result

Financial Results (R$ thd)	1Q17	1Q18	Chg. R$	4Q17	1Q18	Chg. R$
Income from Financial Investments	82	24	(58)	36	24	(12)
Monetary Variation	653	418	(235)	489	418	(71)
Interest on Receivables	310	274	(36)	4	274	270
Revenue (reduction of fine, interest and charges adherence to PER	-	-	-	40,852	-	(40,852)
Others	114	41	(73)	24	41	17
Financial Revenue*	**1,159**	**757**	**(402)**	**41,405**	**757**	**(40,648)**
(Expense) Reversal of Interest Expenses	(3,679)	(2,906)	773	(3,025)	(2,906)	119
Present value adjustment	(1,418)	(1,431)	(13)	(1,457)	(1,431)	26
Discount Granted	-	(23)	(23)	-	(23)	(23)
(Provision) Reversal of Provision for Interest on Suppliers	(1,423)	11	1,434	(842)	11	853
Fines and Interest on Taxes	(1,559)	(1,140)	419	(18,539)	(1,140)	17,399
IOF, Banking Expenses and Others	(681)	(1,420)	(739)	2,331	(1,420)	(3,751)
Financial Expense*	**(8,760)**	**(6,909)**	**1,851**	**(21,532)**	**(6,909)**	**14,623**
Net Financial Results*	**(7,601)**	**(6,152)**	**1,449**	**19,873**	**(6,152)**	**(26,025)**
Exchange Vaciance Revenue	73,439	15,602	(57,837)	56,349	15,602	(40,747)
Exchange Variance Expenses	(66,962)	(16,839)	50,123	(69,933)	(16,839)	53,094
Net Exchange Variance	**6,477**	**(1,237)**	**(7,714)**	**(13,584)**	**(1,237)**	**12,347**
Net Financial Results - Total	**(1,124)**	**(7,389)**	**(6,265)**	**6,289**	**(7,389)**	**(13,678)**

* Excluding Exchange Variance

Financial Revenue

On 4T17 has been registered a substantial increase of the Financial Revenue, resulting from the discounts on interests, fines and fees that the entry in the Special Program of Tax Adjustment – SPTA has offered.

Financial Expenses

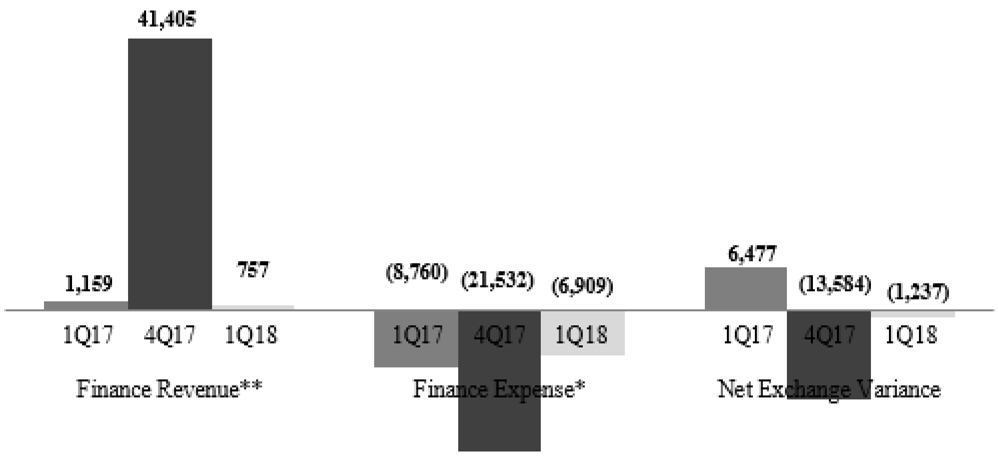
On 4T17, there has been a significant effect by the recognition of interest and fines over recognized tax credits in the context of the entry in SPTA.

On 1T18, has been registered fines and interest over taxes and non-recurring tax debts.

Net Exchange Variance

On 1T18, the Net Exchange Variance has resulted in expenses just like in 4T17, occurred due to the appreciation of the dollar in 0.5%. The 1T17 has resulted in revenue due to the devaluing of the dollar in 2.9% beyond the real of 4T16, and appreciation in 4.7% beyond the real of 1T18.

Composition of the Financial Result (R$ thousand)



* Excluding Exchange Variance

EBITDA Adjusted from Activities

EBITDA Adjusted (R$ mil)	1Q17	1Q18	Chg. R$/p.p.	4Q17	1Q18	Chg. R$/p.p.
Products	**(5,210)**	**(3,933)**	**1,277**	**(3,332)**	**(3,933)**	**(601)**
Margin	-55.1%	-58.5%	-3,4 p.p.	-39.9%	-58.5%	-18,6 p.p.
Services	**1,556**	**(2,474)**	**(4,030)**	**(2,172)**	**(2,474)**	**(302)**
Margin	7.1%	-15.9%	-24,4 p.p.	-12.4%	-15.9%	-4,8 p.p.
Total	**(3,654)**	**(6,407)**	**(2,753)**	**(5,504)**	**(6,407)**	**(903)**
Margin	-11.7%	-28.7%	-18,0 p.p.	-21.3%	-28.7%	-8,4 p.p.
% Products	143%	61%		61%	61%	
% Services	-43%	39%		39%	39%	

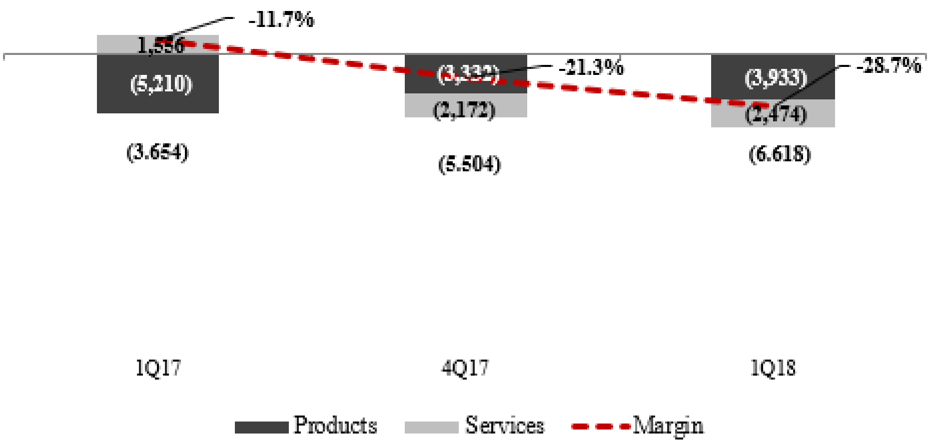
obs: values of net Services of minor participations

O EBITDA Adjusted of Products of 1T18 has been better than that of 1T17, due to the exportations occurred on 1T17 with a smaller margin impacting the result in that occasion. As for the reduction before 4T17, is due to the incidence of a reversal of R$1.0 million of expenses with taxes on 4T17 (SPTA). If we disregard this impact, there has been an improvement in the result of R$ 0.6 million due to the positive raw margin on 1T18 and the reduction of expenses with sales.

In Services, the inversion of 1T18 before 1T17 is due to the discontinuation of business on Brazil and the greatest participation so far on the Colombian business. Costs that are quite significant still remain with the management of the legacy on Brazil. In comparison with 4T17, the smaller performance of Colombia has weighed.

Adjusted Ebitda Reconciliation (R$ thd)	1Q17	4Q17	1Q18
Gross Profit	(6,072)	2,798	1,416
SG&A	(8,911)	(18,049)	(7,697)
Management Fees	(862)	(720)	(705)
Depreciation and Amortization	10,389	3,278	3,269
Other Operating Expenses	13,645	(24,664)	(6,323)
Minority Interest	-	(1,958)	(1,061)
Ebitda	**8,189**	**(39,315)**	**(11,101)**
Provisions/Reversals for Losses, Impairment, Net Result on Disposal of Assets, Reversals with Legal Proceedings	(13,540)	32,809	3,161
Fines with Customers	70	21	112
Expenses with Restructuring and Other Extraordinary Expenses	1,627	981	1,421
Adjusted EBITDA	**(3,654)**	**(5,504)**	**(6,407)**

EBITDA Adjusted (R$ thousand)



Adjusted Ebitda Reconciliation (R$ thd)	1Q18 Products	1Q18 Services	1Q18 Total
Gross Profit	80	1,336	1,416
SG&A	(3,487)	(4,210)	(7,697)
Management Fees	(158)	(547)	(705)
Depreciation and Amortization	1,547	1,722	3,269
Other Operating Expenses	(605)	(5,718)	(6,323)
Minority Interest	-	(1,061)	(1,061)
Ebitda	**(2,623)**	**(8,478)**	**(11,101)**
Provisions/Reversals for Losses, Impairment, Net Result on Disposal of Assets, Reversals with Legal Proceedings	(1,576)	4,737	3,161
Fines with Customers	112	-	112
Expenses with Restructuring and Other Extraordinary Expenses	154	1,267	1,421
Adjusted EBITDA	**(3,933)**	**(2,474)**	**(6,407)**

The non-recurring Expenses (Provisions/Reversions for Losses, *Impairment*, Net Result in the Alienation of Assets and Reversions with Legal Processes) mostly refer to the following registries:

(i) R$ 4,8 million in regards to adjustments in the provisions for probable losses with legal processes;

(ii) R$ 1.3 million corresponding to the positive net effect of the adjustments by *impairment* and result of the alienation of assets.

(iii) R$ 0.5 million of reversal with loss of obsolescence of the stocks.

(iv) R$ 1.4 million of expenses with restructuring, mostly severances, legal administration, attorney fees and structuring of SPE.

Net Result

Net Result (R$ thd)	1Q17	1Q18	Chg. R$	4Q17	1Q18	Chg. R$
Minority Interest	-	-	-	399	-	(399)
Result Before Income Tax and Social Contribution	(4,817)	(21,074)	(16,257)	(28,121)	(21,074)	7,047
Income Tax and Social Contribution - Current	(919)	(105)	814	(4,859)	(105)	4,754
Income Tax and Social Contribution - Deferred	831	340	(491)	15,934	340	(15,594)
Net Result	**(4,905)**	**(20,839)**	**(15,934)**	**(16,647)**	**(20,839)**	**(4,192)**
Net Result per 1,000 shares	(0.52)	(1.74)	(1.22)	(0.44)	(1.74)	(1.31)

The period's Net Result was of loss on 1T18. The same happened in 4T17. The main events which contributed for such result on 1T18 were:

(i) R$ 4.8 million in regards to adjustments in the provisions of loss with legal processes;

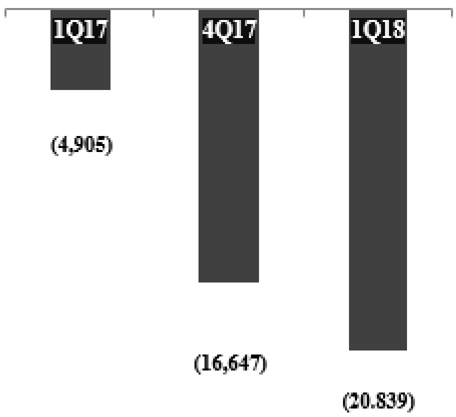
(i) R$ 1.3 million corresponding to the positive net effect of the adjustments by *impairment* and result of the alienation of assets.

(ii) R$ 3.1 million of idleness of production;

(iii) R$ 0.5 million of reversal with loss of obsolescence of the stocks

(iv) R$ 1.4 million of expenses with restructuring, mostly severances, legal administration, attorney fees and structuring of SPE.

Composition of the Financial Result (R$ thousand)

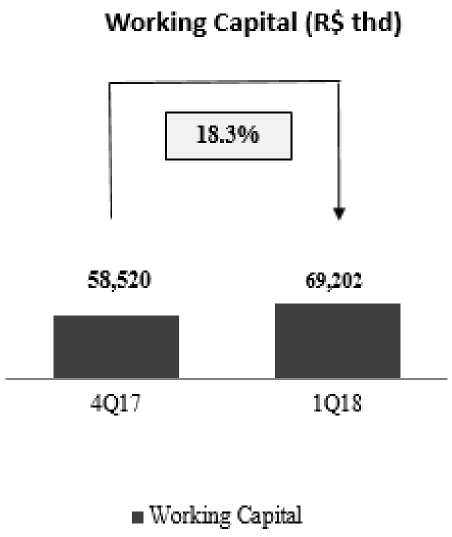


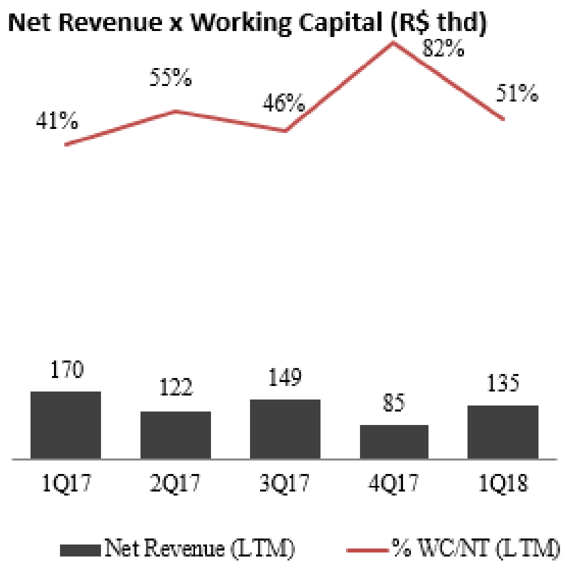
Operational Working Capital

Working Capital (R$ thd)	4Q17	1Q18	Chg. %	Chg. R$
Accounts Receivable	26,906	24,906	-7.4%	(2,000)
Inventories	59,164	62,660	5.9%	3,496
Advances of suppliers	13,534	13,845	2.3%	311
Recoverable taxes	26,101	26,029	-0.3%	(72)
Suppliers	32,983	25,948	-21.3%	(7,035)
Advances from Customers	2,565	2,557	-0.3%	(8)
Taxes payable	22,628	19,354	-14.5%	(3,274)
Payroll and charges	9,009	10,379	15.2%	1,370
Employed Working Applied	**58,520**	**69,202**	**18.3%**	**10,682**
Working Capital Variance	(27,546)	10,682		
% Working Capital/Net Revenue*	33%	51%		

**LTM: last 12 months*

On 1T18 before 4T17, there has been an increase of the working capital used. Such an increase derives from the reduction of volume of taxes, due to the reduction of activities and the harnessing of tax credits. There has also been a substantial reduction of the balance of suppliers derived from the conversion of debentures on the terms of the Plan of Judicial Recovery.





Cash and Cash Equivalents

Cash and cash equivalents (R$ thd)	4Q17	1Q18	Chg. %	Chg. R$
Cash and Cash Equivalents	2,135	1,103	-48.3%	(1,032)
Securities-restricted	807	816	1.1%	9
Total	**2,942**	**1,919**	**-34.8%**	**(1,023)**

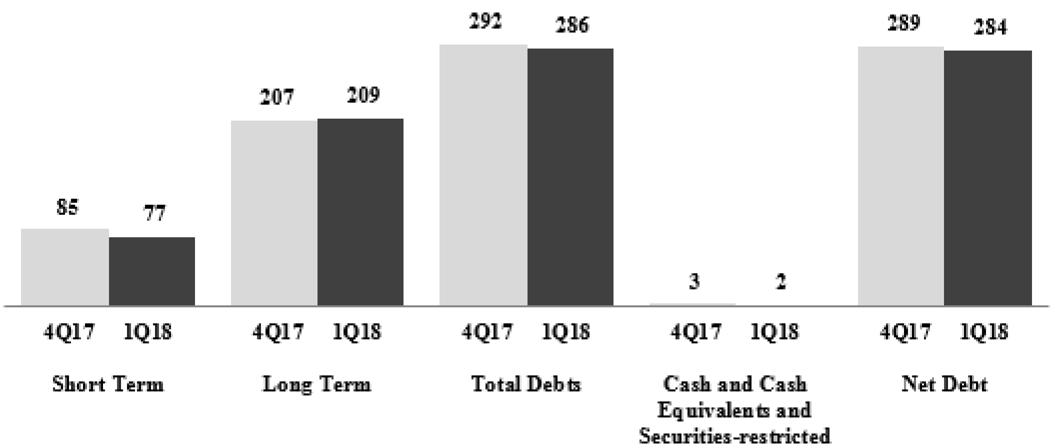
There hasn't been a substantial variation of the company's liquidity.

Debt

Debts (R$ ths)	4Q17	1Q18	Chg. %	Chg. R$
Short Term	**84,937**	**76,945**	**-9%**	**(7,992)**
Credits subject to Judicial Recovery	26,315	6,308	-76%	(20,007)
Credits not subject to Judicial Recovery	58,622	58,189	-1%	(433)
Debentures Convertible into Shares	-	12,448	n/a	12,448
Long Term	**207,104**	**209,298**	**1%**	**2,194**
Credits subject to Judicial Recovery	201,245	205,121	2%	3,876
Credits not subject to Judicial Recovery	5,859	4,177	-29%	(1,682)
Total Debts	**292,041**	**286,243**	**-2%**	**(5,798)**
Cash and Cash Equivalents	2,135	1,103	-48%	(1,032)
Securities-restricted	807	816	1%	9
Net Debt	**289,099**	**284,324**	**-2%**	**(4,775)**

The reduction occurred on 1T18 before 4T17 on the Credits Subject to Judicial Recovery of Short Term refer to the subscription of debentures by labor creditors. The creditors of this class could subscribe debentures with their credits, a faculty that has also been extended to creditors that are not subject to Judicial Recovery, with the goal of relieving the future flux of disbursements by the Company.

Composition of the Debt (R$ million)

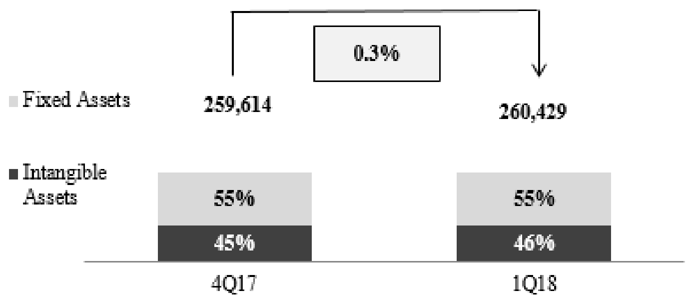


Investment Balances

There haven’t been any material variations on the balances of investments.

Investments (R$ thd)	4Q17	1Q18	Chg. %	Chg. R$
Others Investments	676	587	-13.2%	(89)
Fixed Assets	143,178	142,866	-0.2%	(312)
Intangible Assets	115,760	116,976	1.1%	1,216
Total	**259,614**	**260,429**	**0.3%**	**815**

Investment Balances (R$ thousand)



Annexes

Annex I - Financial Statements (R$ thousand)

	1Q17	1Q18	% Change
Net Revenue From Sales	31,332	22,285	-29%
Cost of Goods and Services Sold	(37,404)	(20,869)	-44%
Gross Profit	(6,072)	1,416	-123%
Operating Income/Expenses	2,379	(15,101)	-735%
Selling	(1,565)	(1,400)	-11%
General and Administrative	(7,346)	(6,297)	-14%
Management Fees	(862)	(705)	-18%
Equity pick-up	(1,493)	(376)	-75%
Other Operation Income (Expenses)	13,645	(6,323)	-146%
Net Financial Result	(1,124)	(7,389)	557%
Financial Income	1,159	757	-35%
Financial Expenses	(8,760)	(6,909)	-21%
Net Exchange Variance	6,477	(1,237)	-119%
Loss Before Income Tax and Social Contribution	(4,817)	(21,074)	337%
Provision Income Tax and Social Contribution - Current	(919)	(105)	-89%
Provision Income Tax and Social Contribution - Deferred	831	340	-59%
Gain (Loss) for the Period	(4,905)	(20,839)	325%

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

	1Q17	1Q18	% Change
Adjusted EBITDA from Operations	(8,017)	(6,407)	-20%
Expenses with Restructuring and Other Extraordinary Expenses	823	(1,421)	-273%
Provisions for Losses, Impairment and Net Result on Disposal of Assets	15,453	(3,161)	-120%
Fines with Costumers	(70)	(112)	60%
EBITDA from Operations	8,189	(11,101)	-236%
Depreciation and Amortization	(10,389)	(3,269)	-69%
Equity Pick-up	(1,493)	(376)	-75%
Minority Interest	(1,124)	1,061	-194%
Net Financial Result	(88)	(7,389)	8297%
Income Tax and Social Contribution - Current and Deferred	-	235	n/a
Net Income (Loss)	(4,905)	(20,839)	325%

Annex III - Consolidated Balance Sheets (R$ thousand)

	4Q17	1Q18	% Change
Total Asset	**575,280**	**572,242**	**-1%**
Current Assets	**224,321**	**224,931**	**0%**
Cash and Cash Equivalents	2,135	1,103	-48%
Securities-restricted	807	816	1%
Accounts Receivable	26,906	24,906	-7%
Inventories	59,164	62,660	6%
Recoverable Taxes	26,101	26,029	0%
Other Accounts Receivable	4,556	4,609	1%
Prepaid Expenses	1,264	1,284	2%
Advances to Suppliers	13,534	13,845	2%
Assets Classified as Held for Sale	89,854	89,679	0%
Non-Current Assets	**350,959**	**347,311**	**-1%**
Securities-restricted	927	937	1%
Judicial Deposits	31,222	31,218	0%
Recoverable Taxes	41,759	37,309	-11%
Other Accounts Receivable	13,505	13,505	0%
Assets Classified as Held for Sale	3,932	3,913	0%
Investments	676	587	-13%
Property, Plant and Equipment	143,178	142,866	0%
Intangible Assets	115,760	116,976	1%
Total Liabilities and Shareholders´Equity	**575,280**	**572,242**	**-1%**
Current Liabilities	**126,620**	**116,492**	**-8%**
Suppliers - Not Subject to Judicial Recovery	25,264	25,065	-1%
Suppliers - Subject to Judicial Recovery - Class I	7,719	883	-89%
Loans and Financing - Not Subject to Judicial Recovery	33,358	33,124	-1%
Debentures Convertible into Shares	-	12,448	n/a
Provisions Payroll and Payroll Payable	9,009	10,379	15%
Commissions Payable	928	869	-6%
Taxes Payable	22,628	19,354	-14%
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	18,596	5,425	-71%
Advances from Customers	2,565	2,557	0%
Employee's Profit Sharing	620	708	14%
Other Accounts Payable	4,771	4,457	-7%
Provision for Contratual Fines	1,162	1,223	5%
Non-Current Liabilities	**336,517**	**345,623**	**3%**
Suppliers - Subject to Judicial Recovery	73,247	74,776	2%
Suppliers - Not Subject to Judicial Recovery	67	-	n/a
Loans and Financing - Subject to Judicial Recovery	127,998	130,345	2%
Loans and Financing - Not Subject to Judicial Recovery	5,792	4,177	-28%
Taxes Payable	5,950	7,017	18%
Deferred Income Tax and Social Contribution	49,212	48,607	-1%
Provision for Contigencies	54,410	57,630	6%
Obligations and Provisions Labor Risks - Subject to Judicial Reorganization	8,184	8,184	0%
Other Accounts Payable	3,223	3,240	1%
Provision for Negative Equity in Subsidiaries	8,434	11,647	38%
Shareholders' Equity	**112,143**	**110,127**	**-2%**
Non-Controlling Interests	26,325	28,237	7%
Capital Stock	1,853,684	1,870,549	1%
Capital reserve	6,341	6,341	0%
Capital Transaction Reserve	136,183	136,183	0%
Stock Options	13,549	13,549	0%
Equity Valuation Adjustment	65,969	66,015	0%
Accumulated Losses	(1,989,908)	(2,010,747)	1%

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

	1Q17	1Q18	% Change
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year	(4,905)	(20,839)	325%
Adjustments:			
Depreciation and Amortization	10,389	3,269	-69%
Reversal for Loss Due to Non-Recoverability of Assets	1,493	(2,968)	-299%
Equity Pick-up	(2,309)	376	-116%
Result on Sale of Fixed Assets	-	1,704	n/a
Loss (Gain) on Sale of Investments	(208)	-	-100%
Financial expenses, net	-	4,997	n/a
Extraordinary Losses and Adjustment to Market Value with Inventories	(16,058)	-	-100%
Deferred Income Tax and Social Contribution	88	(605)	-788%
Losses on Inventory Obsolescence	1,126	(420)	-137%
Provision of Contractual Fines	1,623	112	-93%
Allowance for Doubtful Accounts	124	(7)	-106%
Low investment	6	-	-100%
Effective Losses on Doubtful Accounts	1,418	(34)	-102%
Present Value Adjustment	-	1,431	n/a
Debentures Convertible into Shares	-	12,448	n/a
Changes in Assets & Liabilities			
(Increase) Decrease in Accounts Receivable	(1,284)	2,931	-328%
(Increase) Decrease in Inventories	2,529	(2,435)	-196%
(Increase) Decrease in Recoverable Taxes	(11,716)	5,203	-144%
(Increase) Decrease in Other Assets	5,513	8,266	50%
(Increase) Decrease in Suppliers	(1,037)	(6,624)	539%
(Increase) Decrease in Taxes Payable	1,322	(3,766)	-385%
(Increase) Decrease in Others Accounts Payable	9,575	(17,326)	-281%
Cash Flow from Operating Activities	**(2,311)**	**(14,287)**	**518%**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payment of capital in subsidiaries	-	16,865	n/a
Proceeds from Sale of Investments	-	90	n/a
Securities-restricted	14	5	-64%
Sending of Proceeds from the Sale of Investment to its Investors	3,125	1,710	-45%
Aquisition of Property, Plant and Equipment	(138)	(762)	452%
Aquisition of Intangible Assets	-	(59)	n/a
Cash Flow from Investment Activities	**3,001**	**17,849**	**495%**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Loans and Financings	21,344	18,099	-15%
Payment of Loans and Financings - Principal	(21,249)	(22,221)	5%
Payment of Loans and Financings - Interest	(568)	(472)	-17%
Cash Flow from Financing Activities	**(473)**	**(4,594)**	**871%**
Exchange Variation on Cash and Cash Equivalents of Subsidiaries Abroad	(2)	-	-100%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**215**	**(1,032)**	**-580%**
At the Beginning of the Period	1,233	2,135	73%
At the End of the Period	1,448	1,103	-24%

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 segment of compressors for vehicular natural gas. The Services Segment offers services of drilling, work over, intervention in wells, coating and inspection of pipes.

BALANCE SHEET ON MARCH 31, 2018 AND DECEMBER 31, 2017
(In R$ Thousands)

ASSETS	Note	Parent 03/31/2018	Parent 12/31/2017	Consolidated 03/31/2018	Consolidated 12/31/2017
CURRENT ASSETS					
Cash and cash equivalents	4	8	6	1,103	2,135
Securities-restricted	4	816	807	816	807
Clients	5	4,668	6,051	24,906	26,906
Inventories	6	21,513	22,106	62,660	59,164
Recoverable taxes	7	3,683	4,317	26,029	26,101
Deferred income tax and social contribution	16	-	-	-	-
Advances to suppliers		1,081	704	13,845	13,534
Other accounts receivable	8	1,482	1,612	4,609	4,556
Prepaid expenses		1,218	1,111	1,284	1,264
Accounts receivable - related parties	15.1	13,940	7,477	-	-
Assets classified as held for sale	28	-	-	89,679	89,854
Total current assets		48,409	44,191	224,931	224,321
NON-CURRENT ASSETS					
Judicial deposits	17.3	2,110	2,081	31,218	31,222
Securities-restricted	4	937	927	937	927
Recoverable taxes	7	13,325	13,418	37,309	41,759
Accounts receivable - related parties	15.1	26,412	26,282	-	-
Other accounts receivable	8	7,098	7,098	13,505	13,505
Assets classified as held for sale	30	3,497	3,513	3,913	3,932
Investments					
Direct and indirect associated companies	9.1	365,946	375,419	-	-
Other investments		-	90	587	676
Fixed assets	10	71,812	73,249	142,866	143,178
Intangibles					
Goodwill	11	55,414	55,414	102,733	101,333
Other intangíbles	11	13,625	13,740	14,243	14,427
Total Non-current assets		560,176	571,231	347,311	350,959
TOTAL ASSETS		608,585	615,422	572,242	575,280

The notes are an integral part of the financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent 03/31/2018	Parent 12/31/2017	Consolidated 03/31/2018	Consolidated 12/31/2017
CURRENT LIABILITIES					
Suppliers - not subject to Judicial Recovery	12	6,804	6,443	25,065	25,264
Suppliers - subject to Judicial Recovery	12	883	7,719	883	7,719
Loans and financing - not subject to Judicial Recovery	13	14,386	14,998	33,124	33,358
Debentures Convertible into Shares	14	12,448	-	12,448	-
Provisions payroll and payroll payable		2,532	3,528	10,379	9,009
Commissions payable		833	873	869	928
Taxes payable		4,179	4,084	19,354	22,628
Obligations for labor risks and creditors class I - subject to Judicial Recovery		5,425	18,596	5,425	18,596
Advances from customers		1,909	2,199	2,557	2,565
Provision contratual fines		1,064	1,003	1,223	1,162
Employee's profit sharing		-	-	708	620
Other accounts payable		1,644	1,986	4,457	4,771
Related Parties - mutual and loans	15.1	33,083	32,597	-	-
Total current liabilities		85,190	94,026	116,492	126,620
NON-CURRENT LIABILITIES					
Suppliers - subject to Judicial Recovery	12	74,776	73,247	74,776	73,247
Suppliers - not subject to Judicial Recovery	12	-	-	-	67
Loans and financing - subject to Judicial Recovery	13	79,079	77,248	130,345	127,998
Loans and financing - not subject to Judicial Recovery	13	-	-	4,177	5,792
Deferred income tax and social contribution	16	28,380	28,710	48,607	49,212
Taxes payable		5,408	4,671	7,017	5,950
Provision for contigencies	17.1	6,264	8,572	57,630	54,410
Obligations and provisions labor risks - subject to judicial Recovery		8,184	8,184	8,184	8,184
Other accounts payable		1,096	1,096	3,240	3,223
Related Parties - mutual and loans	15.1	226,671	225,416	-	-
Provision for negative equity in subsidiaries	9.2	11,647	8,434	11,647	8,434
Total non-current liabilities		441,505	435,578	345,623	336,517
				+P2:AD58	
SHAREHOLDERS' EQUITY	18				
Capital stock		1,870,549	1,853,684	1,870,549	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		66,015	65,969	66,015	65,969
Retained earnings / Accumulated losses		(2,010,747)	(1,989,908)	(2,010,747)	(1,989,908)
Parents company's interest		81,890	85,818	81,890	85,818
Non-controlling interests		-	-	28,237	26,325
Total shareholders' equity		81,890	85,818	110,127	112,143
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		608,585	615,422	572,242	575,280

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF INCOME
ON MARCH 31,2018 AND 2017
(In R$ Thousands)

	Note	Parent		Consolidated	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
NET REVENUE FROM SALES	22	4,986	7,504	22,285	31,332
COST OF GOODS AND SERVICES SOLD		(4,785)	(8,246)	(20,869)	(37,404)
GROSS LOSS		201	(742)	1,416	(6,072)
OPERATING INCOME/EXPENSES					
Selling		(1,020)	(1,058)	(1,400)	(1,565)
General and administrative		(1,612)	(2,294)	(6,297)	(7,346)
Management compensation	15.2	(705)	(862)	(705)	(862)
Equity pick-up	9.1	(11,049)	16,338	(376)	(1,493)
Other operating income (expenses)	25	(1,231)	1,906	(6,323)	13,645
OPERATING INCOME (EXPENSES) BEFORE FINANCIAL RESULTS		(15,416)	13,288	(13,685)	(3,693)
FINANCIAL RESULTS					
Financial income	24	266	337	757	1,159
Financial expenses	24	(4,804)	(25,484)	(6,909)	(8,760)
Exchange variation, net	24	(1,215)	6,638	(1,237)	6,477
INCOME (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(21,169)	(5,221)	(21,074)	(4,817)
PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION					
Current	16	-	-	(105)	(919)
Deferred	16	330	316	340	831
INCOME (LOSS) FOR THE PERIOD		(20,839)	(4,905)	(20,839)	(4,905)
Attributed to:					
Parent company's interest		(20,839)	(4,905)	(20,848)	(4,905)
Non-controlling interest		-		9	-
NET INCOME (LOSS) PER SHARE (In Reais)					
BASIC EARNINGS PER SHARE	23	(1.7448)	(0.5222)	(1.7448)	(0.5222)
DILUTED PER SHARE	23	(1.7448)	(0.5222)	(1.7448)	(0.5222)

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATMENT OF COMPREHENSIVE INCOME
ON MARCH 31,2018 AND 2017
(In R$ Thousands)

		Parent		Consolidated	
	Note	03/31/2018	03/31/2017	03/31/2018	03/31/2017
NET INCOME (LOSS) FOR THE PERIOD		(20,839)	(4,905)	(20,839)	(4,905)
OTHER COMPREHENSIVE INCOME					
Exchange variation on investments abroad	9.1	46	(7,955)	46	(7,955)
COMPREHENSIVE INCOME OF THE PERIOD		(20,793)	(12,860)	(20,793)	(12,860)
TOTAL COMPREHENSIVE INCOME ALLOCATED TO:					
Participation of controlling shareholders		(20,793)	(12,860)	(20,802)	(12,860)
Non-controlling interests		-	-	9	-

The notes are an integral part of the financial statements.

LUPATECH S.A. AND ASSOCIATED COMPANIES
CONSOLIDATED STATEMENT OF CHANGES SHAREHOLDER'S EQUITY
ON MARCH 31,2018 AND 2017

(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, 2016 (re-representation)		**1,853,684**	**156,073**	**(1,988,326)**	**65,617**	**87,048**	**-**	**87,048**
Loss of period		-	-	(4,905)	-	(4,905)	-	(4,905)
Exchange variation on investments abroad	9.1	-	-	-	**(7,955)**	(7,955)	-	(7,955)
Achievement of the valuation adjustment	9.1	-	-	1,080	**(1,080)**	-	-	-
BALANCE ADJUSTMENT IN MARCH 31, 2017		**1,853,684**	**156,073**	**(1,992,151)**	**56,582**	**74,188**	**-**	**74,188**
BALANCE ADJUSTMENT IN DECEMBER 31, 2017		**1,853,684**	**156,073**	**(1,989,908)**	**65,969**	**85,818**	**26,325**	**112,143**
Capital increase		16,865	-			16,865		16,865
Net loss of period			-	(20,839)	-	(20,839)	9	(20,830)
Exchange variation on investments abroad	11.1	-	-	-	46	46	-	46
Non-controlling interests		-	-	-	-	-	1,903	1,903
Achievement of the valuation adjustment		-	-	-	-	-	-	-
BALANCE ADJUSTMENT IN MARCH 31, 2018		**1,870,549**	**156,073**	**(2,010,747)**	**66,015**	**81,890**	**28,237**	**110,127**

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT CASH FLOW - INDIRECT METHOD
ON MARCH 31, 2018 AND 2017
(In R$ Thousands)

		Parent		Consolidated	
	Note	03/31/2018	03/31/2017	03/31/2018	03/31/2017
CASH FLOW FROM OPERATION		-			
Net results		(20,839)	(4,905)	(20,839)	(4,905)
Depreciation and amortization	10 e 11	1,628	1,854	3,269	10,389
Reversal (Provision) for losses by non-recoverability of assets	10 e 11	-	-	(2,968)	(16,058)
Equity pick-up	9.1	11,049	(16,338)	376	1,493
Result on sale of fixed assets		(85)	10	1,704	(2,309)
Financial expenses, net		4,610	17,233	4,997	(208)
Deferred income tax and social contribution		(330)	(316)	(605)	88
Losses on inventory obsolescence	6	(167)	1,265	(420)	1,126
Provision of contractual fines		112	25	112	1,623
Allowance for doubtful accounts	5	(3)	77	(7)	124
Effective losses on doubtful accounts	5		-	(34)	6
Present value adjustment	24	1,386	1,374	1,431	1,418
Convertible Debentures in Share	24	12,448	-	12,448	-
Accounts receivable		1,151	(3,468)	2,931	(1,284)
Inventories		760	791	(2,435)	2,529
Recoverable taxes		727	(7,895)	5,203	(11,716)
Other assets		(383)	(242)	8,266	5,513
(Increase) decrease in operating liabilities:					
Suppliers		(6,589)	(4,462)	(6,624)	(1,037)
Taxes payable		501	256	(3,766)	1,322
Others accounts payable		(17,085)	7,116	(17,326)	9,575
Cash flow from operating activities		**(11,109)**	**(7,625)**	**(14,287)**	**(2,311)**
CASH FLOW FROM INVESTING ACTIVITIES					
Payment of capital in subsidiaries		-	1,114	16,865	-
Sale of interest in subsidiary and return of advance for future capital increase		1,683		-	
Proceeds from sale of investments		90	-	90	-
Securities-restricted	4	(1)	6	5	14
Proceeds from the sale of fixed assets		85	-	1,710	3,125
Acquisition of property, plant and equipment	10	(1)	(66)	(762)	(138)
Acquisition to intangibles assets	11	(60)	-	(59)	-
Cash flow from investing activities		**1,796**	**1,054**	**17,849**	**3,001**
CASH FLOW FROM FINANCING ACTIVITIES		-			
Proceeds from loans and financing		1,556	5,198	18,099	21,344
Proceeds from loans and financing - Related parties		(6,174)	4,979	-	-
Capital Increase (Reduction)	18	16,865	-	-	-
Payments of loans and financing - Principal		(2,932)	(3,568)	(22,221)	(21,249)
Payments of loans and financing - Interest			(28)	(472)	(568)
Cash flow from financing activities		**9,315**	**6,581**	**(4,594)**	**(473)**
		-			
EXCHANGE VARIATION ON CASH AND CASH EQUIVALENTS FOR SUBSIDIARIES ABROAD		-	-	-	(2)
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**2**	**10**	**(1,032)**	**215**
		-			
Cash and cash equivalents at the beginning of period		6	123	2,135	1,233
Cash and cash equivalents at the end of period		8	133	1,103	1,448

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF ADDED VALUE
ON MARCH 31, 2018 AND 2017
(In R$ Thousands)

		Parent		Consolidated	
	Note	03/31/2018	03/31/2017	03/31/2018	03/31/2017
REVENUE					
Sales of goods, products and services (IPI including)	22	6,051	8,351	23,944	33,786
Revenue from sale of investments	25	-	-	-	-
Reversal of provision for impairment of assets	10			2,968	
Other revenues	25	1,623	7,760	3,722	28,386
Allowance for doubtful accounts - Reversal (recognition)	5	3	(77)	7	(124)
Effective losses on doubtful accounts	5			34	
		7,677	**16,034**	**30,675**	**62,048**
ACQUIRED FROM THIRD PARTIES					
Cost of products, goods and services sold		(1,262)	(2,700)	(3,761)	(8,021)
Materials, energy, and other outsourced services		(958)	(2,660)	(7,858)	(5,893)
Provision for impairment of assets	10	-	-		15,841
Low investment for sale	25	-	-	-	-
Other expenses	25	(2,854)	(5,854)	(13,020)	(30,582)
		(5,074)	**(11,214)**	**(24,639)**	**(28,655)**
GROSS ADDED VALUE		2,603	4,820	6,036	33,393
DEPRECIATION AND AMORTIZATION	10 e 11	(1,628)	(1,854)	(3,269)	(10,389)
NET ADDED VALUE GENERATED BY THE COMPANY		**975**	**2,966**	**2,767**	**23,004**
ADDED VALUE RECEIVED IN TRANSFER					
Equity pick-up	9.1	(11,049)	16,338	(376)	(1,493)
Financial income	24	13,735	78,007	16,359	74,598
		2,686	**94,345**	**15,983**	**73,105**
TOTAL ADDED VALUE TO BE DISTRIBUTED		**3,661**	**97,311**	**18,750**	**96,109**
DISTRIBUTION OF ADDED VALUE		**3,661**	**97,311**	**18,750**	**96,109**
Staff:		**3,863**	**4,659**	**13,459**	**19,946**
Direct compensation		3,278	3,536	10,257	14,445
Benefits		267	806	2,230	3,522
FGTS		318	317	972	1,979
Taxes and contributions:		**1,089**	**990**	**2,145**	**4,608**
Federal		532	545	1,182	3,734
States		533	428	939	793
Municipal		24	17	24	81
Payment of debt		**19,548**	**96,567**	**23,985**	**76,460**
Interest and other financial expenses	24	19,488	96,516	23,748	75,722
Rent		60	51	237	738
Others					
Income (loss) on equity		**(20,839)**	**(4,905)**	**(20,839)**	**(4,905)**
Income/Loss for the period		(20,839)	(4,905)	(20,848)	(4,905)
Non-controlling interests				9	

The notes are an integral part of the financial statements.

Explanatory notes to the intermediate financial demonstrations, individual and consolidated, for the trimester finishing in March 31, 2018

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

1 Operational context

Lupatech S/A – In Judicial Recovery ("Company") and its subsidiaries and associates (jointly "Group") is an anonymous society with headquarters in Nova Odessa, State of São Paulo, with shares negotiated at the stock market of São Paulo ("BOVESPA" LUPA3) and at the counter market on USA by means of its ADR (LUPAQ). The group that performs in two segments of business: **Products** and **Services** and counts with 659 collaborators on Brazil and in Colombia.

In the **Segment of Products,** the Company produces industrial valves, valves for oil and gas, cables for anchorage of platforms of production, valves and equipment for completion of wells.

In the **Segment of Services,** the Company offers services of intervention in wells and inspection, repair and coating of pipes.

1.1 Operational Continuity

The Company seeks to overcome the economic-financial crisis of the Lupatech Group and restructure its business through the process of judicial recovery, according to the plan of judicial recovery presented to its creditors, with the goal of preserving its entrepreneurial activity, recover its position of prominence as one of the most relevant economic groups on Brazil related to the sector of oil and gas, as well as to keep itself as a source of generation of riches, tributes and jobs.

The Company was successful in certain measures since the filing of the request of Judicial Recovery which rendered viable the injection of substantial resources in its operations. Between such measures, is highlighted the receipt of substantial amounts of its main customer (R$36.951 in December, 2015), the sale of associate participations (R$28.599 in 2016 and R$11.788 in 2017) and the discharge of the creditors of class I with issuing of debentures in the first trimester of 2018 (R$ 29.313). Other measures contained on the plan that were executed refer to the sales of fixed asset of the Company, and the concentration of the tender debt of the Brazilian companies of the economic Group of Lupatech S/A, as main payer, remaining the solidarity of the other recovering companies.

On the course of the exercise, the Company has not injected working capital. However, in any scenario developed by the Administration, the estimations indicate a necessity of acquisition of additional financial resources to elevate the levels of working capital to support the retake of operations.

Certain units of business had its operations substantially affected by the market conditions of Oil and Gas and by the repercussions of the process of Judicial Recovery, having its level of activity and its operational performance limited. On the evaluation of the Company, these units will resume operating in the expected manner insofar as the business environment keeps normalizing, whenever the necessary resources to its circulating capital are conferred.

The Management has conducted actions and negotiations, with support from its financial advisors, which may include transactions of capital and/or disinvestment of assets, among others, aiming the acquisition of financial resources. During the year 2016 and of 2017, the Administration has given continuity to the negotiations and considering the progress and the current stage of these actions, there are expectations over additional resources being obtained throughout 2018.

During the period of three months ending on March 31 of 2018, the Company has incurred loss before income tax and social contribution of R$21,169 in the parent company and R$21,074 consolidated (loss before income tax and social contribution of R$5,221 on the parent company and R$4,817 consolidated within the period of three months ending on March 31, 2017), and on March 31 of 2018, the total current liability of the company has exceeded the total current assets of R$36,781 in the parent company, and consolidated total assets have exceeded the total current liabilities in R$108,439 (On December 31, 2017 the total current liabilities exceeded the total of current assets in R$49,835 in the parent company, and on consolidated the total current assets exceeded the total current liabilities at R$97,701). Despite the improvement in results, continuity depends not only on the improvement of performance, but also the ability of the Company to obtain additional resources, either being derived from third parties, or derived from the sale of assets.

1.2 Judicial Recovery

I. Process of Judicial Recovery of the Lupatech Group

On May 25 of 2015, Lupatech S/A and its direct or indirect subsidiaries (Lupatech Group), have obtained the approval of the Administrative Council for the application of judicial recovery of the Company, pursuant to Article 122, only paragraph, of Law 6.404/76, despite the efforts of the Administration in negotiating with creditors and in the search for potential investors to balance the demands of working capital and CAPEX and also, as a result of unfavorable economic scenario of the oil and gas sector, in particular after the sharp fall in the price of the petroleum barrel in the international market, and the crisis at Petrobras, which is the main customer of the Company, which has reflected on the whole chain of supplies in the sector.

On that same date, Lupatech S/A and its subsidiaries: Lupatech Finance Limited; Amper Amazonas Perfurações Ltda; Itacau Agenciamentos Marítimos; Lochness Participações S/A; Lupatech – Equipamentos 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 Ltda; Sotep Sociedade Técnica de Perfuração S/A, have brought, in the district of São Paulo, the request for judicial recovery before the judgment of the 1st Court of Bankruptcy and Judicial Recoveries of the district of São Paulo, which was granted on June 22, 2015. Alta Administração Judicial Ltda was appointed as the judicial administrator.

On August 24, 2015, the Company and its subsidiaries (in judicial recovery) have presented the Plan of Judicial Recovery, the evaluation sheet of assets of the Company and of its subsidiaries and the relation of creditors, members of the terms and conditions indicated in the Plan.

The notice containing the relation of creditors was published on October 16, 2015 and the interested parties submitted to the judicial administrator their qualifications or disagreements in regards to the related credits.

The Plan was approved by the creditors in General Assembly held on November 18, 2015, having been approved by the judgment of the 1st Court of Bankruptcies, Judicial Recoveries and Conflicts Related to Arbitration in the district of São Paulo on December 11, 2015.

The term for exercise of the option for receipt or for modification of credits subject to the Plan of Judicial Recovery by unsecured creditors and with real warranty ended on March 10, 2016.

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.

The Lupatech Group, the date of July 12, 2016, has presented a manifestation in the acts of judicial recovery pleading for an extension of the "*stay period*', having in view the provision given to the Grievances of Instrument and the consequent annulment of the Plan, which was granted on July 18, 2016 for a period of 90 days.

The Lupatech Group has opposed its embargoes of declaration for the purposes of prior questioning to the decisions, seeking the preparation of future special appeal to the Superior Court of Justice with the goal of suspending and reforming the effects of the decision of the Court of Justice of São Paulo.

On September 5, 2016, in attention to the decision made by the 2nd Reserved Chamber of Business Law of the Court of Justice of the state of São Paulo, nullifying the homologating decision of first instance of the plan originally submitted and approved, was presented a new Plan of Judicial Recovery of the Lupatech Group next to the judgment of origin.

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 8, 2016, the New Plan of Judicial Recovery was approved by the General Meeting of Creditors of the Lupatech Group, having been approved by the judgment of the 1st Court of Bankruptcies, Judicial Recoveries and Conflicts Related to Arbitration in the district of São Paulo, without any reservations, on December 1, 2016.

Lupatech S/A has presented declaration embargoes since the order of approval did not mention one of the Group's companies in judicial recovery. On February 15 of 2017, the judgment has corrected his order of approval including the company not mentioned. Before the final validation of the judgment, the term for appeals against validation of the plan ended on March 13, 2017. Up to this date there was no submission of any grievance against the approval of the plan. The Administration of the Group evaluates that the lack of subsequent grievances fully confirms the legality of the plan and its effects from the homologating sentence of the sovereign decision of the meeting of creditors, therefore rendering the Lupatech Group and all creditors subject to compliance with the plan and legally obliged to comply with the plan from this date.

On November 28 of 2017, the Company has announced the 3rd issuance of mandatorily convertible debentures into shares of Lupatech S/A in the amount of up to R$30,000. The issue was completed on January 31 of 2018, with the subscription of R$ 29,313.

The shareholders had the right of preference in the acquisition of debentures, considering that the resources obtained from the shareholders are intended for the payment of creditors who have opted for the subscription of credits. This issue mostly aims the instrumentation of the payment of credits of labor nature, in accordance with the Plan of Judicial Recovery. The creditors of this class could subscribe these debentures with their credits, a faculty that has also been extended to creditors that are not subject to Judicial Recovery, with the goal of relieving the future flux of disbursements by the Company.

Specifically, the Company has used two strategies to settle the commitments with creditors Class I in question. The first, without attribution of order of relevance, was the payment of creditors through the conversion of credit in debentures of Lupatech S/A, and the second has occurred through the award of the shares of society of specific purpose (SSP), in the form of art. 50 XVI of Law no. 11,101.

II. About the New Plan of Judicial Recovery, approved by the creditors in general assembly held on November 8, 2016, and approved on February 15 of 2017, by the judgment of the 1ª Court of Bankruptcies, Judicial Recoveries and Conflicts Related to Arbitration in the District of São Paulo, in compliance with the determination of the 2nd Reserved Chamber of Business Law of the Court of Justice of the State of São Paulo, in the judgment of the grievances of instruments nºs 2011357-84.2016.8.26.0000 and 2011783-96.2016.8.26.0000, which have annulled the homologating decision of the plan previously approved by the creditors in the meeting.

The adoption of following recovery measures of the envisaged by the Plan has as objectives: (i) carry out the rescheduling of liabilities from the Lupatech Group, allowing their future discharge; (ii) allow the entry of cash flow to maintain and promote the activities of the Lupatech Group; (iii) to alienate certain assets considered non-essential to the economic activities of the Lupatech Group; (iv) obtain new resources from the capital market to accelerate the recovery; and (v) through the uplift of the Lupatech Group, allow the generation of jobs and the payment of taxes.

a. Recovery measures

The Plan uses the following means of recovery, in the form of article 50 of the Bankruptcy Law: (i) granting of special terms and conditions for payment of the obligations of the Lupatech Group, with the equalization of financial charges, taking as a starting point the date of the distribution of the request of judicial recovery; (ii) increase of social capital by issuing securities, with possible changes in corporate control; (iii) partial sale, sale or lease of assets of the Lupatech Group; (iv) constitution of a society of specific purpose for the transfer of goods intended for the payment of creditors; and (v) other measures to be eventually subject to prior approval of the Judgment of Recovery.

Increase of capital: In order to allow the injection of new capital, at any time after the Judicial approval of the Plan, the Lupatech Group can perform one or more calls for increase of social capital of Lupatech, which may be intended to creditors under the Plan, creditors that are not subject to the Plan, and/or third party investors, as the case may be.

The delivery of subscription bonuses to creditors under the Plan gives them the opportunity to acquire shares at prices lower than those in force when regarding the issuance of subscription bonus, being that, in the absence of interest in becoming a shareholder, it is up to the creditor the possibility to capture the value of the benefit through the sale of the referred subscription bonuses to third parties at BOVESPA. The economic results of exercise or sale of subscription bonuses are subject to variations in market and the future performance of the Lupatech Group.

The subscription bonus will have the security value issued pursuant to Art. 75 and following the Law of Societies by Shares, which should contain the following characteristics: (i) each subscription warrant gives the holder the right, but not the obligation, to subscribe a Share, at a price 50% lower than the price resulting from the average of the closing on the 30 trading sessions preceding the date of the issuance of subscription bonuses; (ii) the subscription bonus will be exercisable until 7 years after its issuance; (iii) the exercise price of subscription bonuses should be adjusted proportionately, for more or less, if there has been bonus, split or reverse split of shares of Lupatech; and (iv) the non-exercise of subscription bonus under the conditions laid down therein will lead to the decline of the right provided on them.

Shall be issued by Lupatech approximately three million subscription bonuses, which, if exercised, will be converted into three million shares, equivalent to approximately 34% of the current social capital of Lupatech, a percentage that may vary as a result of eventual increases of capital, as well as the occasion of consolidation of the general framework of creditors. The total number of subscription bonuses to be issued is the result of the conversion of 50% of the total debt held by unsecured creditors and creditors ME and SB of the Lupatech Group (approximately R$305,000), and 35% of the total debt held by Creditors with Real Warranty (approximately R$21,000), through the conference of a subscription bonus for every hundred reais of credit - a relation proportionally changeable in the hypothesis of reverse split, split or interest of the shareholder base.

In the event of any capital increase allowing the capitalization of credits subject to the Plan, the exercise of the right to participate in said capital increase will be, always, optional to the creditors, and will always be granted in an equal manner to each of the classes of creditors subject to the plan or the whole basis of creditors under the Plan. In the event of a capital increase contemplating both creditors subject to the Plan and third party investors, the conditions of the subscription of shares offered should be the same for both.

The *Noteholders* who opt for participation in an eventual capital increase which enables them to capitalize their credits subject to the Plan will receive ADRs representing the shares, to be delivered by the depositary.

The capitalization of credits represents an opportunity of the creditor to capture any appreciation of the patrimony of the Lupatech Group due to its recovery. The decision of creditors subject to the Plan to convert your credits into shares will be the result of their free judgment and shall take into account, exclusively, the analysis of each creditor, considering that the economic results of capitalization of credits shall be subject to the fluctuations of the market and the future performance of the Lupatech Group.

Warranties: To ensure the acquisition of new resources, preserved the rights of creditors with real warranty, the Group Company may, in addition to giving personal guarantees, constitute real and fiduciary warranties: (i) on the properties located in Maruim, Catú and São Mateus, property of the Lupatech Group; (ii) from the consolidation of ownership in favor of the Lupatech Group, over the property located in São Leopoldo; and (iii) from the eventual elimination of warranties given to Creditors with Real Warranty, over any of the unencumbered assets.

Sale of assets: The Lupatech Group, from the Judicial approval of the plan will use its best efforts to alienate the goods of the permanent assets as described in the Plan, by means of (i) competitive procedure; (ii) private contract signed by price not less than that indicated in valuation reports prepared by a specialized company; or (iii) a private auction, to be conducted by a specialized company in the evaluation and sale of assets by means of live auctions or by the Internet. The net proceeds arising from such alienations will be used for the payment of obligations arising out of labor legislation, tax burden and social welfare, and obligations laid down in the Plan.

Disposal of Isolated Productive Units (UPIs): The Lupatech Group, from the Judicial approval of the Plan, will use its best efforts to alienate the UPIs described in the Plan. The alienation of the UPIs may be made jointly or alone, by means of a competitive procedure covering, additionally, one or more UPIs or goods of the permanent asset. The net proceeds arising from such alienations will be used for the payment of obligations arising out of labor legislation, tax burden and social welfare, and obligations laid down in the Plan.

Any alienation of UPIs by means of competitive procedure shall be carried out respecting the provisions of the respective notices, in accordance with the Bankruptcy Law, and met the other conditions provided for in this Plan. It is at the discretion of the Lupatech Group opt for any of the modalities of competitive procedure provided for in articles 142 to 145 of the Bankruptcy Law.

The UPIs that are sold by competitive procedure will be free of any liens, and their respective purchasers will not respond to any debt or contingency of the Lupatech Group, including those of tax and labor nature, in accordance with Article 60 and 141 of the Bankruptcy Law.

In the event of disposal of any of UPIs envisaged in the Plan by means of a competitive procedure, the Lupatech Group may include, as an integral part of the IPU, accession of any rights of use, costly and temporary in nature, about the buildings in which are located the equipment which constitute the UPIs alienated.

Disposal of assets of businesses not rehabilitating: The Lupatech Group may also divest assets owned by foreign societies in which holds participation or control, not members of the Judicial Recovery. The net proceeds arising from such disposals will join in the cash of those rehabilitating, and shall be used for the payment of obligations arising out of labor legislation, tax burden and social welfare, and obligations laid down in the Plan.

Disposal of assets given in real or fiduciary warranty: Upon prior consent of the creditor who holds the respective warranty, the Lupatech Group may sell to third parties goods given in real or fiduciary warranty. The resources arising from the alienation of such goods will be used for the discharge of credits held by the creditor with real warranty or by the creditor with fiduciary warranty. Eventual surplus values shall be used for the payment of obligations arising out of labor legislation, tax burden and social welfare, and obligations laid down in the Plan.

Constitution of SPEs: In order to enable or facilitate the sale of any goods of the permanent asset or of the UPIs described in the Plan, as the case may be, the Lupatech Group may, individually or jointly, transfer one or more of these assets or UPIs to societies of specific purpose constituted by the Lupatech Group.

Approval for alienation of assets: Without prejudice to the hypotheses of alienation of assets and alienation of assets given in real guarantee or fiduciary, will be permitted any other modality of alienation, replacement or encumbrance of goods upon authorization of Judgment of Recovery or approval by the General Meeting of Creditors, complied with the terms of the laws and contracts applicable to such assets. Closed the Judicial Recovery, the Lupatech Group may freely alienate any goods of its circulating or permanent asset, observed the charges borne on such goods, not being applicable anymore the restrictions provided for in this Plan or in art. 66 of the Bankruptcy Law, being, however, subject to the usual restrictions contained in the social contracts and statutes of the societies in the Lupatech Group and new debt instruments, as the case may be.

b. Restructuring of credits subject to the Plan

Observing the provisions in Article 61 of the Bankruptcy Law, novates all Credits Subject to the Plan, which will be paid by Lupatech and by Lupatech Finance as main debtors, as the case may be, in solidarity with the other societies in the Lupatech Group, which remain as co-obligated and debtors in solidarity, with express waiver of any benefit of order.

The credits subject to the Plan shall be paid within the time limits and forms set out in the Plan, for each class of Creditors Subject to the Plan, even if the contracts which gave rise to Credits Subject to the Plan have laid down in a different way. With the referred novation, all obligations, *covenants*, financial indexes, hypotheses of netting, fines, as well as any other contractual obligations that are incompatible with the conditions of this Plan, shall cease from being applicable.

The credits not subject to the Plan would be paid in the form originally contracted or in the form that is agreed between the Lupatech Group and its respective creditor, additionally, if applicable, through the implementation of measures envisaged in the Plan.

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

With the goal of reducing costs in the administration of payments, will be respected a minimum value of installment payments to creditors under the Plan of two hundred and fifty reais per creditor subject to the Plan enabled in the list of creditors, limited to the balance of its respective credit subject to the Plan.

c. Restructuring of Labor Credits

Labor credits will be paid to each labor creditor within the period of one year from the date of the judicial approval of the Plan, as follows:

- **Initial payment**: The value corresponding to up to five minimum wages relating to claims of nature strictly based on wage and expired in the three months prior to the date of the request has already been paid by the Lupatech Group to the respective labor creditors, in accordance with the previous plan of judicial recovery, approved by the

Judgment of Recovery on December 16, 2015, rendering duly complied the Article 54, sole paragraph, of the Law of Bankruptcy;

- **Payment flow**: The balance of the value of labor credits, deducted the values paid in the initial payments, shall be paid to the respective labor creditors within a period of up to one year after the Judicial approval of the Plan, or, in the case of contested labor credits, after their proper inclusion in the list of creditors. In case of partial payments, the first payment must be made until the limit of twenty five minimum wages per labor creditor, being that the balance will be paid subsequently, proportionally, to each labor creditor.

The payments shall be made in cash, enabling the Lupatech Group to draw upon the form of payment provided for in Article 50, Section XVI, of Bankruptcy Law.

The contested labor credits that will be object of agreement in the Labor Justice must be paid for in the form established in the respective agreements duly approved by Labor Justice in final decision. In no hypothesis the contested labor credits may receive treatment more beneficial than that given to uncontroversial labor credits.

The labor credits that have their classification contested by any interested party, in accordance with the Bankruptcy Law, shall be considered controversial labor credits and can only be paid after final decision over the sentence that determines the qualification of contested credit, or on bail, respecting the terms of the Bankruptcy Law.

- **Payment Class I:** In accordance with the Judicial Recovery Plan approved on February 16 of 2017, the Lupatech Group could draw upon the form of payment provided for in Article 50, Section XVI, of Bankruptcy Law, which occurred in the month of February of 2018 with the third issuance of debentures convertible into ordinary shares.

d. Restructuring of credits with real warranty

The payment measures provided for creditors with real warranty have as a goal (i) to carry out the discharge of a substantial part of the credit with real warranty by means of payment in cash; and, additionally, (ii) allow the creditor with real warranty to take advantage of the economic uplifting chased by the Lupatech Group for the exercise of subscription bonuses offered in exchange for part of your credit.

The Credits with real warranty will be paid by means of the following conditions:

- **Cash payment:** Payment of 65% of the value of the respective credit with real warranty, including principal, interest and charges incurred, within a period of 15 years, in accordance with the flow of payments provided for in the Plan, winning the first installment of principal 23 months after the Judicial approval of the Plan. The value of credits with real warranty will suffer the incidence of interest and monetary correction equivalent to a variable rate equivalent to TR + 3% per year, to be paid 30 days after the expiration of the last installment of the principal.

- **Subscription bonuses:** Payment of 35% of the value of the respective credit with real warranty, equivalent to the remaining balance of the principal, by means of pledge in payment of Subscription Bonus, being that for each one hundred reais of credit with real warranty will be delivered a Subscription Bonus with the characteristics described in the Plan. The Subscription Bonus will be issued and made available to the creditor with real warranty until 24 months after the Judicial approval of the Plan, and may be alienated by the creditor with real warranty to any eventual third parties in the environment of BOVESPA. The amount of Subscription Bonuses to be delivered must be adjusted proportionately, for more or for less, if there has been interest, split or reverse split of shares from Lupatech.

In addition to the payment provided for above, the Lupatech Group may, at any time and upon approval by part of the respective creditor with real warranty, perform the total or partial payment of the balance of the respective credit with real warranty through: (i) the pledge on payment of any of the assets given in real warranty in favor of the creditor with real warranty; (ii) the pledge on payment of loans held by the Lupatech Group, in value sufficient to cover the balance of the respective credit with real warranty; or (iii) the delivery of the resources arising from the alienation of any of the assets given in real warranty in favor of the creditor with real warranty, either in terms of the Plan, through judicial authorization, or pursuant to Article 60 of the Bankruptcy Law.

In the hypothesis of the alternate payment occurring only in a partial manner, the respective creditor with real warranty should release proportionately real warranties in favor of the Lupatech Group.

e. Restructuring of the unsecured credits

The payment measures provided for unsecured creditors have as goal (i) to carry out the discharge of a substantial part of the unsecured credit through payment in cash; and (ii) to allow the unsecured creditor to benefit from the economic uplift chased by the Lupatech Group for the exercise of subscription bonuses offered in exchange for part of its credit.

The unsecured credits will be paid by means of the following conditions:

- **Payment in cash**: Payment of 50% of the value of the respective unsecured credit, including principal and interest and charges incurred, within a period of 15 years, in accordance with the flow of payments provided for in the Plan, which contemplates an initial fixed installment of five hundred reais per unsecured creditor enabled in the list of creditors, to be paid 13 months after the Judicial approval of the Plan, and the proportionate installments of the principal, the first one winning 23 months after the Judicial approval of the Plan. The value of the unsecured credits will be added with interest and monetary correction at a variable rate equivalent to TR + 3% per year, to be paid 30 days after the expiration of the last installment of the principal.

- **Subscription Bonus**: Payment of 50% of the value of the respective unsecured credit, equivalent to the remaining balance of the principal, by means of the pledge on payment of Subscription Bonus, being that for each one hundred reais of unsecured credit, you will be handed a Subscription Bonus with the characteristics described in the Plan. The Subscription Bonus will be issued and made available to the unsecured creditor until 24 months after the Judicial approval of the Plan, and may be disposed of by the alienated by the unsecured creditor to any eventual third parties in the environment of BOVESPA. The amount of Subscription Bonuses to be delivered must be adjusted proportionately, for more or for less, if there has been interest, split or reverse split of shares from Lupatech.

Unsecured credits that are denominated in foreign currency shall be calculated in Brazilian Reais based on the exchange rate of the date of the request, and paid in conditions similar to those provided for in the Plan, respecting the exchange variation, by means of the following conditions:

- **Payment in cash**: Payment of 50% of the value of the respective unsecured credit, including principal and interest and charges incurred, within a period of 15 years, in accordance with the flow of payments provided for in the Plan, which contemplates an initial fixed installment of five hundred reais per unsecured creditor enabled in the list of creditors to be paid 13 months after the Judicial approval of the Plan, and the proportionate installments of the principal, the first one winning 23 months after the Judicial approval of the Plan. The installments established in Brazilian Reais will be converted to foreign currency at the date of payment, by the official rate of the Central Bank on the preceding working day. The value of the unsecured credits will suffer the impact of interest equivalent to a fixed fee equivalent to 0.4% per year, to be paid 30 days after the expiration of the last installment of the principal, together with the exchange rate variation, if it exists. The exchange rate variation will be established by the difference between the original value of the unsecured credit denominated in foreign currency and the amounts effectively paid in foreign currency.

- **Subscription bonus**: Payment of 50% of the value of the respective unsecured credit, equivalent to the remaining balance of the principal, by means of the pledge on payment of Subscription Bonus, being that for each one hundred reais of unsecured credit, will be handed a Subscription Bonus with the characteristics described in the Plan. The Subscription Bonuses must be issued and made available to the unsecured creditor until 24 months after the Judicial approval of the Plan, and may be alienated by the unsecured creditor to eventual third parties in the environment of BOVESPA. The amount of Subscription Bonuses to be delivered must be adjusted proportionately, for more or for less, if there has been interest, split or reverse split of shares from Lupatech.

The Lupatech Group will ensure the payment, in cash, of at least two thousand reais per unsecured creditor, both in national currency and foreign currency, up to the limit of the value of its respective unsecured credit. In the event of such minimum value exceeding the proportion of 50% of the unsecured credit, only the remaining balance of unsecured credit will be paid for the delivery of Subscription Bonus.

Payment of unsecured credits of the *Noteholders* shall be paid in conditions similar to those provided for in the Plan, respected the exchange variation, by means of the following conditions:

- **Cash payment:** Payment of 50% of the value of the respective unsecured credit, including principal and interest and charges incurred, through the delivery of New Notes, which must envision the payment of its nominal value within a period of 15 years, in accordance with the flow of payments provided for in the Plan, which contemplates an initial installment of five hundred reais per unsecured creditor enabled in the list of creditors, to be paid 13 months after the Judicial approval of the Plan, and the proportionate installments of the principal, the first one winning 23 months after the Judicial approval of the Plan. The installments established in Reais envisioned in the Plan are converted to foreign currency at the date of payment, by the official rate of the Central Bank of the preceding working day. The value of the unsecured credits will suffer the incidence of interest equivalent to a fixed fee equivalent to 0.4% per year, to be paid 30 days after the expiration of the last installment of the principal, together with the exchange rate variation, if it exists. The exchange rate variation will be established by the difference between the original value of the unsecured credit denominated in foreign currency and the amounts effectively paid in foreign currency.

- **Subscription Bonus**: Payment of 50% of the value of the respective unsecured credit, equivalent to the remaining balance of the principal, by means of the pledge on payment of Subscription Bonus, being that for each one hundred reais of unsecured credit, will be handed a Subscription Bonus with the characteristics described in the Plan. The Subscription Bonuses will be issued and made available to the unsecured creditor until 24 months after the Judicial approval of the Plan, and may be alienated at any time by the unsecured creditor to eventual third parties in the environment of BOVESPA. The amount of Subscription Bonus to be delivered must be adjusted proportionately, for more or for less, if there has been interest, split or reverse split of shares from Lupatech.

Cancellation of the current *Notes*: After the Judicial approval of the Plan, and after the acquisition of a judicial decision in *Chapter* 15 recognizing the effectiveness of the Plan in American territory, shall be deemed to be canceled as of right to the *Notes* currently held by the *Noteholders*, which will be replaced by New *Notes*, to be issued within 180 days counted from the obtaining of the judicial decision in *Chapter* 15.

In the event of the Lupatech Group calling a capital increase covering unsecured creditors, it remains assured to unsecured creditors the right to subscribe the shares and pay them wholly or partially with its credit subject to the Plan remaining in the occasion, always respecting the rights of preference legally conferred to shareholders. In the hypothesis of capitalization only being partial, the remaining balance of the unsecured credit will continue being paid, by proportional redistribution on the remaining installments.

In the event of increases of any unsecured credit or inclusion of new unsecured credit due to eventual impugnation of credit or judgment of any judicial action, the respective value (in case of inclusion) or additional value (in case of increase) will be paid, by means of the proportional distribution of the value in future installments. The eventual increase or inclusion of any unsecured credit in the list of creditors during the period of payment will not generate to the unsecured creditor whose credits are increased any right to the retroactive receipt or proportional of installments that are already paid.

Unsecured credits that have their classification challenged by the Lupatech Group or by any interested party, in accordance with the Bankruptcy Law, must only be paid after final decision of the sentence that determines the qualification of contested credit, respecting the terms of Bankruptcy Law, starting the deadlines for payment only after the final decision of the respective sentence.

f. Restructuring of Credits from Micro Enterprises (ME) and Small Businesses (SB)

The measures provided for payment provided to creditors ME and SB have as goal (i) to carry out the discharge of a substantial part of the credit for ME and SB through payment in cash; and

(ii) to allow the creditor ME and SB benefit from the economic uplift chased by the Lupatech Group for the exercise of subscription bonuses offered in exchange for part of its credit.

The credits of ME and SB will be paid by means of the following conditions:

- **Cash payment:** Payment of 50% of the value of the respective credit to ME and SB, including principal and interest and charges incurred, within a period of 15 years, in accordance with the flow of payments provided for in the Plan, which contemplates an initial fixed installment of five hundred reais per creditor ME and SB enabled in the list of creditors, to be paid 13 months after the Judicial approval of the Plan, and the proportional installments of the principal, the first one winning 23 (twenty-three) months after the Judicial approval of the Plan. The value of the unsecured credits will suffer the equivalent to TR + 3% per year, to be paid 30 days after the expiration of the last installment of the principal.

- **Subscription bonuses:** Payment of 50% of the value of the respective credit to ME and SB, equivalent to the remaining balance of principal, by means of pledge on payment of Subscription Bonus, being that for each one hundred reais of credit from ME and SB, will be handed a Subscription Bonus with the characteristics described in the Plan. The Subscription Bonus will be issued and made available to the creditor ME and SB until 24 months after the Judicial approval of the Plan, and may be alienated at any time by the creditor ME and SB to eventual third parties in the environment of BOVESPA. The amount of Subscription Bonus to be delivered must be adjusted proportionately, for more or for less, if there has been interest, split or reverse split of shares from Lupatech.

The Group Lupatech will ensure the payment, in cash, of at least two thousand reais per creditor ME and SB, up to the limit of the value of its respective credit of ME and SB. In the event of such minimum value exceeding the proportion of 50% of the credit ME and SB, only the remaining balance of the credit ME and SB will be paid for the delivery of Subscription Bonus.

In the event of the Lupatech Group calling a capital increase covering creditors ME and SB, it remains assured to creditors ME and SB the right to subscribe the shares and pay them wholly or partially with its credit subject to the Plan remaining in the occasion, always respecting the rights of preference legally conferred to shareholders. In the case of capitalization only being partial, the remaining balance of the credit ME and SB will continue to be paid in accordance with the Plan, through proportional redistribution in the remaining installments.

In the event of increases of any credit for ME and SB, or inclusion of new credit of ME and SB due to eventual impugnation of credit or judgment of any court action, the respective value (in case of inclusion) or additional value (in case of increase) will be paid by means of the proportional distribution of value in future installments. The eventual increase or inclusion of any Credit of ME and SB in the list of creditors during the period of payment will not generate to the creditor of ME and SB whose credits have been added any right to retroactive receipt or the proportional of installments that are already paid.

Credits of ME and SB which have their classification challenged by the Lupatech Group or by any interested party, in accordance with the Bankruptcy Law, can only be paid after final judgment of the sentence that determines the qualification of the contested credit, respecting the terms of the Bankruptcy Law, starting the deadlines for payment only after the final decision of the respective sentence.

III. Process of homologating annulment of the Plan of Judicial Recovery of the Lupatech Group approved and homologated on December 11, 2015 by D. Judgment of the 1ª Court of Bankruptcies, Judicial Recoveries and Conflicts Related to the Arbitration of the District of São Paulo and subsequently annulled by a decision of the 2nd Reserved Chamber of Business Law of the Court of Justice of the State of São Paulo

Aiming at the reform of the referred decision for approval of the Plan of Judicial Recovery, were filed 02 (two) grievances of instrument before the Court of Justice of the State of São Paulo. In trial session that occurred on June 27, 2016, the 2nd Reserved Chamber of Business Law of the Court of Justice of the State of São Paulo upheld both grievances of instrument, determining the annulment of the homologating decision of the Plan of Judicial Recovery and the presentation of new Plan of Judicial Recovery in the proceedings of origin.

By understanding the rulings as unreasonable, the Lupatech Group, on July 21, 2016, has opposed the declaration embargoes for the purposes of prior inquiry, with the aim of, subsequently, interpose special resources before the Superior Court of Justice and, with this, reform the referred decisions. The special features will contain requests for granting of suspensive effect, so that the Lupatech Group resumes the full implementation of the Plan of Judicial Recovery.

The Lupatech Group believes, based on the opinion of its legal advisors, that the Plan of Judicial Recovery is fully valid and totally disagrees with the terms of the issued rulings. However, in compliance with the judicial decision in force, has submitted on September 5, 2016, a new Plan of Judicial Recovery, on the proceedings of origin. The new Plan, drawn up in accordance with the parameters determined by the 2nd Reserved Chamber of Business Law of the Court of Justice of the State of São Paulo, was approved at a General Meeting of Creditors of the Lupatech Group on November 8, 2016, and approved on December 1, 2016, by the judgment of the 1ª Court of Bankruptcies, Judicial Recoveries and Conflicts Related to Arbitration in the District of São Paulo, without any reservations.

The Company continues to chase, via special resource, the cancellation of fine by protective litigation wrongly applied by the Court of Justice of São Paulo, which has annulled the Plan of Judicial Recovery previously submitted.

2 Basis of preparation

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

The consolidated quarterly information has been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP).

The individual quarterly information of the parent company was drawn up according to the BR GAAP.
The Management of the Company says that all the relevant information from the financial information, and only these, are being observed, and that they correspond to those used by it in its management.

In compliance with CVM Circular Letter n° 003/2011, of April 28, 2011, we present the following explanatory notes included in the most recent annual financial statements (exercise ended in December 31, 2017), of which, in view of the absence of relevant changes in this period of three months ending on March 31 of 2018, are not being repeated or included in a complete form in the quarterly information:

Explanatory notes not included for the period of three months ended March 31, 2018	Location of the note in full annual financial statments for the fiscal year 2017
Main accounting practices	Note nº 3
Other accounts payable	Note nº 18
Taxes payable	Note nº 20

The issuance of individual and consolidated financial information has been authorized by the Administrative Council on May 15, 2018.

2.2 Functional currency and presentation currency

The quarterly information is presented in Reais, which is the functional currency of the Company. All balances have been rounded to the nearest thousand, except where indicated otherwise.

2.3 Measurement basis

The quarterly information has been prepared on a historical cost basis, except for certain financial instruments measured by their fair values.

2.4 Basis of consolidation and investments in subsidiaries

The consolidated quarterly information includes the financial statements of Lupatech S/A - In Judicial Recovery and its subsidiaries.

2.4.1 Controlled companies

The Group controls an entity when it is exposed to, or has rights over, the variable returns arising from their involvement with the entity and has the ability to affect those returns by exerting its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control until the date that the control ceases to exist.

In the individual financial statements of the parent company, the financial information of subsidiaries are recognized by means of the equity method.

In the period of three months ending on March 31 of 2018, the subsidiaries of Lupatech S/A - In Judicial Recovery had no alterations of direct or indirect Holdings.

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

Direct and indirect subsidiaries	Direct and Indirect participation (%	
	03/31/2018	03/31/2017
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
Lupatech Oil&Gas Coöperatief U.A. - (Holanda)	5.00	5.00
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. - (Holanda)	97.71	97.71
Lupatech OFS S.A.S. - (Colombia)	51.00	51.00
Lupatech Oil&Gas Coöperatief U.A. - (Holanda)	95.00	95.00
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
CIAVAL Administração de Bens e Direitos SPE S/A - (Brazil)	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 in September 2017 at Lupatech OFS S.A.S.
(**) Classification for "Jointly-owned subsidiaries", after sale of equity interest, with control sharing agreement.

Transactions eliminated in the consolidation

Intra-group balances and transactions, and any revenue or expenses not incurred derived from intra-group transactions, are eliminated. Unrealized gains arising from transactions with registered advances by equity are eliminated against the investment in proportion of participation of the Group in the advance. Unrealized losses are eliminated in the same way that the unrealized gains, but only to the extent that there is no evidence of loss by reduction to the recoverable amount.

2.4.2 Companies jointly controlled

Jointly controlled are all entities whose financial and operating policies can be conducted by the Group, in conjunction with other shareholder(s), normally operated through agreements of the shareholders. On the financial statements of the parent company and in the consolidated, the participations in jointly controlled entities are recognized by using the equity method.

The Company owns participation in the following jointly controlled companies: Luxxon Participações S/A e Aspro do Brasil Sistemas de Compressão p/ GNV Ltda., as shown below, in March 31 of 2018:

Jointly-owned subsidiaries	Direct and indirect participation (% 03/31/2018	03/31/2017
Participações diretas		
Luxxon Participações S.A. - (Brazil) (*)	45.20	45.20
Indirect participation		
Aspro do Brasil Sistemas de Compressão p/GNV Ltda. - (Brazil) (*)	45.20	45.20

(*) Joint Venture

2.4.3 Combination of business

Business combinations are registered using the acquisition method when the control is transferred to the Group. The consideration transferred is usually measured at fair value, as well as the net identifiable assets acquired. Any gain that arises on the transaction is tested annually for evaluation of loss by reducing the amount recoverable. Gains in an advantageous purchase are recognized immediately in the result. The transaction costs are recorded in the result as they are incurred, except the costs related to the issuance of debt instruments or assets.

The consideration transferred does not include amounts relating to the payment of pre-existing relations. These amounts are generally recognized in the result of the exercise.

Any contingent consideration payable is measured at its fair value at the date of acquisition. If the contingent consideration is classified as equity instrument, then she is not remeasured and the settlement is registered within the net worth. The remaining contingent considerations are remeasured at fair value on each date of report and subsequent changes to fair value are recorded in the result of the exercise.

If any event of business combination or other transaction or similar corporate event that affects the Options with the dilution of shareholding position that the Beneficiary would do justice, the Administrative Council shall amend the Contract of Option of Purchase of Ordinary Shares, in up to 30 days from the date of the referred event, to ensure that the Beneficiaries remain with sufficient Options for the acquisition of the prescribed percentage of shares of the Company hired, in compliance with the new shareholding composition, and the purchase price of the Options not yet exercised shall be adjusted to be the lowest between R$2.35 and 80% of the price established on the Corporate Event, where the schedule of exercise of the Options provided for in the contract is preserved, kept the percentages and deadlines of exercise defined therein. The above provisions reach only the Corporate Events contracted in the period of 18 months from the signing of the Contract, limited to operations of up to R$150,000.

3 Standards, amendments and interpretations of standards

In force

Were approved and issued the following new standards by the IASB, in force since January 1, 2018. The administration has evaluated the impacts of its adoption, not identifying relevant adjustments for disclosure.

(i) IFRS 15 - Revenue from Contracts with Customers (CPC 47 - Revenue from Contract with Customer)
The standard brings the principles that an entity shall apply to determine the measurement of revenue and how and when it is recognized. It shall enter into force on January 1 of 2018, and replaces the IAS 11 - "Construction Contracts", the IAS 18 - "Revenues" and corresponding interpretations. The amendments set out the criteria for measuring and recording of sales, in the way that they were effectively performed with due presentation, as well as the registry by values that the Company is entitled in the operation, considering eventual estimates of loss of value.

(ii) IFRS 9 - Financial Instruments (CPC 48 - Financial Instruments)
The standard addresses the classification, measurement and recognition of financial assets and liabilities. The main amendments of IFRS 9 are the new criteria for classification of financial assets in two categories (measured at fair value and measured at amortized cost) depending on the characteristics of each instrument, and can be classified into financial result or encompassing result, the new impairment model for financial assets being a hybrid of expected and incurred losses, in replacement of the current model of incurred losses, and alleviating the requirements for adoption of hedge accounting.

Effective from January 1st, 2019.

IFRS 16 Leases (CPC 06 R2 - Leasing Operations)
The new standard replaces IAS 17 - "Leasing Operations" and corresponding interpretations and determines that the tenants will have to recognize the liability of future payments and the right of usage of the leased asset for virtually all leasing contracts, including the operational, which may place outside the scope of this new standard certain short-term contracts or contracts of small amounts. The recognition criteria and measurement of leases in the financial statements of lessors are substantially maintained.

4 Cash and cash equivalents and titles and restricted securities

Cash and cash equivalents

The balances of cash and cash equivalents are composed as follows:

	Parent		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Cash and banks				
Brazil	8	6	229	152
Abroad	-	-	754	1,983
	8	6	983	2,135
Financial Investments				
Bank deposit certificate	-	-	120	-
	-	-	120	-
Cash and cash equivalents	8	6	1,103	2,135

The values of cash equivalents are related to applications of immediate liquidity, with insignificant risk of change in value and refer to resources invested in fixed income and a certificate of deposit. The rates of remuneration of financial applications of certificate of deposit have as parameter the Interbank Certificate of Deposit - ICD.

Bonds and securities - Restricted

On March 31 of 2018, the Company has R$816, registered as "Titles and securities - Restricted" on the circulating asset, and R$937 in non-circulating asset (R$807 in the circulating and $927 in the non-circulating asset, on December 31, 2017), on the parent company and in the consolidated, relating to the deposit to guarantee the payment of any eventual indemnifiable liabilities, according to the contractual clause of purchase and sale of the unit Metalúrgica Ipê for Duratex, called *Escrow Account*, applied in CBD.

5 Accounts receivable from customers

	Parent		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Local market	8,398	9,767	29,535	31,540
Export	441	458	584	552
	8,839	10,225	30,119	32,092
Less: allowance for doubtful accounts	(4,171)	(4,174)	(5,213)	(5,186)
Total	4,668	6,051	24,906	26,906
Current	4,668	6,051	24,906	26,906

In the period of three months ending on March 31 of 2018, were reversed from the result losses with provision for credits of dubious liquidation in the amount of R$3 on the parent company and in the consolidated were recognized losses in the amount of R$27.

In the period of three months ended March 31 of 2017, were recognized in the result loss with provision for credits of dubious liquidation in the amount of R$ 77 on the parent company and R$124 in the consolidated, and also, an effective loss with doubtful debtors of R$6 in the consolidated.

6 Stocks

	Parent		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Finished goods	2,215	2,332	7,864	7,890
Goods for resale	537	601	3,166	3,418
Work in progress	9,283	8,721	15,592	15,188
Raw material	16,827	17,968	71,995	69,045
Losses on inventory obsolescence	(7,349)	(7,516)	(35,957)	(36,377)
Total	21,513	22,106	62,660	59,164

In the period of three months ending on March 31 of 2018, there was a reversal in the respective result to losses with obsolescence of inventories in the amount of R$167 on the parent company and in the consolidated were recognized R$420.

In the period of three months ended in March 31 of 2017, was recognized in the result loss with obsolescence of stocks in the amount of R$1,265 on the parent company and R$1,126 in the consolidated

7 Taxes to recover

	Parent		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Value-added Tax on Sales and Services (ICMS) recoverable	12,898	13,070	13,312	13,553
Excise Tax (IPI) recoverable	1,427	1,459	1,715	1,741
Social Integration Program (PIS) recoverable	293	395	681	780
Social Contribution on Revenues (COFINS) recoverable	1,568	2,041	3,299	3,759
Corporate Income Tax (IRPJ) advances	-	-	10,417	9,429
IRF and IRPJ recoverable	590	574	28,652	32,555
CSLL recoverable	94	80	4,056	4,855
National Institute of Social Security (INSS) Contribution recoverable	44	44	1,002	999
Service tax (ISS) recoverable	-	-	36	36
Other	94	72	168	153
Total	17,008	17,735	63,338	67,860
Current	3,683	4,317	26,029	26,101
Non-Current	13,325	13,418	37,309	41,759

The origin of credits listed above is the following:

• IPI, PIS and COFINS to recover - stem, basically, from credits over purchases of raw materials used in the exported products and sale of products taxed at zero rate. The realization of these credits has been performed through compensation with other federal taxes.

• Income tax and social contribution to recover - are arising from taxes over profit, paid the largest over previous years, or in the form of anticipation in the current exercise, and of tax withheld at the source over financial transactions and services provided by third parties. The company provides services to Petrobras, a state company that performs deductions of taxes on the billing. These taxes are being compensated with payable taxes determined of the same nature.

• ICMS - refers to credits over acquisitions of inputs used in the manufacturing of products whose sale is subject to the reduced basis of calculation of ICMS, as well as claims over acquisitions of inputs used in the manufacturing of products intended for export.

Actions are being taken to use these accumulated tax credits, especially involving strategies and logistics of acquisition of inputs.

8 Other receivable accounts

On March 31 of 2018, the Company has the following balances recorded as other receivable accounts in circulating and non-circulating assets, as shown below:

	Parent		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Other accounts receivable - Current				
Travel advances	9	9	52	54
Advances to employees	139	269	757	483
Advance guarantee of electricity supply	-	-	-	243
Profits and dividends receivable	-	-	1,664	1,664
Receiving insurance and accident	138	138	138	138
Accounts receivable related to property sale	200	200	200	200
Other accounts receivable from Unifit	571	571	571	571
Other receivables	425	425	1,227	1,203
Total	1,482	1,612	4,609	4,556
Other accounts receivable - Non-current				
Loans receivable from related Unifit	6,935	6,935	6,935	6,935
Loans receivable from related Luxxon	163	163	6,091	6,091
Other receivables	-	-	479	479
Total	7,098	7,098	13,505	13,505

9 Investments

9.1 Investments in subsidiaries and affiliates

	Parent		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
In affiliates	359,881	369,354	-	-
Goodwill on acquisition of investments (Note 13)	6,065	6,065	-	-
Total	365,946	375,419	-	-

									Parent	
	Mipel	Recu	LESP	Finance	Finance II	LNC	LOFS	Lochness	03/31/2018	12/31/2017
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	**8,506**	**743**	**23,391**	**171,981**	-	**9,224**	**27,252**	**(2,401)**		
Income (Loss) for the year	(781)	-	(750)	140	-	(14)	(11)	(9,271)		
Unrealized profits	(312)	-	-	-	-	-	-	-		
Changes in investments										
Beginning balance	10,478	749	78,000	171,166	-	211	26,385	82,365	369,354	350,523
Advance for future capital increase	(619)	-	324	-	-	-	-	(399)	(694)	5,200
Sale of interest in subsidiary	-	-	-	-	-	-	(989)	-	(989)	(9,143)
Equity pick-up result	(747)	-	(750)	106	-	-	(11)	(9,271)	(10,673)	21,553
Equity evaluation adjustments	-	(44)	20	709	-	1	1,867	330	2,883	1,221
Final balance	**9,112**	**705**	**77,594**	**171,981**	-	**212**	**27,252**	**73,025**	**359,881**	**369,354**

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

The result of the equity is composed as follows:

	Parent		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
In affiliates	(10,673)	17,831	-	-
In joint venture	(376)	(1,493)	(376)	(1,493)
Total	(11,049)	16,338	(376)	(1,493)

9.2 Investments in jointly controlled (*joint venture*)

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

On March 31 of 2018, the Company has recognized investments in jointly controlled *(Joint Venture)* regarding Luxxon Participações S/A, as provision for uncovered liability, in the amount of R$11,647 (R$8,434 in December 31, 2017).

The investments jointly controlled are measured by the equity method.

10 Immobilized

	Weighted avarage rate of depreciation % p.a.	Parent		Consolidated	
		03/31/2018	12/31/2017	03/31/2018	12/31/2017
		Net	Net	Net	Net
Land	-	11,366	11,366	12,636	12,559
Building and construction	2%	27,545	27,753	37,596	37,901
Machinery and equipment	9%	23,647	24,615	53,114	53,058
Molds and matrixes	15%	615	657	720	769
Industrial facilities	5%	6,397	6,544	8,104	8,259
Furniture and fixtures	9%	918	964	1,201	1,248
Data processing equipments	14%	111	126	268	270
Improvements	2%	166	169	827	836
Vehicles	19%	92	100	1,098	1,161
Casks	-	-	-	4	5
Advances for fixed assets acquisitions	-	-	-	10,379	10,365
Construction in progress	-	955	955	16,919	16,747
Total		71,812	73,249	142,866	143,178

Synthesis of movement of the immobilized:

	Parent								
Gross Cost	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Data processing equipments	Construction in progress	Others	Total
Balance on December 31, 2017	**11,366**	**35,201**	**89,549**	**11,721**	**3,838**	**3,885**	**955**	**484**	**156,999**
Additions	-	-	1	-	-	-	-	-	1
Balance on March 31, 2018	**11,366**	**35,201**	**89,550**	**11,721**	**3,838**	**3,885**	**955**	**484**	**157,000**

	Parent								
Acculated depreciation	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Data processing equipments	Construction in progress	Others	Total
Balance on December 31, 2017	**-**	**(7,448)**	**(64,277)**	**(5,008)**	**(2,874)**	**(3,759)**	**-**	**(384)**	**(83,750)**
Additions	-	(224)	(1,011)	(150)	(46)	(15)	-	(8)	(1,454)
Reclassification for assets held for sale	-	16							16
Balance on March 31, 2018	**-**	**(7,656)**	**(65,288)**	**(5,158)**	**(2,920)**	**(3,774)**	**-**	**(392)**	**(85,188)**

	Parent								
Net property, plant and equipment	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Data processing equipments	Construction in progress	Others	Total
Balance on December 31, 2017	**11,366**	**27,753**	**25,272**	**6,713**	**964**	**126**	**955**	**100**	**73,249**
Balance on March 31, 2018	**11,366**	**27,545**	**24,262**	**6,563**	**918**	**111**	**955**	**92**	**71,812**

There are goods of the immobilized asset linked to guarantees of liabilities in March 31 of 2018, these liabilities in the following amounts:

Garanteed liabilities	Fixed assets	
	Parent	Consolidated
Taxation (Tax executions)	14,791	14,949
Loans and financing (Note 15)	44,376	60,761
Total	59,167	75,710

Commercial leases
On March 31 of 2018, the Company possesses through the indirect controlled Lupatech OFS S.A.S. a financial lease amounting to R$11,122 (R$12,101 on December 31, 2017).

11 Intangible

	Weighted rates of amortization	Parent		Consolidated	
		03/31/2018	12/31/2017	03/31/2018	12/31/2017
	% p.p.	Net	Net	Net	Net
Goodwill (*)	-	55,414	55,414	102,733	101,333
Software and other licenses	20%	585	619	901	990
New projects developments	20%	13,040	13,121	13,342	13,437
Total		69,039	69,154	116,976	115,760

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

Synthesis of movement of the intangible:

	Parent			
Gross Cost	acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2017	**55,414**	**9,679**	**20,760**	**85,853**
Additions	-	57	3	60
Balance on March 31, 2018	**55,414**	**9,736**	**20,763**	**85,913**

	Parent			
Acculated Amortization	acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2017	**-**	**(9,060)**	**(7,639)**	**(16,699)**
Additions	-	(91)	(84)	(174)
Balance on March 31, 2018	**-**	**(9,151)**	**(7,723)**	**(16,873)**

	Parent			
Net Intangible Assets	acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2017	**55,414**	**619**	**13,121**	**69,154**
Balance on March 31, 2018	**55,414**	**585**	**13,040**	**69,039**

	Consolidated			
Custo do intangível bruto	**acquisition of investments**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2017	**101,333**	**12,739**	**22,108**	**136,180**
Additions	-	57	2	59
Effect of the conversion of subsidiaries abroad	1,400	-	-	1,400
Balance on March 31, 2018	**102,733**	**12,796**	**22,110**	**137,639**

	Consolidated			
Amortização acumulada	**acquisition of investments**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2017	**-**	**(11,749)**	**(8,671)**	**(20,420)**
Additions	-	(146)	(97)	(243)
Balance on March 31, 2018	**-**	**(11,895)**	**(8,768)**	**(20,663)**

	Consolidated			
Intangível líquido	**acquisition of investments**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2017	**101,333**	**990**	**13,437**	**115,760**
Balance on March 31, 2018	**102,733**	**901**	**13,342**	**116,976**

Below is a summary of the allocation of the balance of gain by level of the Cash-Generating Unit:

	Goodwill on acquisition of investments			
	Investments (Note11)		**Intangible**	
	Parent		**Consolidated**	
UGCs	**03/31/2018**	**12/31/2017**	**03/31/2018**	**12/31/2017**
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)	-	-	20,567	19,167
Total	61,479	61,479	102,733	101,333
Investment	6,065	6,065	-	-
Intangible Assets	55,414	55,414	102,733	101,333

The gain is allocated to the cash-generating units for which may be identified in the cash flows of the Cash-Generating Units – "UGC".

The gain allocated to the group of units Carbonox and Valmicro is not relevant in comparison with the total book value of the gains, reason for which is not being presented individual information of these UGCs.

Below is a summary of the values recorded as a loss for non-recoverability of gain by the 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)	20,567	-	20,567
Total	306,673	(203,940)	102,733

12 Suppliers

	03/31/2018						12/31/2017					
	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	12	121,120	**121,132**	12	121,120	**121,132**	6,848	120,197	**127,045**	6,848	120,197	**127,045**
Export Suppliers	871	8,745	**9,616**	871	8,745	**9,616**	871	8,746	**9,617**	871	8,746	**9,617**
(-) Present value adjustment	-	(55,089)	**(55,089)**	-	(55,089)	**(55,089)**	-	(55,696)	**(55,696)**	-	(55,696)	**(55,696)**
	883	**74,776**	**75,659**	**883**	**74,776**	**75,659**	**7,719**	**73,247**	**80,966**	**7,719**	**73,247**	**80,966**
Not Subject to Judicial Recovery												
Domestic Suppliers	6,726	-	**6,726**	23,320	-	**23,320**	6,344	-	**6,344**	23,888	67	**23,955**
Export Suppliers	78	-	**78**	1,745	-	**1,745**	99	-	**99**	1,376	-	**1,376**
	6,804	**-**	**6,804**	**25,065**	**-**	**25,065**	**6,443**	**-**	**6,443**	**25,264**	**67**	**25,331**
Total	**7,687**	**74,776**	**82,463**	**25,948**	**74,776**	**100,724**	**14,162**	**73,247**	**87,409**	**32,983**	**73,314**	**106,297**

According to the Plan of Judicial Recovery in force, 50% of the unsecured credits from suppliers will be paid by means of pledge on payment of subscription bonus and the remaining 50% will be paid in cash within 15 years, with increased interest and monetary correction at a variable rate equivalent to the TR +3% per year, to be paid 30 days after the expiration of the last installment of principal, as proposed under the terms of payments of unsecured creditors of the new Plan.

In the quarter ending on March 31 of 2018, there was a record of adjustment to present value over the suppliers subject to judicial recovery in the amount of R$607.

The balance of adjustment to present value over the suppliers subject to judicial recovery at March 31 of 2018, is R$55,089 (R$55,696 on December 31, 2017) on the parent company and in the consolidated, considering the discount rate of 13.65% per year.

13 Loans and financing

			03/31/2018						12/31/2017					
			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	FIXED	3,00% a.a. + TR	-	43,889	**43,889**	-	43,889	**43,889**	-	43,566	**43,566**	-	43,566	**43,566**
(-) Present value adjustment			-	(19,658)	**(19,658)**	-	(19,658)	**(19,658)**	-	(19,897)	**(19,897)**	-	(19,897)	**(19,897)**
									-				-	
Credores quirografários	FIXED	3,00% a.a. + TR	-	99,347	**99,347**	-	181,323	**181,323**	-	98,617	**98,617**	-	180,122	**180,122**
(-) Ajuste a valor presente			-	(44,499)	**(44,499)**	-	(75,209)	**(75,209)**	-	(45,038)	**(45,038)**	-	(75,793)	**(75,793)**
			-	**79,079**	**79,079**	-	**130,345**	**130,345**	-	**77,248**	**77,248**	-	**127,998**	**127,998**
Not subject to Judicial Recovery														
Local currency														
Working capital / expansion	CDI	6,80% a.a.	2,158	-	**2,158**	2,158	-	**2,158**	2,089	-	**2,089**	2,089	-	**2,089**
Working capital / expansion	TJLP	4,84% a.a.	9,933	-	**9,933**	17,997	-	**17,997**	9,395	-	**9,395**	17,018	-	**17,018**
Discounted titles	-	34,33% a.a.	296	-	**296**	874	-	**874**	1,590	-	**1,590**	2,743	-	**2,743**
Credit limit	FIXED	211,75% a.a.	-	-	-	4	-	**4**	27	-	**27**	30	-	**30**
												-		
Foreign currency												-		
Working capital / expansion	US DOLAR	7,48% a.a.	1,999	-	**1,999**	3,324	-	**3,324**	1,897	-	**1,897**	3,156	-	**3,156**
Working capital / expansion	PESO COP	12,55% a.a.	-	-	-	8,767	4,177	**12,944**	-	-	-	8,322	5,792	**14,114**
			14,386	**-**	**14,386**	**33,124**	**4,177**	**37,301**	**14,998**	**-**	**14,998**	**33,358**	**5,792**	**39,150**
			14,386	**79,079**	**93,465**	**33,124**	**134,522**	**167,646**	**14,998**	**77,248**	**92,246**	**33,358**	**133,790**	**167,148**

According to the Plan of Judicial Recovery in force, 35% of credits with real guarantee subject to the Judicial Recovery shall be paid by means of pledge on payment of subscription bonus and the remaining 65% will be paid in cash within 15 years, with increased interest and monetary correction at a variable rate equivalent to the TR +3% per year, to be paid 30 days after the expiration of the last installment of principal, as proposed under the terms of payments of creditors with real guarantee of the new Plan.

In the case of unsecured credits from loans and financing, in accordance with the Plan of Judicial Recovery in force, 50% will be paid by means of pledge on payment of subscription bonus and the remaining 50% will be paid in cash within 15 years, with increased interest and monetary correction at a variable rate equivalent to the TR +3% per year, to be paid 30 days after the expiration of the last installment of principal, as proposed under the terms of payments of unsecured creditors of the new Plan.

In the quarter ending on March 31 of 2018, there were records of adjustment to the present value of loans and financing subject to Judicial Recovery in the amount of R$778 on the parent company and R$823 in the consolidated.

The balance of adjustment to present value over loans and financing subject to judicial recovery in March 31 of 2018, is R$64,157 (R$64,935 on December 31, 2017) on the parent company and R$94,867 (R$95,690 in December 31, 2017) on consolidated, considering the discount rate of 13.65% per year.

The expirations of the non-circulating installments of financing are as follows:

	Parent		Consolidated	
Maturity	**03/31/2018**	**12/31/2017**	**03/31/2018**	**12/31/2017**
2018	-	-	-	-
2019	3,303	3,227	8,577	10,176
2020	3,052	2,981	6,075	5,902
2021	3,052	2,981	5,030	4,939
2022	3,052	2,981	5,030	4,939
2023	3,052	2,981	5,030	4,939
From 2024	63,568	62,097	104,780	102,895
	79,079	77,248	134,522	133,790

The warranties of loans and financing were granted as shown below, with position on March 31, 2018:

		Value of the guarantee			
		Parent		Consolidated	
		Book value*	Appraisal report value**	Book value*	Appraisal report value**
Subject and not subject to Judicial Recovery					
Local currency	**Garantee**				
Working capital / expansion	Mortage / Buildings	35,681	103,220	35,681	103,220
Working capital / expansion	Machinery and equipment	8,695	10,102	8,695	10,102
		44,376	113,322	44,376	113,322
Not subject to Judicial Recovery					
Foreign currency	**Garantee**				
Working capital / expansion	Own financed asset	-	-	16,385	-
		-	-	16,385	-
		44,376	113,322	60,761	113,322

* 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 Lupatech SFO SAS has financial *covenants* coupled to a leasing contract with Bancolombia, which relates the need for maintenance of EBITDA 2x greater than the expenditure of paid interest (b) Debt / EBITDA up to 3x. On March 31 of 2018, the indirect subsidiary Lupatech SFO SAS has fulfilled the *covenants.* The total amount of the referred loan is R$3,048 and is registered in the circulating liabilities amounting to R$1,569 and R$1,479 in non-circulating liabilities (total amount of R$3,179 on December 31 of 2017, recorded R$1,432 in current liabilities and R$1,747 in non-circulating).

On March 31 of 2018, the Company has the balance of R$4,615 (R$4,524 at December 31, 2017) of notification of charge by Banco Votorantim S/A concerning the liquidation of clearance provided - warranty by letter of surety requested by Banco do Nordeste do Brasil S/A for discharge of loan between Unifit - Unidade de Fios Industriais de Timbaúba S/A and the BNB, in the amount of R$31,180, which the Company was guarantor in 50%.

Due to the Plan of Judicial Recovery, the *bonds* and debentures started being treated and registered with the loans subject to judicial recovery, on non-circulating liabilities, due to its classification as unsecured creditors of the Plan, where they have incidence of interest and monetary correction at a variable rate equivalent to TR + 3% per year, as determined for payment of these creditors in the New Plan of Judicial Recovery.

14 Debentures

Third Issuance of Debentures

Aiming the attainment of fundraising to promote the payment of part of the credits of labor nature, and other credits not subject to the Plan of Judicial Recovery, the Administrative Council has approved, in a meeting held in November 28 of 2017, the 3rd issuance of debentures convertible into ordinary stocks of issuing of the Company, in a single series, of the unsecured kind, for private placement, within the limit of the authorized capital, in the amount of thirty million reais, upon issuance of 30.000.000 of Debentures.

The Issuance has respected the right of preference to the shareholders of the Company and was directed to the holders of labor credits, in accordance with the Plan of Judicial Recovery, the society of specific purpose constituted for assumption of the claims of labor creditors and adjudication of goods to labor creditors and holders of other credits.

On February 5 of 2018, was held at RCA, the partial approval of the 3rd Issuance of Debentures of the Company, as approved in the meeting of the Administrative Council held on November 28 of 2017, in the amount of R$29,313, upon the issuance of 29,313,394 Debentures, within the limit of the authorized capital of the Company.

Considering the total amount of the issuance of 30,000,000 of Debentures, still remained 686,606 unsubscribed Debentures, which were canceled by the Company, in accordance with the Issuance.

On March 6 of 2018, the Company announced to the market the conclusion of the process of conversion into shares of the Company. As a result of the conversion of debentures into shares of the Company, the Social Capital increased from R$1,853,684.00 split into 9,393,834 ordinary shares and without par value, to R$1,869,166.00 divided into 14,659.783, ordinary shares, nominative and without par value.

Also, has been concluded the recording of the first mandatory conversion of debentures into shares of the Company, which, in the same way as above, resulted in the increase on the Social Capital of the Company from R$1,869,166.00 divided into 14,659.783, ordinary shares, nominative and without par value, to R$1,870,549.00 divided into 15,130,239 ordinary shares, nominative and without par value.

The balance of remaining Debentures on March 31, 2018 recorded in the Circulating Liabilities is of R$12,448.

Series:	Only
Date of issue:	12/18/2017 (for all legal purposes)
Expiration Date:	Without time of expiration
Quantity issued:	29.313.394
Par value:	R$1,00
Value of the issue:	R$29.313

Convertibility:

The Debentures are mandatorily convertible into ordinary shares issued by the Company, at the discretion of the debenture holders, in accordance with the conditions and options below:

a) in up to 10 working days counted from the Date of Payment of Debentures, the debenture holders could request the conversion of up to 100% of the Debentures held by them in shares, of R$2.94 per share. The calculation for conversion of Debentures resulted from the division between (i) the nominal unit value of the Debentures, plus the remuneration and (ii) the conversion price of $2.94 per ordinary share issued by the Company. Any fractions resulting from the calculation for conversion were disregarded; or

b) within 10 working days from the date of payment of Debentures, if the debenture holders have not requested the convertibility of its Debentures pursuant to the terms and conditions set forth in the item (a) above, the Debentures will be mandatorily converted into Shares, according to the periodicity, percentage and price indicated below:

Conversion Dates	Percentage to be converted from Debentures of each of Debenturist	Price per share in R$
February 15, 2018	10%	2.94
May 15, 2018	7.5%	2.94
August 15, 2018	7.5%	2.94
November 15, 2018	7.5%	2.94
February 15, 2019	7.5%	2.94
May 15, 2019	7.5%	2.94
August 15, 2019	7.5%	2.94
November 15, 2019	7.5%	2.94
February 15, 2020	7.5%	2.94
May 15, 2020	7.5%	2.94
August 15, 2020	7.5%	2.94
November 15, 2020	7.5%	2.94
February 15, 2021	7.5%	2.94

In the event of the Action completing 22 consecutive trading sessions with closing values above the price of the last conversion performed, the debenture holder may, at his sole discretion, during the 10 calendar days following, anticipate the last conversion provided in accordance with the schedule above. Closed the period of 10 calendar days for the exercise of the faculty of early conversion, if the conditions for early conversion are cleared again, the debenture holders may, at his sole discretion, make new conversions in advance on the same terms. In these cases, the Debentures will be converted in accordance with the schedule, with the remuneration calculated on a *pro rata temporis* up to the date of early conversion.

The debenture holder that holds more than one Debenture can group the fractions of shares that he has rights over, with the aim of achieving an integer, so as to receive the largest possible number of shares. After the fractional shares resulting from the conversion of Debentures of each debenture holder being grouped, only whole quantities of shares shall be delivered to the referred debenture holder, disregarding any fraction.

The number of shares to be delivered per Debenture will be simultaneous and proportionally adjusted to capital increases by subsidy, splitting or groupings of ordinary and/or preferred shares issued by the Company, any title, which might occur starting from the date of issuance, without any cost to the holders of Debentures and the same proportion established for such events.

Subscription and payment:

The Debentures subscribed were paid on January 31, 2018 ("Date of Subscription"), the subscription price corresponding to its nominal value per unit, without monetary updating, interest or other charges. The Debentures were paid in cash, upon the act of subscription ("Date of Payment"), outside the scope of B3, with Undisputed labor credits, as defined in the Plan of Judicial Recovery, or credits held by a society of specific purpose as a result of the assumption of labor credits, or with other credits, in all cases held in regards to the Company, upon the payment with the corresponding credits. The sums paid by holders of right of preference, in accordance with Article 171, paragraph 2 and paragraph 3 of the Corporation Law, must be delivered in proportion to holders of paid credits.

For each R$1.00 (one real) in undisputed labor credits, loans held by the SPE or other credits, was subscribed and paid R$1.00 (one real) of nominal value of Debenture, disregarding fractions of the real so that the payment of the whole number of debentures immediately below the value of the credit.

The Debentures that were not subscribed, as well as Debentures subscribed which have not been paid pursuant to the terms and conditions set forth in the Scripture of Issuance, have been canceled.

Remuneratory Interest:

Each Debenture does justice to the remuneration, as from the date of payment, calculated by the referential rate, calculated and published by the Central Bank of Brazil ("TR"), increased exponentially from a *spread* or surcharge of 6% per year, calculated on the basis of 252 working days, calculated in a composed form, annually, *pro rata temporis* per day, on the par value per unit of the Debentures, since the date of payment (additionally) until the date of notice to shareholders, which must occur at the end of each period of capitalization, to be calculated in accordance with the Scripture of Issuance.

The Remuneration *pro rata temporis* will be added to the percentage of the par value per unit of the Debentures for the purpose of conversion on each date of conversion, as described in the table above, occurring in the last payment on February 15, 2021, the date on which, mandatorily, any remaining balance will be converted into shares. This provision also applies to early conversion.

Optional early redemption total or partial and partial optional amortization:

The Company may, at its sole discretion and regardless of the willingness of the debenture holders perform, at any time, (i) the total early redemption; and/or (ii) the partial early redemption of the Debentures, limited to 98% of the balance of the par value per unit of the Debentures.

On the occasion of the optional early redemption or the optional early amortization, the Debenture Holders will make justice to the receipt the par value per unit of the Debentures, plus the remuneration of Debentures, calculated *pro rata temporis* since the date of payment until the date of effective payment of the optional early redemption or the optional early amortization. There will be no payment of prizes.

The optional early redemption or the optional early amortization may only occur through the sending of communication from the Company to the debenture holders, with minimum prior notice of 5 working days from the date envisaged for the execution of the optional early redemption or the optional early amortization, stating (i) the amount to be paid for the Debentures to be redeemed or amortized, as applicable; (ii) the date of execution of the optional early redemption or the optional early amortization; and (iii) other information necessary for the operationalization of the redemption or amortization of the Debentures.

In the event of execution of optional early redemption optional early amortization, the Company may make the compensation with eventual credits that it holds against the Debenture Holders, in accordance with Article 368 and following of the Civil Code, outside the scope of the B3.

Dilution:

As was assured to the current shareholders of the Company their right of preference pursuant to Article 57, paragraph 1, and Article 171, paragraph 3, of the Law of Corporations, only dilution occurred by not exercising the right of preference. Otherwise, the shareholders have maintained their respective shares in the social capital. The price of conversion of Debentures into shares issued by the Company in the context of the Issuance was fixed without undue dilution to the current shareholders of the Company, under the terms of Section III of the paragraph1 of article 170 of the Law of Corporations.

15 Related parties

15.1 Parent Company

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

	Parent						
	SABR	Mipel Sul	Lupatech Finance	LESP	OFS	03/31/2018	12/31/2017
Assets							
Current							
Accounts receivable	-	18	-	206	-	224	22
Other accounts receivable	11,028	229	-	2,452	7	13,716	7,455
Non-current							
Mutual and loans	26,412	-	-	-	-	26,412	26,282
	37,440	247	-	2,658	7	40,352	33,759
Liabilities							
Current							
Accounts payable	-	174	-	-	-	174	24
Other accounts payable	-	263	-	1,204	-	1,467	1,280
Mutual and loans	-	-	-	31,442	-	31,442	74,663
Non-current							
Mutual and loans	-	-	226,671	-	-	226,671	182,046
	-	437	226,671	32,646	-	259,754	258,013
						03/31/2018	12/31/2017
Income							
Sales	-	70	-	156	-	226	7
Purchases	-	505	-	-	-	505	981
Financial income	4	-	-	-	-	4	1
Financial expenses	-	-	222	-	-	222	19,517
Exchange variance	-	-	-	-	-	-	57,157
	4	575	222	156	-	957	77,663

	Parent						
	Transaction date	Time	Interest rate	Amount R$	Balance US$	03/31/2018	12/31/2017
Assets mutual							
Foreign currency							
Contract 1	jul-14	Indeterminated	105% do DI-Cetip	627,226	-	-	-
Contract 2	jul-14	Indeterminated	105% do DI-Cetip	20,992	7,903	26,268	26,143
Contract 3	dez-14	Indeterminated	12,000% a.a.	288	43	144	139
				648,506	**7,946**	**26,412**	**26,282**
Liabilities mutual							
Foreign currency							
Contract 1	abr-17	Indeterminated	105% do DI-Cetip	2,171	-	-	-
				2,171	-	-	-
Foreign currency							
Contract 1	jul-07	13 years	9,875% a.a.	28,025	-	-	-
Contract 2	jul-07	13 years	9,875% a.a.	65,391	-	-	-
Contract 3	mai-09	11 years	12,000% a.a.	40,736	-	-	24,264
Contract 4	mai-09	11 years	12,000% a.a.	117,249	-	-	68,767
Contract 5	jul-09	11 years	12,000% a.a.	50,618	-	-	32,351
Contract 6	set-09	11 years	10,100% a.a.	134,378	-	-	74,283
Contract 7	out-09	11 years	10,100% a.a.	46,231	-	-	25,751
Contract 8	dez-15	Indeterminated	-	36,951	9,460	31,442	31,293
Contract 9	jan-18	Indeterminated	0,4%a.a	225,416	68,196	226,671	-
				744,995	77,656	258,113	256,709
				747,166	**77,656**	**258,113**	**256,709**

Mutual contracts and loans in foreign currency between the Parent Company and Lupatech Finance are presented on March 31 of 2018, by the net amount of R$226,671 (remaining balance of R$225,416 in December 31 of 2017, from the negotiation of compensation of credits and renegotiation of interest relating to mutual agreements with Lupatech Finance) on the liability of the Parent Company, due to being from the same transaction related to the *bonds*.

The transactions are conducted in accordance with the conditions agreed between the parties.

The Company has, on March 31 of 2018, mutual agreement with Unifit - Unidade de Fios Industriais de Timbaúba S/A in the amount of R$6,935, the same balance submitted on December 31, 2017. This amount is recorded in other accounts receivable in the non-circulating asset.

The Company has a contract of mutual agreement with the jointly controlled Luxxon Participações S/A in the amount of R$6,091 on March 31 of 2018, the same balance was presented on December 31, 2017. This amount is recorded in other receivable accounts in the non-circulating asset.

a. Clearances granted

The operations with related parties have no warranties related to the operation, limiting itself to ordinary commercial transactions (purchase and sale of inputs), which are not backed by warranties, as well as mutual operations with Group companies, which also have no warranties in their composition.

b. Conditions of prices and charges

The mutual agreements between companies in Brazil are monetarily updated by the monthly rate DI-Cetip of uptake in the market.

15.2 Key personnel of the Administration

a. Remuneration of the Administration

Lupatech S/A - In Judicial Recovery has registered a total of R$705 within the period of three months ending on March 31 of 2018, on the remuneration of Administration (R$862 in the period of three months ending on March 31, 2017) having been approved in Ordinary and Extraordinary General Meeting, held on May 14 of 2018, the fixed remuneration and annual global variable of the administrators of the Company for the exercise of 2018 in the amount of up to R$7,031, thus being subdivided: up to R$2,556 for the global fixed remuneration of the Board of Directors, including benefits and charges; up to R$3,260 for the global variable remuneration of the Board of Directors; and up to R$1,215 for global fixed remuneration of the Administrative Council.

In the period of three months ending on March 31, 2018 and of 2017, the Company has not made payment of variable remuneration, in regards to the retention plan of the executives and key personnel in the Company.

15.3 Loans with shareholders

On March 31 of 2018, the amount of loan with the GPCM, LLC (Affiliated of the shareholder Oilfield Services Holdco LLC) is R$7,942 (R$7,784 at December 31, 2017), and is recorded in the non-circulating liability along with the loans subject to judicial recovery.

16 Income tax and social contribution

For companies based in Brazil, depending on the situation of each company, if taxed by the real profit, the provision for income tax is calculated and accounted for at the rate of 15% on the taxable profit, plus an additional of 10%, and to social contribution the rate of 9%, calculated and entered on the profit before the income tax, adjusted in the form of tax legislation. The companies taxed on the basis of presumed profit calculate income tax at the rate of 15%, plus an additional of 10%, and social contribution at the rate of 9%, over an estimated profit of 8% to 32% for income tax and 12% for social contribution levied on the gross revenue from sales and services of subsidiaries, observed the tax rules in force.

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

a. Income tax and social contribution deferred

On March 31 of 2018, on the parent company and in the consolidated, all active balances were recognized in the proportionality of the existing liabilities. The balances of income tax and social contribution deferred, non-circulating and existing are presented according to table below:

	Parent		**Consolidated**	
NON-CURRENT LIABILITIES	**03/31/2018**	**12/31/2017**	**03/31/2018**	**12/31/2017**
Adjustment to present value of suppliers, fines, loans and debentures	(28,380)	(28,710)	(35,689)	(36,030)
Assigned Cost	-	-	(16,810)	(16,809)
Others	-	-	3,892	3,627
Deferred income tax and social contribution - Non-current liabilities	**(28,380)**	**(28,710)**	**(48,607)**	**(49,212)**

It is recorded in the result on March 31 of 2018, income tax and social contribution deferred, regarding the outcome of the three months ending in 2018, in the amounts of R$330 on the parent company and R$340 in the consolidated (R$14,167 in the parent company and R$45,419 in the consolidated in regards to the exercise of 2017).

b. Conciliation of the expenditure of income tax and social contribution

	Parent		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Loss before tax	**(21,169)**	**(5,221)**	**(21,074)**	**(4,817)**
Additions and exclusions				
Equity pick-up	11,049	(16,338)	376	1,493
Provision of losses on inventory obsolescence	(167)	-	(420)	-
Provision for impairment of assets	-	-	(2,968)	(1,212)
Allowance for doubtful accounts	(3)	77	(7)	124
Non-deductible interest	2,589	17,208	2,589	17,208
Provision for loss contingencies	671	3,154	6,351	9,538
Adjustment to fair value	1,386	1,374	1,431	1,418
Tax amortization of goodwill on investment	-	(3,446)	-	(7,221)
Provision of interest on suppliers	(6)	1,303	(11)	1,423
Provision for exchange variation	1,204	-	591	-
Other	(2,886)	(12,803)	13,583	(32,646)
Calculation basis	**(7,332)**	**(14,692)**	**441**	**(14,692)**
Combined tax rate	34%	34%	34%	34%
Current Income tax and social contribution of subsidiaries with taxable income	**-**	**-**	**(105)**	**(919)**
Deferred tax and social contribution	**330**	**316**	**340**	**831**

17 Contingent process and judicial deposits

17.1 Provision for tax, labor and civil risks

The Company, through its lawyers, has discussed some issues of tax nature, labor and civil in the judicial sphere. The provision for tax, labor and civil risks was ascertained by the Administration based on available information and supported by the opinion of their lawyers regarding the expectation of outcome, at an amount considered sufficient to cover losses considered likely that may occur on the basis of unfavorable judicial decisions.

		Parent		Consolidated	
		Expectation of loss		Expectation of loss	
		Possible	**Probable**	**Possible**	**Probable**
Tax (i)					
VAT	(i.1)	73,840	213	100,284	213
CSLL - Social Contribution on Net Income	(i.2)	-	-	6,992	-
IRPJ - Corporate Income Tax	(i.3)	27	-	63,420	-
INSS - National Institute of Social Security	(i.4)	-	-	2,204	-
IRRF - Withholding Income Tax	(i.5)	40,368	-		
IPI - Excise Tax		451	-	451	-
COFINS - Tax for Social Security Financing	(i.6)	-	-	387	-
ISS - Services Tax	(i.7)	-	-	6,271	4,365
CIDE - Contribution for Intervention in the Economic Domain	(i.8)	-	-	1,069	-
Other	(i.9)	-	-	3,093	66
		114,686	213	184,171	4,644
Labor (ii)		5,405	5,890	19,993	46,730
Civil (iii)		17,302	161	29,691	6,256
Total on March 31, 2018		137,393	6,264	233,855	57,630
Total on December 31, 2017		98,157	8,572	279,770	54,410

These figures cover the entirety of the Group's companies and include values in judicial and administrative discussion as well as situations incurred where, even without the existence of releases or formal questioning by the authorities, may signify risks of future losses.

The provision for resources involved in the judicial demands in the amounts set out above (R$6,264 on parent company and R$57,630 in the consolidated on March 31 of 2018, and R$8,572 on the parent company and R$54,410 in the consolidated on December 31, 2017) and relating to the spheres listed below, is taken into consideration the odds of probable loss, this being configured as an output of economic benefits is presumable before the discussed matter, of the trials held in each demand and of the understanding of jurisprudence of each case.

The demands with probability of possible loss are excluded from the provision.

Indemnification Assets

The Company is entitled to be financially compensated to the limit of R$50,000 for losses that might incur in San Antonio Brasil S/A arising from any eventual unknown contingencies, in accordance to the guarantee clause in the Agreement of Investment. Contingencies not known at the time of the transaction may result that this warranty being triggered in the future.

On April 4 of 2017, the Company presented before the Arbitration Chamber of the Market the request for establishment of arbitration against the GP *Investments* and their vehicles seeking compensation for losses incurred by the Company and from (i) contingencies not known of San Antonio Brasil S/A, and (ii) breach of obligations and breach of statements and warranties.

The judicial demands are divided into three spheres, being:

(i) Tax provisions
Discussions involving tributes in the state and federal spheres, among these IRPJ, PIS, COFINS, INSS, ICMS and IPI. There are suits in all procedural stages, since the initial instance until the Upper Courts, STJ and STF. The main suits and values are as below:

Main contingent suits classified as possible losses

(i.1) Infringement Proceeding drawn up by the Secretary of Finance of the State of Rio Grande do Sul (SEFAZ/RS) against Lupatech S/A - In Judicial Recovery distributed in 04/28/2017, due to the lack of payment - Export ficta of ICMS/RS. Suit of possible losses of R$55,432 and is awaiting trial of the extraordinary resource.

Security Mandate of Lupatech Perfuração e Completação Ltda. - In Judicial Recovery, against the Sectional Procuratorate of the National Treasury of Cabo Frio and Others. Suit distributed on 06/12/2017 subject to possible loss of R$25,873

Tax execution of the Public Treasury of the State of São Paulo, against Lupatech S/A- in Judicial Recovery distributed in 10/22/2015, with the objective of collecting ICMS due over importation, and non-inclusion of additional freight for renewal of the merchant navy (AFRMM) on the basis of calculation of the due tax. The suit is at the stage of distribution, being that on November 26, 2015 the Company filed a petition requesting that any act of constriction is subjected to the universal judgment (Court of Bankruptcy and Judicial Recoveries), and on December 10, 2015, there was an ordinary act practiced, demanding the Treasury for acknowledgment. On January

13, 2016, the pre-execution exception was filed and on April 7, 2016, presented impugnation by the State of São Paulo. Suit subject to possible loss of R$8,188.

Annulling Action of Tax Debt against Lupatech S/A- in Judicial Recovery by the State of São Paulo distributed in 10/22/2015. On May 17, 2016, was granted the tutelage of urgency, suspending the enforceability of the credits. On May 24, 2016, the Company filed a petition stating that it has executed the collection of the fee of the bailiff's mandate, as well as the first installment of the judicial rate. Suit subject to possible loss of R$3,504.

Tax execution of the Treasury of the State of São Paulo on the levying of debit of ICMS and fine, of the infringement proceeding with the imposition of a fine nº 3149008 against Lupatech S/A - In Judicial Recovery, in the amount of R$1,774, distributed on 09/26/2012 subject to possible losses. On April 17, 2015, was certified the provision of the Tort of Instrument interposed against a decision that deferred the pawning online and reported the interposition of Special Resource. On April 22, 2015, was published an order determining the manifestation of the parties in regards to the issued certificate stating that there is a Special Resource being conducted before the 9th Chamber of TJSP. On October 23, 2015, was unadmitted the Special resource and forwarded for processing Resources. On June 13, 2016, it was gathered a petition filed by the Company, informing about the provision of the Tort of Instrument.

Annulling Action distributed in 02/06/2017 against the State of Rio Grande do Sul by Lupatech S/A - In Judicial Recovery, seeking the suspension of the demandability of the tax credit regardless of submission of warranty. The tax debt substantiates on values of ICMS, default interest and fine for material tax infringement verified in the fiscal action of the Auditors of the State Treasury. Is verified, in the release proceeding (pgs. 59/80), a statement that the complainant company ceased to export the goods imported under the special customs regime of Drawback Suspension and, thus, failed to collect the ICMS in the legal deadline. Suit subject to possible loss of R$1,676.

Fiscal Execution of the National Treasury against Lupatech S/A - Unit MNA Nova Odessa Distributed in 03/03/2010. On June 22, 2016, records sent to the Treasury, this being the last update. Suit subject to possible loss of R$1,211.

Tax Execution of the Treasury of the State of São Paulo against Lupatech S/A distributed in 03/03/2010. On March 31 of 2017, there was a gathering for impugnation to the joined EPE and at the same date was practiced and ordinary act requesting the manifestation over the impugnation offered and the EPE presented. Suit subject to possible loss of R$1,025

(i.2) Ordinary Suit of the Federal Union against Lupatech Perfuração e Completação Ltda. – In Judicial Recovery distributed in 12/14/2011, regarding federal taxes, where on September 14, 2016, was held a petition letter of joined document. Suit subject to possible loss of R$2,529.

Manifest of unconformity of Lupatech Perfuração e Completação Ltda. – In Judicial Recovery distributed in 05/25/2017, with the Federal Revenue of Brazil. Suit subject to possible loss of R$1,860

Infringement proceeding of the Federal Revenue of Brazil against Sotep - Sociedade Técnica de Perfuração S/A - In Judicial Recovery distributed in 07/13/2011, regarding the charging of social contributions levied on the payroll typified in art. 22 of Law 8.212/91, as well as incidents on the remuneration paid, owed or credited to individual contributors to their services. On July 22, 2014, the proceedings were received, in the 2nd Section of Trials of CARF, for trial of the Voluntary Resource. Suit subject to possible loss of R$1,399.

Manifest of unconformity of the Federal Revenue of Brazil against Lupatech Perfuração e Completação Ltda distributed in 18/11/2011 Suit subject to possible loss of R$1,024 and is awaiting trial of the demonstration of non-compliance presented by the Company.

(i.3) Infraction proceeding recorded by the Federal Revenue of Brazil against Lupatech Perfuração e Completação Ltda. – In Judicial Recovery. Suit subject to possible loss of R$21,958.

Infraction proceeding of the Federal Revenue of Brazil, drawn up as a result of arbitration of the profit of the company Lupatech Perfuração e Completação Ltda - in Judicial Recovery, in calendar year 2010 due to deficiencies in the transmission of Digital Bookkeeping (ECD). Its last update was on March 6, 2015, when the suit was sent to the Police Station of the Federal Revenue of Brazil in Ribeirão Preto. Suit subject to possible loss of R$13,771.

Infraction proceeding recorded by the Federal Revenue of Brazil against Lupatech Perfuração e Completação Ltda. – In Judicial Recovery. Suit subject to possible loss of R$9,549.

Suit of request for compensation of the Federal Revenue of Brazil against Lupatech Equipamentos de Serviços para Petróleo Ltda - In Judicial Recovery, regarding a negative balance of IRPJ where, in August 19, 2015, was presented a manifestation of unconformity. Since August 28, 2015, the suit is at the service of reception and screening DRJ-RJO-RJ. Suit subject to possible loss of R$5,530.

Administrative suit of the Federal Revenue of Brazil, of request of tax compensation by Prest Perfurações Ltda – in Judicial Recovery. Suit subject to possible loss of R$3,420.

Infraction proceeding recorded by the Federal Revenue of Brazil against Prest Perfurações Ltda – in Judicial Recovery. On April 27 of 2017, the suit was forwarded to the National Center for Process Management. Suit subject to possible loss of R$1,549.

Administrative suit of the Federal Revenue of Brazil, regarding the request of tax compensation by Sotep - Sociedade Técnica de Perfuração S/A - In Judicial Recovery. Suit subject to possible loss of R$3,400.

(i.4) Infraction proceeding recorded for levying of DEBCAD nº 37,142,030-0, related to the conversion of accessory obligation into main obligation, consistent of the lack of declaration on GFIP of contributions due in the period between January 1999 and June 2007 in the company Sotep - Sociedade Técnica de Perfuração S/A - In Judicial Recovery. Suit subject to possible loss of R$1,753. On April 29, 2011, a suit was received on CARF for trial of the Voluntary Resource interposed by the company, with distribution on August 6, 2015.

(i.5) Fiscal Execution of the National Treasury against Lupatech S/A. - In Judicial Recovery, regarding the levying of debit of IRRF. Suit subject to possible loss of R$40,367.

(i.6) Fiscal Execution of the District of Três Rios – RJ, against Sotep - Sociedade Técnica de Perfuração S/A – In Judicial Recovery. Suit subject to possible loss of R$3,428.

(i.7) Fiscal Administrative Suit of the Secretariat of the Federal Revenue of Brazil against Lupatech Perfuração e Completação Ltda – In Judicial Recovery, for the charge of debits of CIDE incident over remittances abroad. On February 20, 2015, the Police Station of the Federal Revenue of Brazil has judged as partially proceeding the impugnation presented by the company in the proceedings of the administrative suit. On April 09, 2015, a suit was forwarded to CARF and given entry on July 16, 2015. Suit subject to possible loss of R$1,069.

(i.8) Fiscal Administrative Suit of the Secretariat of the Federal Revenue of Brazil against Sotep - Sociedade Técnica de Perfuração S/A – In Judical Recovery. Suit subject to possible loss of R$ 2,329.

Main contingent suits classified as probable loss

(i.6) ISSQN over the provision of services performed in the Brazilian continental platform, which may be object of dispute by the tax authorities. Suit without judicial demand subject to probable loss if it is disputed in R$4,223.

(ii) Labor Provisions
The Company and its subsidiaries are parties in lawsuits of labor nature concerning the discussions which involve, mainly, claims of overtime, unhealthy and hazardous work, among others. None of the suits refer to individually significant values.

(iii) Civil provisions

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

(iii.1) Ordinary suit of obligation moved by Weatherford Indústria e Comércio Ltda. and Weus Holding INC in which allege undue appropriation of confidential technical drawings of their property. The suit has classification of risk of loss as probable and cause value of approximately R$624, as a possible loss of R$2,080 and remote of R$52,000. It is currently in the implementation phase/liquidation of judgment, pending forensic accounting.

(iii.2) Suit of search and seizure moved by BNDES - National Bank of Economic Development against Lupatech S/A - In Judicial Recovery. Suit in phase of acknowledgment, subject to possible loss of R$12,925.

(iii.3) Action of return for loss and damage, company Táxi Aéreo S/A, subject to possible loss of R$ 3,525.

(iii.4) Extrajudicial Execution of Title made by Banco Pine S/A against Lupatech S/A - In Judicial Recovery. Was submitted Exception of Pre-executivity, and on June 22 of 2017, the Company has petition countering the previous petition of Banco Pine. Suit subject to possible loss of R$2,357.

(iii.5) Suit of levying of Smith International do Brasil Ltda. Suit subject to possible loss of R$2,314.

(iii.6) Execution of title of Tania Regina dos Santos Mathias Epp. Suit subject to possible loss of R$1,458.

(iii.7) Implementation of Extrajudicial Title moved by STMS Manutenção Comércio e Serviços de Máquinas Ltda-ME against Lupatech S/A - In Judicial Recovery. Suit waiting for citation of the Company in Tort. Subject to possible loss of R$1,434.

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

(iii.8) Indemnifying suit of Meiodia Refeições Industriais Ltda - SB, against Lupatech Perfuração e Completação Ltda - In Judicial Recovery. Case subject to the probable loss of R$3,901.

(iii.9) Indemnifying suit of the company Aeróleo Taxi Aéreo S/A. Case subject to the probable loss of R$1,188.

The movement of the balance of provision, on March 31 of 2018, is as follows:

	Parent				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balance on December 31, 2017	**-**	**8,415**	**157**	**8,572**	**4,429**	**43,126**	**6,855**	**54,410**
Additions	213	(966)	4	(749)	215	11,900	160	12,275
Write-offs	-	(1,559)	-	(1,559)	-	(8,296)	(759)	(9,055)
Balance on March 31, 2018	**213**	**5,890**	**161**	**6,264**	**4,644**	**46,730**	**6,256**	**57,630**

17.2 Contingent assets

The Company has not registered the accounting of the contingent gains, which will be performed only after the final decision of the suits or by the effective entry of the resources.

	Probability of probable gain	
	Parent	Consolidated
Tax (i)	4,237	93,578
Balance on March 31, 2018	**4,237**	**93,578**
Balance on December 31, 2017	**5,814**	**94,847**

(i) **Tax provisions**

Tributary - discussion involving obtaining tributary rights in the municipal, state and federal spheres.

Main active contingent tributary suits likely to win:

(i.1) Security mandate of Sotep - Sociedade Técnica de Perfuração S/A - In Judicial Recovery X Prosecutor of the National Treasury in the State of Bahia. Probable value of gain of R$75,291.

(i.2) Infraction proceeding and enforcement and fine, drawn up by the Police Station of the Federal Revenue of Brazil against Lupatech S/A – In Judicial recovery, with the objective of charging debits under title of IRPJ and CSLL established in the calendar years of 2009 and 2010, under the allegation that Tecval has executed undue tax deduction of gain paid by TCV, in regards to the acquisition of control of Tecval itself. Suit subject to probable win for the discussion over the qualified fine amounting to R$4,237.

(i.3) Administrative suit of request for refund of taxes at the Federal Revenue of Brazil by Prest Perfurações Ltda. – In Judicial Recovery. Suit likely to win in R$3,452.

(i.4) Federal Administrative Suits of Prest Perfurações Ltda. - In Judicial Recovery against the Federal Revenue of Brazil. Suits on appeal subject to likely gain of R$3,400.

(i.5) Suit against the State of Rio de Janeiro, moved by Lupatech Perfuração e Completação Ltda - In Judicial Recovery. Distributed suit on June 16 of 2017, likely to gain of R$1,915.

(i.6) Administrative Suits moved by Prest Perfurações Ltda. - In Judicial Recovery against the Federal Revenue of Brazil. Procedures subject to likely gain of R$3,240.

17.3 Judicial deposits

The Company presents the following balances of judicial deposits, on March 31 of 2018, which are tied to the contingent liabilities:

	Judicial deposits	
	Parent	Consolidated
Tax contingencies	611	3,569
Labor contingencies	1,325	26,251
Civil contingencies	174	1,398
Balance on March 31, 2018	**2,110**	**31,218**
Balance on December 31, 2017	**2,081**	**31,222**

18 Net worth

a. Social capital

The current paid social capital is composed only by ordinary shares, with 100% of right to *Tag Along*:

	Parent and Consolidated	
	Quantity of share	Capital stock
	Thousand	R$
Balance on December 31, 2017	**9,394**	**1,853,684**
Debentures converted into shares	5,266	15,482
Mandatory conversion of debentures into shares	470	1,383
Balance on March 31, 2018	**15,130**	**1,870,549**

In accordance with the Plan of Judicial Recovery approved on February 16 of 2017, the Group used as one of their strategies to settle the commitments with Class I Creditors the Conversion of credits into debentures of Lupatech S/A.

On March 6 of 2018, the Company communicates to the market the conclusion of the process of conversion into shares of the Company. As a result of the conversion of debentures into shares of the Company, the Social Capital went from R$1,853.684,00 divided into 9,393,834 ordinary shares, nominative and without par value, for R$1,869,166.00 divided into 14,659.783, ordinary shares, nominative and without par value.

Also, has been concluded the recording of the first mandatory conversion of debentures into shares of the Company, which, in the same way as above, resulted in the increase on the Social Capital of the Company from R$1,869,166.00 divided into 14,659.783, ordinary shares, nominative and without par value, to R$1,870,549.00 divided into 15,130,239 ordinary shares, nominative and without par value.

b. Dividends
To shareholders is ensured, annually, the mandatory distribution of minimum dividends corresponding to 25% of the adjusted net profit in the terms of corporate legislation.

c. Asset evaluation adjustments
The Company recognizes in this rubric the effect of exchange rates over the investments in subsidiaries abroad and over the gains arising on acquisitions of investments abroad, whose functional currency follows that on which the operation abroad is being subject to. The cumulative effect will be reversed towards the result of the exercise as gain or loss only in case of alienation or low investment. On March 31 of 2018, the balance of adjustment to equity valuation is R$66,015 (R$65,969 on December 31, 2017).

d. Options granted
In the period of three months ending on March 31 of 2018, there were no changes of balance of R$13,549 for booking of options granted.

e. Booking of capital to be made
In accordance with the Plan of Judicial Recovery of the Lupatech Group, was hired in definitive character the exchange of part of the liabilities subject to the Plan for subscription bonuses to be issued within 2 years of the judicial approval of the Plan. In this way, with the sole purpose of complying with the accounting standards, the Company has applied the provisions of ICPC 16. Thus, the values of passive exchanged per subscription bonus (R$298,493 in December 31, 2016) and adjustment to the estimated fair value (R$292,152 in December 31, 2016) were recorded as capital reserve to be executed in the net amount of R$6,341.

19 Financial instruments

19.1 Financial risk management

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

Risk management is performed by the central treasury, according to the established principles, except for the jointly controlled, which are shared with other controlling shareholders. The treasury of the Group identifies and evaluates the Company's position against eventual financial risks in cooperation with the operational units of the Group. The Administrative Council establishes principles for the management of global risk, as well as for specific areas, such as foreign exchange risk, interest rate risk, and usage of derivative and non-derivative financial instruments.

(i) Exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk arising from exposures of some currencies, especially regarding the American dollar and the Colombian peso.

The exchange rate risk stems from commercial and financial operations, assets and liabilities recognized and liquid investments in operations abroad.

The Administration has established principles of management of exchange rate risk that require the Company to manage its exchange rate risk in relation to its functional currency. To manage its foreign exchange risk arising from commercial operations, the Company seeks to even out its trade balance between purchases and sales in currencies other than the functional currency. The credit availabilities and restrictions faced by the Company, limit significantly the possibilities of hiring foreign exchange derivatives, commonly used in the management of exchange rate risk.

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

On March 31 of 2018, and December 31 of 2017, the Company and its subsidiaries had assets and liabilities denominated in U.S. dollars according to the tables below:

	Amounts in US dollar thousands			
	Parent		Consolidated	
Itens	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Cash and cash equivalents	-	-	5	342
Accounts receivable	130	115	130	115
Other assets	-	-	17,747	17,747
Related parties - Assets	-	7,945	-	-
Loans and financing	(601)	(573)	(25,663)	(25,593)
Related parties - Liabilities	(77,656)	(77,603)	-	-
Other obligations	(26)	(17)	(1,061)	(1,053)
Net exposure in Dollar	(78,153)	(70,133)	(8,842)	(8,442)

On March 31 of 2018, the rate of the American dollar in relation to the real was US$1.00 = R$3.3238 (US$1.00 = R$3.3080 on December 31, 2017). If the currency real depreciates 10% in relation to the US dollar in the official of closure of the exercise, being kept all the other variables, the impact on the result is a loss of approximately R$17,145 on the parent company and R$1,940 in the consolidated.

Sensitivity analysis of variations in foreign currency, the variations in the rate of interest and the risks involving operations with derivatives

As mentioned above, the Company is exposed to risks of fluctuation of the interest rate and to foreign currencies (different from its functional currency, the "Real"), mainly to the US dollar on their loans and financing. The analysis takes into consideration 3 fluctuation scenarios on these variables. In the definition of the scenarios used, the Administration believes that the following assumptions can be made, with their respective odds, however it should be noted that these assumptions are exercises of judgment made by the Administration and that can generate significant variations in relation to actual results calculated on the basis of market conditions, which cannot be estimated with certainty on this date for the complete profile of the estimates.

As determined by the CVM by means of the Instruction 475, the Administration of the Company presents the sensitivity analysis, considering:

Scenario of interest rate and parity of the North American dollar (US$) in relation to the real (R$) likely, estimated by the Administration:
Interest rate for the year of 2018: 6.5%
US$: 3.38

Scenario of interest rate and parity of the North American dollar (US$) in relation to the real (R$) possible, with deterioration of 25% (twenty five percent) on the risk variable considered as likely:
Interest rate for the year of 2018: Increase to 8.1%
US$: 4.23

Scenario of interest rate and parity of the North American dollar (US$) in relation to the real (R$) remote, with deterioration of 50% (fifty per cent), on the risk variable considered as likely:
Interest rate for the year of 2018: Increase to 9.8%
US$: 5.08

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

		Scenario as per description above					
		Parent			Consolidated		
Operating	**Risk**	**Probable**	**Possible**	**Remote**	**Probable**	**Possible**	**Remote**
Loans and financing	US$ hike	40	586	1,133	334	4,952	9,571
Loans and financing	Interest rate hike	59	74	89	96	120	144
Mutual contracts	US$ hike	5,232	77,578	149,924	-	-	-
Total (gain) loss		5,331	78,238	151,146	430	5,072	9,715

(ii) Risk of cash flow or fair value associated with interest rate
The interest rate risk of the Group stems from long-term loans. The loans obtained at variable rates expose the Group to the interest rate risk of cash flow. The Group's loans at variable rates were mainly kept in "real". To minimize possible impacts arising from these fluctuations, the Company adopts the practices of diversification, alternating the contracting of their debts, envisioning their adaptation to the market.

The Group analyzes its exposure to interest rate in a dynamic way. Are simulated different scenarios considering refinancing, renovation of existing positions, financing and *hedge* alternatives. On the basis of these scenarios, the Group defines a reasonable change in the interest rate and calculates the impact over the outcome. For each simulation is used the same change in interest rate for all currencies. The scenarios are designed only for the liabilities that represent the main positions with interest.

On the basis of simulations carried out, considering the profile of the indebtedness of the Group on March 31 of 2018, the impact on the outcome, after the calculation of the income tax and social contribution, with a variation around 0.25 percentage points in interest rate variables, considering that all other variables were kept constant, would correspond to an increase of approximately R$33 in the year of the expenditure with interest. The simulation is performed on a quarterly basis to verify if the maximum potential of injury is within the limit determined by the Administration.

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

(iii) Credit risk
The credit risk is managed corporately. The credit risk arises from cash and cash equivalents, derivative financial instruments, deposits in banks and financial institutions, as well as exposures of credit to customers. For banks and financial institutions are accepted titles of entities classified by the Company's Administration as first line. The individual risk limits are determined based on internal or external ratings in accordance with limits set by the Administration. The use of credit limits is monitored regularly and recorded when applicable provision for credits of dubious settlement.

The selectivity of its clients, as well as the follow-up of financing terms of sales by business segment and individual limits of position, are procedures adopted in order to minimize eventual problems of non-payment in its receivable accounts. Our revenues present greater concentration involving the client Petrobras, directly and indirectly, which replied within the period of three months ending on March 31 of 2018, at 7% (32.48% in the period of three months ending on March 31, 2016) of total revenues of the Company and its subsidiaries.

(iv) Liquidity risk
The prudent management of liquidity risk implies maintaining cash, bonds and sufficient securities, availabilities of capture by means of revolving credit facilities and the ability to liquidate market positions. Because of the dynamic nature of the Group's businesses, the treasury maintains flexibility in capturing through the maintenance of revolving credit facilities.

The board monitors the level of liquidity of the Group, considering the expected cash flow, which comprehends unused credit lines, cash and cash equivalents. This is typically done at corporate level on the Group, in accordance with the practice and the limits established by the Group. These limits vary by location to take into account the liquidity of the market in which the Company operates. Furthermore, the principles of liquidity management of the Group involve the projection of cash flows in the major currencies and the consideration of the level of liquid assets necessary to achieve these projections, the monitoring of indexes of liquidity of the financial statement in relation to internal and external regulatory requirements and the maintenance of plans for debt financing.

19.2 Estimation of the fair value

The fair value of financial assets and liabilities, which have standard terms and conditions and are traded in active markets, is determined on the basis of observed prices in those markets.

The fair value of other financial assets and liabilities (with the exception of derivative instruments) is determined in accordance with pricing models that use as a basis the estimated discounted cash flows, from the prices of similar instruments practiced on transactions performed in an observable current market.

The fair value of derivative instruments is calculated using quoted prices. When these prices are not available, is used the analysis of discounted cash flow through the yield curve, applicable in accordance with the duration of the instruments for the derivatives without options. For the derivatives containing options, pricing models of options are used.

The main financial assets and liabilities of the Company are described below, as well as the criteria for its appreciation/evaluation:

a. Cash, cash equivalents and titles and securities - restricted

The balances in cash and cash equivalents and in titles and securities have their values similar to accounting balances, considering the swing and liquidity that they present. The table below presents this comparison:

	Parent		Consolidated	
Items	**Book value**	**Fair Value**	**Book value**	**Fair Value**
Cash and cash equivalents	8	8	1,103	1,103
Marketable securities	1,753	1,753	1,753	1,753

b. Loans and financing

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

	Parent		Consolidated	
Items	**Book value**	**Fair Value**	**Book value**	**Fair Value**
Loans and financing	93,465	94,101	167,646	168,456
Loans and financing - not subject to Judicial Recovery	14,386	15,022	37,301	38,111
Loans and financing - subject to Judicial Recovery	79,079	79,079	130,345	130,345

19.3 Financial instruments by category

Synthesis of the financial instruments by category:

	Parent					
	03/31/2018			12/31/2017		
	Loans and receivables	Held to maturity	Total	Loans and receivables	Held to maturity	Total
Assets, according to balance sheet						
Securities-restricted	-	1,753	1,753	-	1,734	1,734
Accounts receivable	4,668	-	4,668	6,051	-	6,051
Cash and cash equivalents	8	-	8	6	-	6
Related parties	40,352	-	40,352	33,759	-	33,759
Total	45,028	1,753	46,781	39,816	1,734	41,550

	Parent					
	03/31/2018			12/31/2017		
	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
Liabilities, according to balance sheet						
Loans and financing	79,079	14,386	93,465	77,248	14,998	92,246
Suppliers	75,659	6,804	82,463	80,966	6,443	87,409
Related parties	-	259,754	259,754	-	258,013	258,013
Total	154,738	280,944	435,682	158,214	279,454	437,668

	Consolidated					
	03/31/2018			12/31/2017		
	Loans and receivables	Held to maturity	Total	Loans and receivables	Held to maturity	Total
Assets, according to balance sheet						
Securities-restricted	-	1,753	1,753	-	1,734	1,734
Accounts receivable	24,906	-	24,906	26,906	-	26,906
Cash and cash equivalents	1,103	-	1,103	2,135	-	2,135
Total	26,009	1,753	27,762	29,041	1,734	30,775

	Consolidated					
	03/31/2018			12/31/2017		
	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
Liabilities, according to balance sheet						
Loans and financing	130,345	37,301	167,646	127,998	39,150	167,148
Suppliers	75,659	25,065	100,724	80,966	25,264	106,230
Total	206,004	62,366	268,370	208,964	64,414	273,378

20 Insurance Coverage

Is the principle of the Company, to maintain insurance coverage to for goods of the immovable asset and stocks which are subject to risks, in the "Comprehensive Business” modality. Also possesses coverage of insurance against general civil liability, as shown below:

	Insured amount	
Purpose of insurance		**03/31/2018**
- Comprehensive Business Insurance	R$	75.965
- General liability insurance	R$	8.000
- International fleet insurance *	US$	1.000

* Value at US$ thousand.

21 Purchase option plan of shares – "*Stock option*"

On May 19 of 2017, at a Meeting of the Administrative Council, was approved the granting of options to Mr. Rafael Gorenstein and Mr. Paulo da Silva, in accordance with the Plan of Concession of Option of Share Purchasing approved at an Extraordinary General Meeting held on April 12 of 2017, being the contracts of Option of Purchase of Ordinary Shares celebrated in individual form, with each of the beneficiaries and the Company.

The general conditions proposed in the Plan of Option and the main objectives are the following:

• Encourage the resumption of historic levels of operational activity of the Company and the attendance of the established business goals, through the creation of incentives for alignment of the interests and objectives of key professionals of the Company with its shareholders, in particular the fulfillment of the obligations contained in its Plan of Judicial Recovery;

• Enable the Company to obtain and keep the services of its key professionals, offering them as an added benefit, the opportunity to become shareholders of the Company, in the terms, conditions and forms envisioned in this Plan; and

• Promote the good performance of the Company and of the interests of shareholders through a long-term commitment on the part of its key professionals.

Was granted the Option of Purchase of Ordinary Shares, according to the Extraordinary General Meeting, in the following main terms and conditions:

To Mr. Rafael Gorenstein, current Director President and of Relations with Investors of the Company, option to subscribe up to 5% of the social capital of the Company that, on this date, amounts to 469,692 ordinary shares; and

To Mr. Paulo Prado da Silva, current Director without specific designation of the Company, option to subscribe up to 1% of social capital of the Company that, on this date, amounts to 93,938 ordinary shares.

For both, the purchase price of the shares is R$2.35 (two reais and thirty-five cents) per share and must be paid in national currency within 10 days from the date on which the Board of Directors approves the capital increase, with a deadline for exercise of the option of 07 years, starting from April 27, 2017.

The obtention of the right to exercise the Option will be provided in successive and annual installments of 20%, being the first installment exercisable from the date of signing of the contract, and the other 80% may be exercised at the end of the subsequent years, counting from the first year additionally, therefore totaling 4 years for the acquisition of the right over the total amount of Options. The deadlines shall be counted from April 27, 2017.

22 Demonstration of net revenues

	Parent		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Gross sales and/or services				
In Brazil	6,020	4,618	23,774	29,774
Export	31	3,733	170	4,012
	6,051	8,351	23,944	33,786
Deductions for gross sales				
Taxes on sales	(1,065)	(847)	(1,659)	(2,454)
Net sales and/or services	4,986	7,504	22,285	31,332

23 (Loss) Earnings per share

a. Basic

The (Loss) basic profit per share is calculated by dividing the attributable profit to controlling shareholders of the Company, by the weighted average quantity of ordinary shares in circulation during the period.

Items	03/31/2018	03/31/2017
(Loss) Profit attributable to the Company's controlling shareholders	**(20.839)**	**(4.905)**
Weighted average number of issued common shares (thousands)	**11.943**	**9.394**
(Loss) Basic earnings per share - R$	**(1,74)**	**(0,52)**

b. Diluted

The (Loss) diluted profit per share is calculated by adjusting the weighted average quantity of ordinary shares in circulation, to assume the conversion of all potential diluted ordinary shares.

For the options of share purchase is performed a calculation to determine the quantity of shares that could have been acquired, based on the monetary value of the subscription rights linked to options to purchase shares in circulation.

The options on title of payments based on shares are dilutable when they result in the issuance of shares by a value inferior than the price of the share under exercise of the Company in the future in accordance with the option of purchase of the action.

On March 31, 2018 were applied to the calculations of dilution of shares regarding the option of purchase of shares of administrators, according to explanatory note no. 23, and the subscription bonus of creditors according to the Plan of Judicial Recovery explanatory note 1.2, but due to the anti-dilutable effects, this calculation was excluded from the weighted average number of diluted ordinary shares.

24 Financial results

Items	Parent		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Financial Income				
Income from financial investments	18	74	24	82
Related-party interest income (mutual contract)	4	1	-	-
Monetary variance	243	9	418	653
Interest on receivables	1	164	274	310
Other financial income	-	89	41	114
Total financial Income	266	337	757	1,159
Financial Expenses				
Interest on loans and financing	(1,806)	(2,287)	(2,826)	(3,602)
Interest on bonds	-	-	(80)	(77)
Present value adjustment	(1,386)	(1,374)	(1,431)	(1,418)
Interest of mutual contract	(222)	(19,517)	-	-
Discount granted	(23)	-	(23)	-
Provision of interest on suppliers	6	(1,303)	11	(1,423)
Fines and interest on taxes	(331)	(860)	(1,140)	(1,559)
IOF, banking expenses and others	(1,042)	(143)	(1,420)	(681)
Total financial expenses	(4,804)	(25,484)	(6,909)	(8,760)
Gain on exchange variance	13,469	77,670	15,602	73,439
Loss on exchange variance	(14,684)	(71,032)	(16,839)	(66,962)
Exchange variance, net	(1,215)	6,638	(1,237)	6,477

25 Other revenues and operational expenses

Items	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Other operating income				
Reversal of provision for loss of lawsuit	1,337	-	1,505	-
Gain on disposal of fixed assets	85	-	1,710	3,125
Reversal of provision for losses on inventory obsolescence	201	15	469	222
Recovery of taxes and contributions	-	-	1	-
Reversal of provision for loss of tax recovery	-	7,745	-	7,745
Reversal of provision for impairment of assets	-	-	2,968	-
Reversal of fair value adjustment of business combination SABR	-	-	-	17,270
Other	-	-	44	24
Total other operating income	1,623	7,760	6,697	28,386
Other operating expenses				
Provision for loss of lawsuit	(671)	(3,151)	(6,351)	(9,538)
Loss on disposal of fixed assets	-	(11)	(3,413)	(816)
Provision for losses due to non-recoverability of assets	-	-	-	(1,212)
Provision for losses on inventory obsolescence	(34)	(1,280)	(49)	(1,348)
Extraordinary losses with inventories	-	-	-	-
Cost of idle production	(2,132)	(1,391)	(3,170)	(1,767)
Taxes and contributions	(2)	-	-	-
Other	(15)	(21)	(37)	(60)
Total other operating expenses	(2,854)	(5,854)	(13,020)	(14,741)
Other operating income (expenses), net	**(1,231)**	**1,906**	**(6,323)**	**13,645**

27 Information by business segment and geographic region

The Administration of the Company has defined the operating segments of the Group, based on the reports used for taking strategic decisions, reviewed by the Administrative Council and considers that the operation markets are segmented on the lines of **Products** and **Services**, same composition presented in the explanatory note nº 1.

Geographically, the Administration considers the performance of markets in Brazil and South America in general. The distribution by region is considered to be the location of the Group's companies and not the location of the customer.

The revenue generated by the operating segments reported is derived primarily from:

a. Products: anchorage ropes for platforms in deep waters, automated and manual valves for use in application, exploration, production, transportation and refining of petroleum and hydrocarbon chain, equipment for completion of petroleum wells, coating of tubes for drilling and production.

b. Services: services of probes of drilling and *workover*, intervention in wells, *drilling*, coatings and inspection of piping.

The sales between the segments were performed as sales between independent parties. The revenue from external parties informed the Executive Directorate was measured in a way consistent with that presented in the demonstration of the result.

The figures relating to the total of the asset are consistent with the balances recorded in the financial demonstrations. These assets are allocated on the basis of the operations of the segment and the physical location of the asset.

The figures relating to the total liabilities are consistent with the balances registered in the financial demonstrations. These liabilities are allocated on the basis of the operations of the segment.

The revenue of the Company presents greater concentration involving the client Petrobras, directly and indirectly, as mentioned in the explanatory note nº 1, which responded within a period of three months ended in March 31 of 2018, approximately 7% of the total revenues of the Company and its subsidiaries (32.48% in a period of three months ended in March 31, 2017).

The information by segment are demonstrated below:

	Products		Services		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Net sales	**6,727**	**9,460**	**15,558**	**21,872**	**22,285**	**31,332**
Cost of sales	(6,647)	(10,219)	(14,222)	(27,185)	**(20,869)**	**(37,404)**
Gross loss	**80**	**(759)**	**1,336**	**(5,313)**	**1,416**	**(6,072)**
Selling expenses	(1,255)	(1,308)	(145)	(257)	**(1,400)**	**(1,565)**
General and administrative expenses	(1,750)	(2,802)	(4,547)	(4,544)	**(6,297)**	**(7,346)**
Management fees	(158)	(261)	(547)	(601)	**(705)**	**(862)**
Equity pick-up	(376)	(1,493)	-	-	**(376)**	**(1,493)**
Other operating income (expenses), net	(605)	2,715	(5,718)	10,930	**(6,323)**	**13,645**
Operating Profit (Loss) before financial result	**(4,064)**	**(3,908)**	**(9,621)**	**215**	**(13,685)**	**(3,693)**

	Products		Services		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Identifiable assets (1)	**189,884**	**195,964**	**208,372**	**204,211**	**398,256**	**400,175**
Identifiable liabilities (2)	**39,207**	**42,226**	**229,163**	**231,152**	**268,370**	**273,378**

	Products		Services		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Depreciation and amortization	**(1,547)**	**(1,738)**	**(1,722)**	**(8,651)**	**(3,269)**	**(10,389)**
Acquisition of Property, plants and equipment	**1**	**88**	**761**	**50**	**762**	**138**

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

The information by geographic region is shown below:

	Brazil		South America		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Net sales	**6,796**	**19,471**	**15,489**	**11,861**	**22,285**	**31,332**

	Brazil		South America		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Identifiable assets (1)	**315,438**	**322,852**	**82,818**	**77,323**	**398,256**	**400,175**
Identifiable liabilities (2)	**249,082**	**252,297**	**19,288**	**21,081**	**268,370**	**273,378**

	Brazil		South America		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Depreciation and amortization	**(1,884)**	**(8,958)**	**(1,385)**	**(1,431)**	**(3,269)**	**(10,389)**
Acquisition of Property, plants and equipment	**1**	**105**	**761**	**33**	**762**	**138**

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

28 Assets classified as held for sale

The Company has recorded on December 31, 2016, as assets held for sale the amount of R$4,790 regarding the sale of machines and equipment rented on units Sotep - Sociedade Técnica de Perfuração S/A - In Judicial Recovery and Lupatech Equipamentos de Serviços para Petróleo Ltda. – In Judical Recovery. This operation was completed in the first quarter of 2017.

On March 31 of 2018, were reclassified as assets held for sale, immobilized in the segment of services, which are not in operation, and in the process of negotiation for sale. These goods assemble a net total of depreciation recorded on the parent company of R$3,497 (active not circulating) and R$93,592 in the consolidated (R$89,679 in circulating asset and $3,913 in non-circulating asset).

In the context of the actions for restructuring the Company's operations, the Administration has conducted actions and negotiations which may result in the alienation of certain assets. The alienation of such assets will only be considered highly likely to the extent that there is a prior understanding between the parties and, specially, there is a judicial authorization for the implementation of the business, since such authorization is an essential requirement in the process of judicial recovery.

29 Subsequent events

Partial Sale of Participation in a Subsidiary in the Netherlands

In continuity to the operation of sale of its Colombian subsidiary, Lupatech OFS S.A.S, to Petroalianza International Ltd. ("Petroalianza"), as disclosed by means of the Relevant Facts dated August 28 of 2017, and December 7 of 2017, the Company communicates to its shareholders and to the market that concluded on the date of May 3 of 2018, the sale of 20.2% of its corporate interest in the Dutch subsidiary Lupatech OFS Cooperatief U.A. ("Lupatech Netherlands"), vehicle that controls Lupatech Colombia, by the value of US$1.650 million dollars of the United States of America, to Petroalianza.

The operation still provides the obligation of Petroalianza to acquire up to 49% of the corporate interest in Lupatech Netherlands by value of US$1.932 million dollars of the United States of America, in monthly payments until July 31 of 2018, and the option of Petroalianza to acquire the remaining part of the corporate interest in Lupatech Netherlands, in order to acquire control of Lupatech Colombia, at the minimum value of $3 million dollars of the United States of America, if the option is exercised until August 31 of 2018, up to the maximum value of $4 million dollars of the United States of America, if the option is exercised until January 31, 2019.

As long as it is not exercised the option by Petroalianza, the political and economic powers of Lupatech Colombia remain under control of the Company.

Report on the review of quarterly information - ITR

Crowe Horwath.

To the Administrators 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 March 31, 2018, which comprise the balance sheet on March 31, 2018 and the related statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-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 March 31, 2018, there was no presentation of any grievance against the approved plan. Our conclusion has no qualification related to this subject.

Coing Concern

As mentioned in note 1.1 to the interim financial information, the Company and its subsidiaries have generated recurring losses and during the three-month period ended on March 31, 2018 incurred a loss before tax and social contribution of R$ 21,074 thousand 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 three-month period ended on March 31, 2018, 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.

São Paulo, May 15, 2018.

Crowe 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 March 31, 2018.

Nova Odessa, March 15, 2018.

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 March 31 2018.

Nova Odessa, March 15, 2018.

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