



MATERIAL FACT

Start-up of most recent business unit of Lupatech S.A. – Mipel-Sul

Caxias do Sul, RS, Brazil, June 27, 2006 --- Lupatech S.A. (**BOVESPA: LUPA3**) announces the start-up of industrial and commercial activities of its most recent subsidiary, Mipel Indústria e Comércio de Válvulas Limitada (**Mipel-Sul**) with significant synergic gains with the most recently acquired and subsidiary company Metalúrgica Ipê Limitada (**Mipel-SP**) and with Carbonox S.A Microfusão de Aços (**Carbonox**).

Mipel-Sul is located in the city of Veiranópolis (state of Rio Grande do Sul/Brazil) in a built-up area of 4,200m². R\$5.5 million was invested with own funds of **Lupatech**. In addition, the Company foresees the employment of R\$ 6.0 million in working capital. This new unit will create 40 direct job positions within three months. The annual production capacity of **Mipel-Sul** is 250,000 valves.

Mipel-Sul will produce and sell an ample and state-of-the-art line of manual ball valves in carbon and stainless steel, to supply the industrial market with the brand **MIPEL®**.

The products of **Mipel-Sul** will be sold by through a large network of distributors and resellers, counting on nearly 600 points of sale throughout Brazil and overseas (Latin America, Asia, Middle East, Oceania and Africa).

Mipel-Sul will use, in a synergic way, the efficient sales channel currently used by **Mipel-SP**, a company acquired by **Lupatech** in April 2006, which is a leader in the market of bronze valves for the industrial and civil construction sector.

The combination of the current line of valves of **Mipel-SP** (in bronze) with the recent line of valves launched by **Mipel-Sul** (in steel), will enable **Lupatech** to better serve the consuming market of valves due to the increase in the portfolio of products offered.

The main supplier of raw materials (investment casting parts in carbon and stainless steel) to **Mipel-Sul** will be **Carbonox** (a company controlled by **Lupatech**). **Mipel-Sul** and **Carbonox** are set up in the same industrial park, what will generate important logistics gains and agility in the obtainment of investment casting parts by **Mipel-Sul** and scale gains for **Carbonox**.

The line of products that will be produced and sold by **Mipel-Sul** is the result of developments carried out by **Lupatech Research and Development Center (CPDL)**, and counted on funds from **FINEP** for its technologic development.

The start-up of **Mipel Sul** results from the Company's strategic planning and is based on a 22-year experience of **Lupatech** in the development, manufacturing and sale of industrial valves in investment casting steel.



LUPATECH S.A.
TECNOLOGIA QUE FAZ SUA VIDA FICAR MELHOR.



Lupatech S.A. Profile - Lupatech S.A. has two business lines. The Flow Segment, where it is a national leader in the production and sale of industrial valves, mainly for oil and gas, and the Metal Segment, where it holds an outstanding position in the international market in the development and production of parts mainly targeted at the automotive industry.

For further information access the website www.lupatech.com.br/ir

Contact:

Investor Relations Department
Thiago Alonso de Oliveira
CFO & IRO
Telephones
São Paulo: + 55 (11) 2134-7000 or
Caxias do Sul: + 55 (54) 3227-7000

This release may contain forward-looking statements. Such statements are not statements of historical fact, and reflect the beliefs and expectations of the Company's management. The words "anticipates", "believes", "estimates", "expects", "forecasts", "intends", "plans", "predicts", "projects" and "targets" and similar words are intended to identify these statements, which necessarily involve known and unknown risks and uncertainties. Accordingly, the actual results of operations of the Company may be different from the Company's current expectations, and the reader should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments.