INTERIM FINANCIAL STATEMENTS Q1 2019

LUPATECH S.A. – EM RECUPERAÇÃO JUDICIAL
CNPJ/MF nº 89.463.822/0001-12
NIRE 35.3.0045756-1
Companhia Aberta de Capital Autorizado – Novo Mercado

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 spite of the optimism with the implementation of reforms by the government sworn in this year, its effects on the real economy have been pale. There has been no perceptible GDP response to such optimism yet, and GDP growth projections have been successively reduced.

Observing the quotation requests that we receive from our industrial customers, we noted that there was a change of mood. Many expansion projects are coming out of the drawers where they have been stored since 2015 to update budgets, however most are not yet under implementation. There are many projects linked to companies that produce commodities, whose actions may be more linked to the recovery of their markets than to the political and economic scenario of the country - for us this could be good news, because it is a possible source of opportunities relatively immune to local idiosyncrasies.

In the Oil&Gas sector the dynamics is more positive, as we see projects in progress demanding an ever greater volume of quotations. It is hoped that in the future these revert into larger purchases. There are very positive expectations on the Brazilian offshore business, considered the "number one" opportunity by key international players.

Services x Demobilization

In the period we continued with the demobilization of Sservice activities. We promoted the sale of equipment with transactions in the amount of US$ 1.6 million and of R $ 1.3 million initiated in 4Q18 and effected completed in 1Q19.

We persist in our intention to complete the sale of the remaining indirect interest in our Colombian Services company.

Judicial Recovery

In February 2019, the 24 months of judicial supervision required to complete the Judicial Recovery were completed, fulfilling the obligations assumed in the Plan. However, there are still some important measures in implementation that depend on intervention of the court, which hinder the lifting of the plan. The main ones are: (i) the issuance of new notes in the USA, which require recognition of the adjusted plan by the Chapter 15 court in New York; (ii) the elaboration of the final general list of creditors; (iii) certain measures and authorizations related to certain assets of the group, which enable them to be better used economically; (iv) regulating the situation of BNDES fiduciary guarantees and / (v) the regularization of the tax status so that the company can operate regularly outside the recovery environment.

It is not possible to specify the time required for such measures to be covered, but we have made every effort to overcome this step.

Asset recovery and recapitalization

It is notorious that the Company requires capital to cope with growth.

Our business plan includes the demobilization of assets, which could, according to our current estimates, generate from US $ 10 to 15 million in cash (equipment and Colombian company). The context of the prolonged crisis in the oil sector prevented this demobilization from occurring

at the desired speed, which undermined our recovery consequently. The temporal uncertainty of these sales has been relevant.

There are several other contingent assets we have been working on: arbitral and judicial collections, tax refunds in cash and the lifting of judicial deposits. Combined, the figures involved are potentially several tens of millions of Reais. However, uncertainty about such measures is relevant, both from the point of view of legal success and the success recovering the values secured by judicial decisions, not to mention the time variable.

We continually talk to investors about capital injections that would allow us to accelerate the resumption of business under suitable conditions. In this context, we monitor the equation between the funding opportunities that may become available, our business requirements and the situation of the aforementioned sources.

Rafael Gorenstein
Director President and of Investor Relations

Financial-Economic Performance

Net Revenue

Net Revenue (R$ thd)	1Q18	1Q19	Chg. R$	4Q18	1Q19	Chg. R$
Products	**6,727**	**8,352**	**1,625**	**9,742**	**8,352**	**(1,390)**
Oil&Gas Valves	1,922	3,237	1,315	2,703	3,237	534
Industrial Valves	4,805	5,115	310	6,805	5,115	(1,690)
Tubular	-	-	-	234	-	(234)
Services	**15,558**	**25,408**	**9,850**	**26,427**	**25,408**	**(1,019)**
Oilfield Services Brazil	68	72	4	100	72	(28)
Oilfield Services Colombia	15,490	25,336	9,846	26,327	25,336	(991)
Total	**22,285**	**33,760**	**11,475**	**36,169**	**33,760**	**(2,409)**

For comparison purposes, as of 2Q18 we changed the composition of the business segments, starting to treat the Tubular division as part of the Products business. Therefore, the Products segment comprises the businesses that the Company has been focusing on and the Services segment the ones from which it has been divesting.

Products Segment

Sales in 1Q19 compared to 1Q18 increased 24%.

The increase in sales of the Oil & Gas Valves business in 1Q19 compared to 1Q18 is due to the resumption of demand. There was also growth in 4Q18.

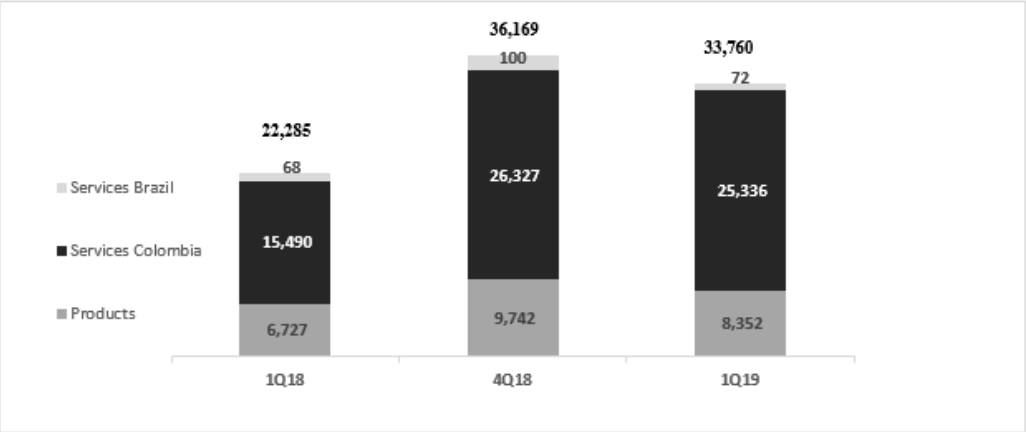
In Industrial Valves, there was growth compared to 1Q18, but reduction of 1Q19 versus 4Q18. This reduction has a seasonal component, but it is also a reflection of the lack of traction in the recovery of industrial activity in the country.

Services Segment

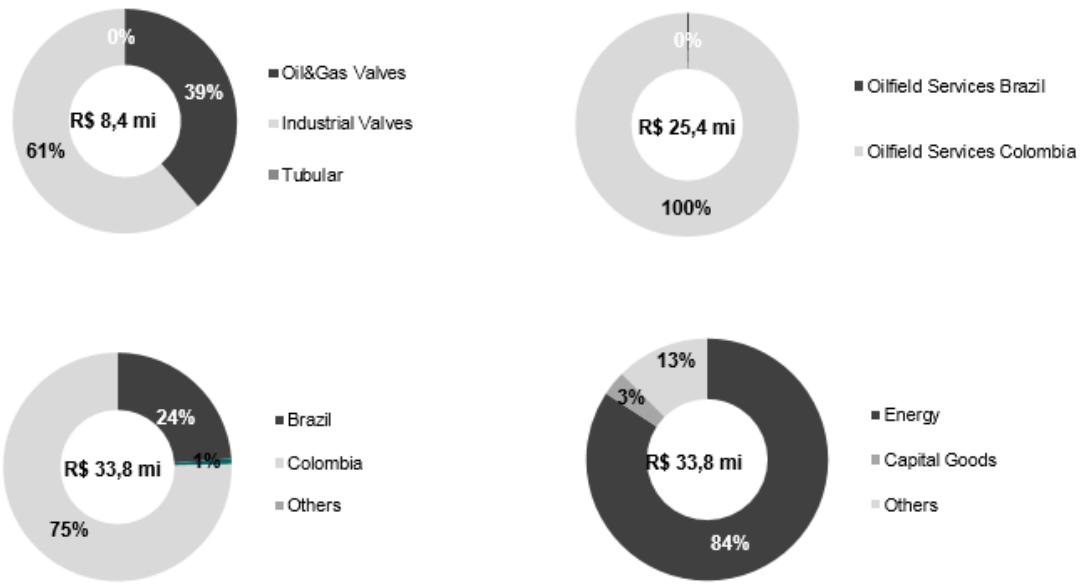
The absence of revenues in the Oilfield Services Brasil division is a consequence of the discontinuation of the business in the Segment. The sales occurred in 1Q18, 4Q18 and 1T19 are not due to the operation, they refer to the sale of remaining inventories.

The growth of 1Q19 versus 1Q18 in the Oilfield Services Colombia division is due to the recovery of the Colombian market and due to new contracts with Ecopetrol started in 4Q18. 1Q19 vs. 4Q18, the reduction is explained by the exceptionally high activity during 4Q18 in one of the service lines. In 1Q18, activities had been affected by the terrorist attack perpetrated against one of Ecopetrol's bases that affected our operations for several months.

Operational Net Revenue (R$ thousand)



Revenue Distribution – 1Q19



On March 30, 2019, the Company's order backlog ("Order Backlog") in Brazil amounted to R$ 7.0 million. This number does not include bids won for which no order has yet been issued or any contracts without a purchase obligation.

Gross Profit and Gross Margin

Gross Profit (R$ thd)	1Q18	1Q19	Chg. R$/p.p.	4Q18	1Q19	Var. R$/p.p
Products	**80**	**1,060**	**980**	**1,906**	**1,060**	**(846)**
Gross Margin - Products	1.2%	12.7%	11.5 p.p	19.6%	12.7%	-6.9 p.p.
Services	**1,336**	**4,421**	**3,085**	**5,658**	**4,421**	**(1,237)**
Gross Margin - Services	8.6%	17.4%	8.8 p.p	21.4%	17.4%	-4.0 p.p.
Total	**1,416**	**5,481**	**4,065**	**7,564**	**5,481**	**(2,083)**
Gross Margin - Total	6.4%	16.2%	9.9% p.p	20.9%	16.2%	-4.7 p.p.
Depreciation	**3,269**	**3,269**	**-**	**3,385**	**3,269**	**(116)**
Products	1,547	1,655	108	1,911	1,655	(256)
Services	1,722	1,614	(108)	1,474	1,614	140
Gross Profit without Depreciation	**4,685**	**8,750**	**4,065**	**10,949**	**8,750**	**(2,199)**
Products	1,627	2,715	1,088	3,817	2,715	(1,102)
Services	3,058	6,035	2,977	7,132	6,035	(1,097)
Gross Margin without Depreciation Produ	24%	33%	8.3 p.p	39%	33%	-6.7 p.p
Gross Margin without Depreciation Servic	20%	24%	4.1 p.p	27%	24%	-3.2 p.p

Products Segment

Comparing 1Q19 with 1Q18, gross margin and gross profit increased due to the growth in Net Revenue and progressive efforts to obtain better profitability of sales. Analyzing 1Q19 versus 4Q18, we highlight lower a gross margin and profit due to the seasonal reduction in sales.

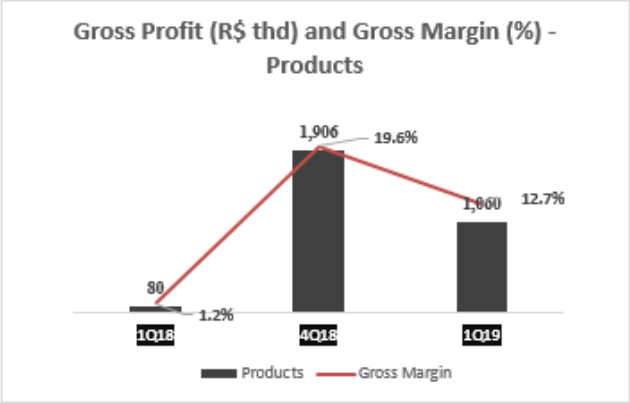
Depreciation expense has a high weight in our margins due to amount of underutilized fixed assets that we carry. Excluding depreciation, that does not require cash disbursement, the margin in 1Q19 versus 4Q18 decreased by 6%. In the comparison of 1Q19 versus 1Q18, the margin increased from 24% to 33%.

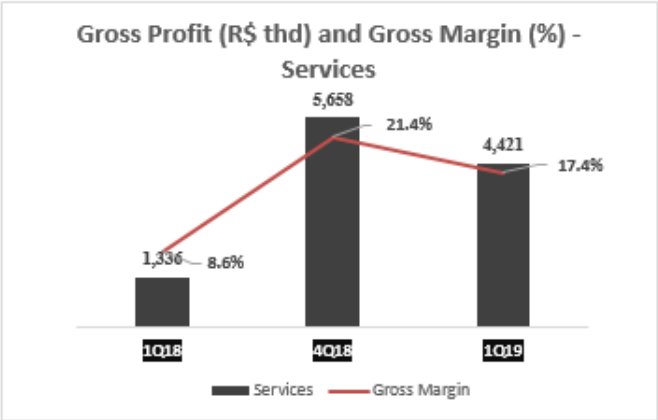
Services Segment

The improvement in results between 1Q19 and 1Q18 comes from the resumption of the Colombian business.

In the comparison of 1Q19 versus 4Q18, the reduction in results was due to the reduction in Net Revenue (lower dilution of fixed costs as compared to the high activity of 4Q18).

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





Expenses

Expenses (R$ thd)	1Q18	1Q19	Chg. R$	4Q18	1Q19	Chg. R$
Total Sales Expenses	**1,400**	**1,649**	**249**	**1,949**	**1,649**	**(300)**
Sales Expenses - Products	1,249	1,399	150	1,640	1,399	(241)
Sales Expenses - Services	151	250	99	309	250	(59)
Total Administrative Expenses	**6,297**	**6,975**	**678**	**6,526**	**6,975**	**448**
Administrative Expenses - Products	1,633	2,117	484	2,136	2,117	(19)
Administrative Expenses - Services	4,408	4,381	(27)	3,672	4,381	708
Administrative Expenses - Corporate	256	477	221	718	477	(241)
Management Fees	**705**	**720**	**15**	**2,640**	**720**	**(1,920)**
Total Sales, Administratives and Management Fees	**8,402**	**9,344**	**942**	**11,115**	**9,344**	**(1,772)**

Sales Expenses

In 1Q19 versus 4Q18 in the Product Segment, expenses decreased due to the reduction in Net Revenue and the recognition of the provision for customer losses of the Oil & Gas Valves division in the amount of R$ 0.2 million in 4Q18. The increase in 1Q19 is due to sales growth.

In the Services Segment comparing 1Q19 with 4Q18, sales expenses were similar. Analyzing 1Q19 versus 1Q18, the increase in expenses was due to a positive variation in sales and an increase in the personnel of the Oilfield Services Colombia division.

Administrative Expenses

In the Product Segment, comparing 1Q19 and 4Q18, Administrative Expenses remained at similar levels. Analyzing 1Q19 versus 1Q18, the increase is due mainly to the expenses of Balance Sheet publication, which in year 2018 were incurred during the 2nd quarter, and due to some legal expenses related to the judicial recovery process.

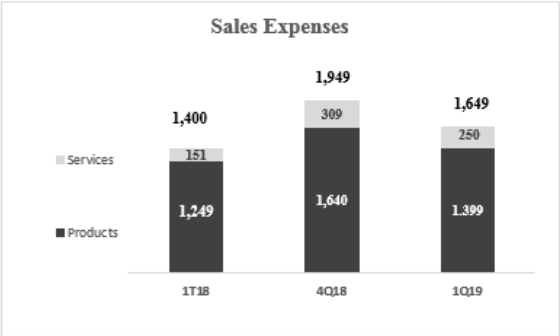
In the Services segment, in 1Q19, there were substantial expenses of R$ 713 thousand with personnel reduction in Brazil, resulting from the process of closing the activities of several units. Comparing 1Q19 to 1Q18 the variation is immaterial, because in 1Q18 there were exceptional expenses of similar amount. The 1Q19 increase compared to 4Q18 is, therefore, related to said termination expenses.

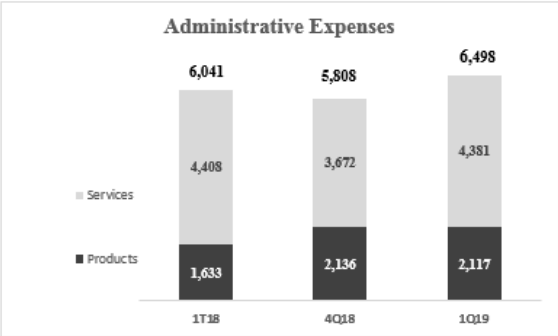
In Corporate Expenses, there were lower expenses incurred with lawyers in activities related to judicial recovery in 1Q19 compared to 4Q18. In comparison with 1Q18, the increase is also due to expenses with legal fees related to Judicial Recovery in 4Q18.

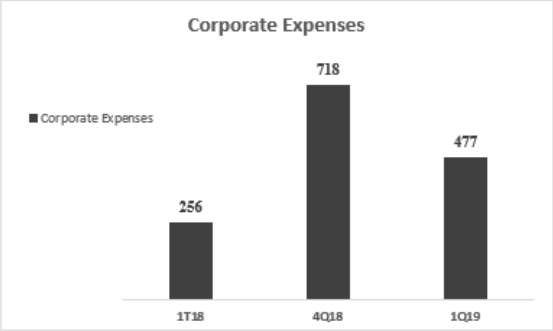
Management Compensation

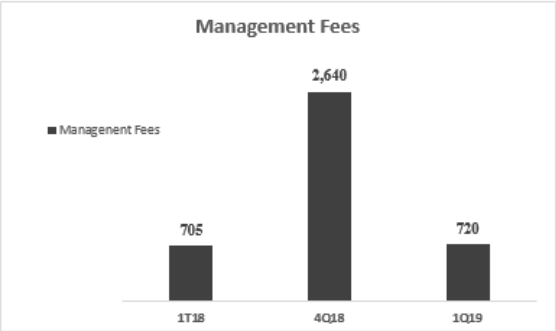
The reduction in 1Q19 versus 4Q18 is due to the provision for variable compensation in 4Q18. Compared to 1Q18, management pay was similar.

Operating Expenses (R$ thousand)









Other Revenues and Operational (Expenses)

Other Operating (Expenses) (R$ mil)	1Q18	1Q19	Chg. R$	4Q18	1Q19	Chg. R$
Products	1,932	(260)	(2,192)	(605)	(260)	345
Expenses with Idleness - Products	(2,460)	(2,390)	70	(3,943)	(2,390)	1,553
Services	(5,086)	(3,612)	1,474	(17,939)	(3,612)	14,327
Expenses with Idleness - Services	(709)	(750)	(41)	(679)	(750)	(72)
Total	**(6,323)**	**(7,012)**	**(689)**	**(23,165)**	**(7,012)**	**16,153**

In 1Q19 the following factors stand out:

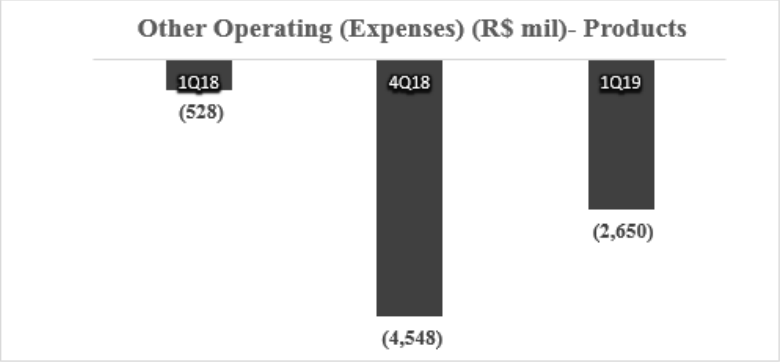
(i) R$ 3.1 million of idleness costs;

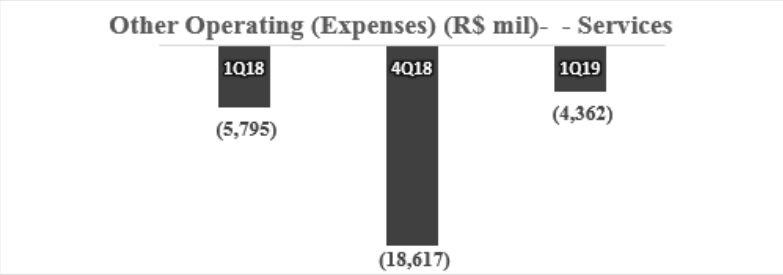
(ii) R $ 3.4 million corresponding to the net effect of the sale of assets;

(iii) R $ 0.9 million with restatement of contingencies.

In 4Q18, significant figures were the result of the consolidation of PERT (R$ 8.6 million), contingencies adjustments (R$ 3.4 million), and the result of the sale of assets (R$ 5.0 million). In 1Q18, contingencies (R$ 4.8 million) were predominant, followed by the result of asset sales (R$ 1.2 million).

Other (Revenues) Operational Expensess (R$ thousand)





Financial Result

Financial Results (R$ thd)	1Q18	1Q19	Chg. R$	4Q18	1Q19	Chg. R$
Income from Financial Investments	24	21	(3)	47	21	(26)
Monetary Variation	418	295	(123)	10,465	295	(10,170)
Ajuste a Valor Presente	5,897	-	(5,897)	-	-	-
Ajuste a Valor Justo	-	-	-	27,923	-	(27,923)
Interest on Receivables	274	3	(271)	11	3	(8)
Revenue (reduction of fine, interest and charges adherence to PER	-	-	-	6,850	-	(6,850)
Others	41	1,296	1,255	181	1,296	1,115
Financial Revenue*	**6,654**	**1,615**	**(5,039)**	**45,477**	**1,615**	**(43,862)**
(Expense) Reversal of Interest Expenses	(2,854)	(3,865)	(1,011)	(3,346)	(3,865)	(519)
Adjustment to fair value	-	(2,120)	(2,120)	(4,887)	(2,120)	2,767
Discount Granted	(23)	-	23	(16)	-	16
(Provision) Reversal of Provision for Interest on Suppliers	11	1,099	1,088	2,353	1,099	(1,254)
Fines and Interest on Taxes	(1,140)	(205)	935	(8,908)	(205)	8,703
IOF, Banking Expenses and Others	(1,420)	(2,033)	(613)	(4,798)	(2,033)	2,765
Financial Expense*	**(5,426)**	**(7,124)**	**(1,698)**	**(19,602)**	**(7,124)**	**12,478**
Net Financial Results*	**1,228**	**(5,509)**	**(6,737)**	**25,875**	**(5,509)**	**(31,384)**
Exchange Vaciance Revenue	15,633	10,162	(5,471)	22,668	10,162	(12,506)
Exchange Variance Expenses	(16,839)	(12,324)	4,515	(36,936)	(12,324)	24,612
Net Exchange Variance	**(1,206)**	**(2,162)**	**(956)**	**(14,268)**	**(2,162)**	**12,106**
Net Financial Results - Total	**22**	**(7,671)**	**(7,693)**	**11,607**	**(7,671)**	**(19,278)**

* Excluding Exchange Variance

Financial Revenue

In 1Q19, there was a reduction in Financial Revenue as compared to 4Q18, resulting from the Fair Value Adjustment related to the issue of Subscription Warrants required by the Judicial

Recovery Plan and from monetary correction with the Selic rate of tax credits reclaimed (IRPJ and CSLL).

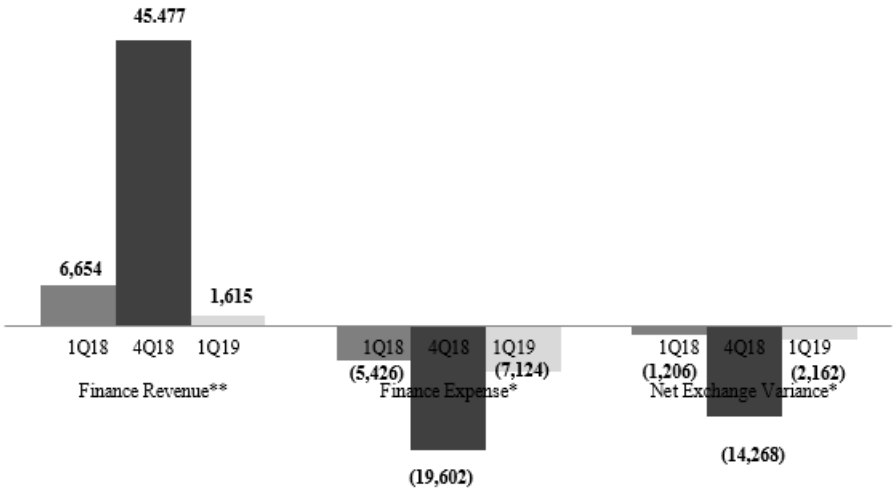
Financial expenses

The reduction in financial expenses in 1Q19 compared to 4Q18 was due to the booking, in 4Q18 of fines, interest and expenses resulting from the tax debt in installments, the PERT consolidation process and also the adjustment to present value of debt subject to judicial recovery.

Net Exchange Variance

In 1Q19 versus 4Q18 and 1Q18, Net Foreign Exchange Variation resulted in expenses, due to the appreciation of the US dollar by 0.6% (1Q19 vs. 4Q18) and 17.24% (1Q19 vs. 1Q18).

Composition of t he Financial Result (R$ thousand)



* Excluding Exchange Variance

EBITDA Adjusted from Activities

EBITDA Adjusted (R$ mil)	1Q18	1Q19	Chg. R$/p.p.	4T18	1T19	Chg. R$/p.p.
Products	**(3,321)**	**(2,838)**	**483**	**(4,416)**	**(2,838)**	**1,578**
Margin	-49.4%	-34.0%	15.4 p.p	-45.3%	-34.0%	11.3 p.p.
Services	**(3,087)**	**(2,735)**	**352**	**(1,803)**	**(2,735)**	**(932)**
Margin	-19.8%	-10.8%	9.1 p.p	-6.8%	-10.8%	-3.9 p.p.
Total	**(6,408)**	**(5,574)**	**834**	**(6,219)**	**(5,574)**	**645**
Margin	-28.8%	-16.5%	12.2 p.p	-17.2%	-16.5%	0.7 p.p.
% Products	52%	51%	58%	71%	51%	
% Services	48%	49%	42%	29%	49%	

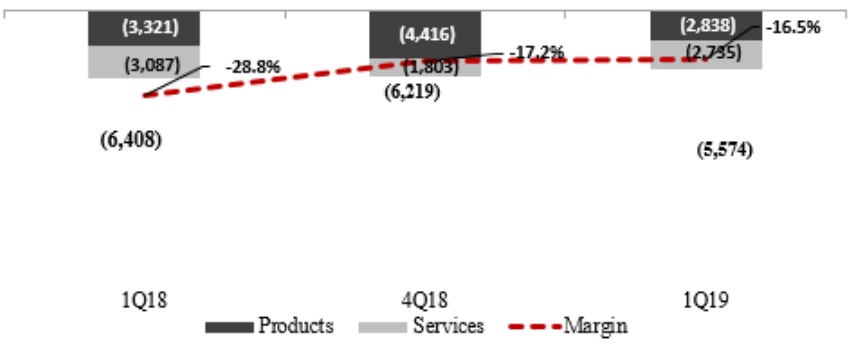
obs: Services figures are net of minority participations

The Adjusted EBITDA of Products in 1Q19 had an improvement compared to 4Q18 due to the reduction of other operating expenses, mainly in relation to idleness. In the comparison of 1Q19 against 1Q18, we also had an improvement, due to the increase in sales.

In the Services segment, EBITDA of 1Q19 compared to 4Q18 decreased, mainly as a result of the reduction in sales. Compared to 1Q19 versus 1Q18, increased sales brought about a positive effect on results.

Adjusted Ebitda Reconciliation (R$ thd)	1Q18	4Q18	1Q19
Gross Profit	1,416	7,564	5,481
SG&A	(7,696)	(8,475)	(8,624)
Management Fees	(705)	(2,640)	(720)
Depreciation,Amortization and Realization of assets	1,668	10,668	4,819
Other Operating Expenses	(6,323)	(23,165)	(7,012)
Ebitda	**(11,641)**	**(16,048)**	**(6,056)**
Provisions with Legal Proceedings	4,761	3,368	986
Minority Interest	(1,061)	(2,582)	(1,598)
Fines with Customers	112	52	(23)
Expenses with Restructuring and Other Extraordinary Expenses	1,421	8,993	1,117
Adjusted EBITDA	**(6,408)**	**(6,217)**	**(5,574)**

EBITDA Adjusted (R$ thousand)



	1Q19		
Adjusted Ebitda Reconciliation (R$ thd)	**Products**	**Services**	**Total**
Gross Profit	1,060	4,421	5,481
SG&A	(3,622)	(5,002)	(8,624)
Management Fees	(179)	(541)	(720)
Depreciation,Amortization and Realization of assets	1,623	3,196	4,819
Other Operating Expenses	(2,650)	(4,362)	(7,012)
Ebitda	**(3,768)**	**(2,288)**	**(6,056)**
Provisions with Legal Proceedings	470	516	986
Minority Interest	-	(1,598)	(1,598)
Fines with Customers	(23)	-	(23)
Expenses with Restructuring and Other Extraordinary Expenses	483	635	1,117
Adjusted EBITDA	**(2,838)**	**(2,735)**	**(5,574)**

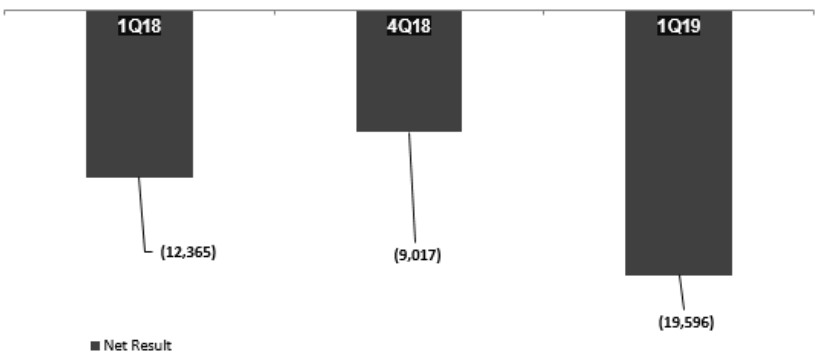
Restructuring and Other extraordinary expenses on 1Q19 refer to personnel reduction of Services units shut down and legal services tied to the Judicial recovery.

Net Result

Net Result (R$ thd)	1Q18	1Q19	Chg. R$	4Q18	1Q19	Chg. R$
Result Before Income Tax and Social Contribution	(13,663)	(18,558)	(4,895)	(19,980)	(18,558)	1,422
Income Tax and Social Contribution - Current	(105)	(1.543)	(1.438)	(376)	(1.543)	(1.167)
Income Tax and Social Contribution - Deferred	1,403	505	(898)	11,339	505	(10,834)
Net Result	**(12,365)**	**(19,596)**	**(7,231)**	**(9,017)**	**(19,596)**	**(10,579)**
Net Result per 1,000 shares	(1.04)	(2.00)	(0.96)	(6.64)	(2.00)	4.64

In addition to current expenses, contributed to the negative result of 1Q19: R$1.2 million personnel reduction according to the restructuring plan,; R$1.6 million legal fees;; R$3.1 million idleness expenses; R$0.9 million updates of contingencies according to legal advisors; R$3.6 million losses on asset sales; and R$3,7 million updates of interests on the debt subject to the judicial recovery.

Composition of the Financial Result (R$ thousand)

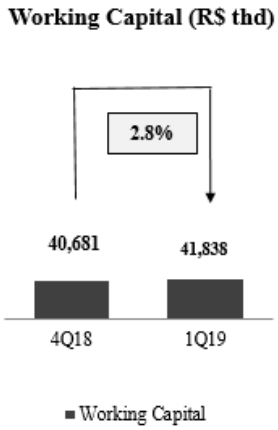


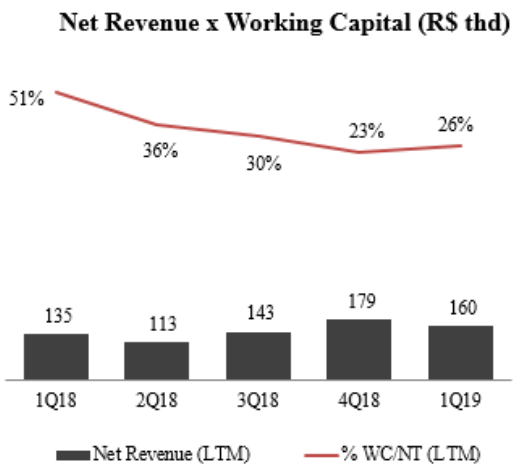
Operational Working Capital

Working Capital (R$ thd)	4Q18	1Q19	Chg. %	Chg. R$
Accounts Receivable	31,357	35,050	11.8%	3,693
Inventories	38,950	38,855	-0.2%	(95)
Advances of suppliers	13,877	13,759	-0.9%	(118)
Recoverable taxes	23,637	26,982	14.2%	3,345
Suppliers	31,104	28,025	-9.9%	(3,079)
Advances from Customers	3,528	4,518	28.1%	990
Taxes payable	20,127	25,084	24.6%	4,957
Payroll and charges	12,381	15,181	22.6%	2,800
Employed Working Applied	**40,681**	**41,838**	**2.8%**	**1,157**
Working Capital Variance	(17,839)	1,157		
% Working Capital/Net Revenue*	23%	26%		

**LTM: last 12 months*

In 1Q19 there was a 3% increase in the working capital employed. This increase stems substantially from the volume of accounts receivable as a result of the recovery of Colombia's business.





Cash and Cash Equivalents

Cash and cash equivalents (R$ thd)	4Q18	1Q19	Chg. %	Chg. R$
Cash and Cash Equivalents	1,245	3,861	210.1%	2,616
Securities-restricted	847	-	-100.0%	(847)
Total	**2,092**	**3,861**	**84.6%**	**1,769**

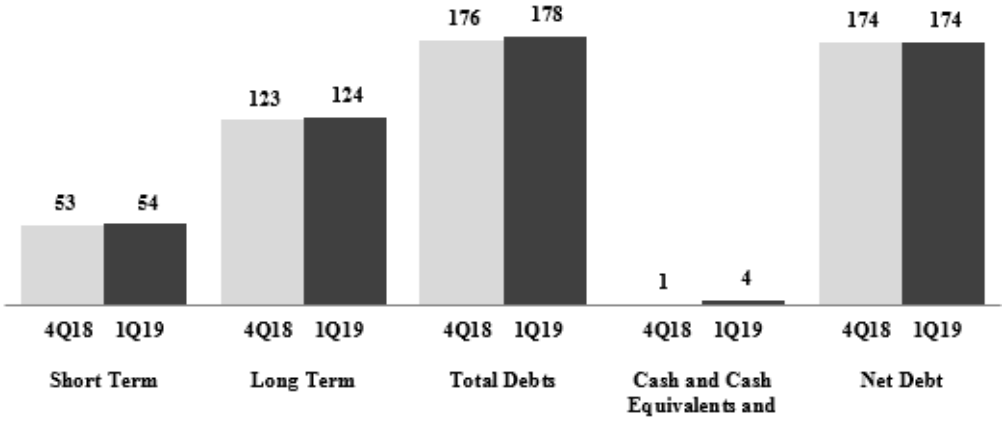
The change in 1Q19 versus 4Q18 refers to the receipt of Lupatech OFS SAS, the Colombian subsidiary of the Company from its main customer, Ecopetrol. The reduction in the balance of Securities is due to the re classification to non current assets.

Debt

Debts (R$ ths)	4Q18	1Q19	Chg. %	Chg. R$
Short Term	**53,040**	**53,780**	**1.4%**	**740**
Credits subject to Judicial Recovery	6,507	8,461	30%	1,954
Credits not subject to Judicial Recovery	37,197	37,020	0%	(177)
Debentures Convertible into Shares	9,336	8,299	-11%	(1,037)
Long Term	**122,691**	**124,346**	**1%**	**1,655**
Credits subject to Judicial Recovery	121,570	123,977	2%	2,407
Credits not subject to Judicial Recovery	1,121	369	-67%	(752)
Total Debts	**175,731**	**178,126**	**1.4%**	**2,395**
Cash and Cash Equivalents	1,245	3,861	210%	2,616
Securities-restricted	847	-	-100%	(847)
Net Debt	**173,639**	**174,265**	**0.4%**	**626**

The increase in 1Q19 compared to 4Q18 refers mainly to the update of interest on judicial reorganization unsecured debt to the rate of 3.3% per annum for class III creditors, previously recognized at 3% per annum.

Debt Composition (R $ million)

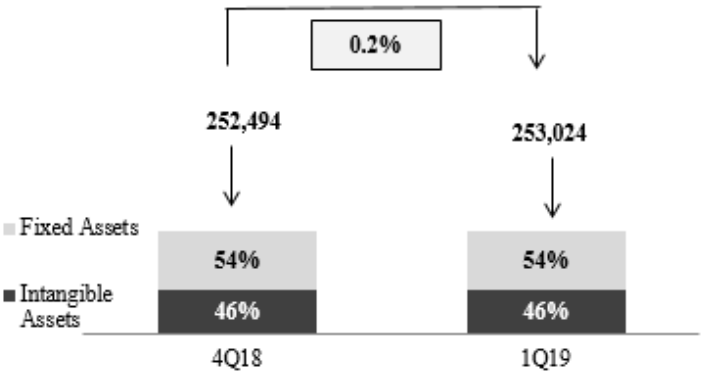


Investment Balances

There were no material changes in the investment balances.

Investments (R$ thd)	4Q18	1Q19	Chg. %	Chg. R$
Others Investments	587	587	0.0%	-
Fixed Assets	135,937	136,279	0.3%	342
Intangible Assets	115,970	116,158	0.2%	188
Total	**252,494**	**253,024**	**0.2%**	**530**

Investment Balances (R$ thousand)



Annexes

Annex I - Financial Statements (R$ thousand)

	1Q18	1Q19	% Change
Net Revenue From Sales	22,285	33,760	51%
Cost of Goods and Services Sold	(20,869)	(28,279)	36%
Gross Profit	1,416	5,481	287%
Operating Income/Expenses	(15,101)	(16,368)	8%
Selling	(1,400)	(1,649)	18%
General and Administrative	(6,297)	(6,975)	11%
Management Fees	(705)	(720)	2%
Equity pick-up	(376)	(12)	-97%
Other Operation Income (Expenses)	(6,323)	(7,012)	11%
Net Financial Result	22	(7,671)	-34476%
Financial Income	6,654	1,615	-76%
Financial Expenses	(5,426)	(7,124)	31%
Net Exchange Variance	(1,206)	(2,162)	79%
Loss Before Income Tax and Social Contribution	(13,663)	(18,558)	36%
Provision Income Tax and Social Contribution - Current	(105)	(1,543)	1370%
Provision Income Tax and Social Contribution - Deferred	1,403	505	-64%
Loss for the Period	(12,365)	(19,596)	58%

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

	1Q18	1Q19	% Change
Adjusted EBITDA from Continuing Operations	(6,408)	(5,574)	-13%
Expenses with Restructuring and Other Extraordinary Expenses	(1,421)	(1,117)	-21%
Provisions for Losses, Impairment and Net Result on Disposal of Assets	(3,161)	(2,536)	-20%
Fines with Costumers	(112)	23	-121%
EBITDA from Operations	(11,102)	(9,204)	-17%
Depreciation and Amortization	(3,268)	(3,269)	0%
Equity Pick-up	(376)	(12)	-97%
Net Financial Result	22	(7,671)	-34476%
Minority Interest	1,061	1,598	51%
Income Tax and Social Contribution - Current and Deferred	1,298	(1,038)	-180%
Net Loss from Continuing Operations	(12,365)	(19,596)	58%

Annex III - Consolidated Balance Sheets (R$ thousand)

	4Q18	1Q19	% Change
Total Asset	**581,725**	**570,277**	**-2%**
Current Assets	**227,832**	**215,424**	**-5%**
Cash and Cash Equivalents	1,245	3,861	210%
Securities-restricted	847	-	-100%
Accounts Receivable	31,357	35,050	12%
Inventories	38,950	38,855	0%
Recoverable Taxes	23,637	26,982	14%
Other Accounts Receivable	26,938	27,036	0%
Prepaid Expenses	1,580	1,801	14%
Advances to Suppliers	13,877	13,759	-1%
Assets Classified as Held for Sale	89,401	68,080	-24%
Non-Current Assets	**353,893**	**354,853**	**0%**
Securities-restricted	961	1,738	81%
Judicial Deposits	25,410	25,512	0%
Recoverable Taxes	53,736	53,938	0%
Deferred Income Tax and Social Contribution	3,932	3,734	n/a
Other Accounts Receivable	13,505	13,071	-3%
Assets Classified as Held for Sale	3,855	3,836	0%
Investments	587	587	0%
Property, Plant and Equipment	135,937	136,279	0%
Intangible Assets	115,970	116,158	0%
Total Liabilities and Shareholders´Equity	**581,725**	**570,277**	**-2%**
Current Liabilities	**127,989**	**134,525**	**5%**
Suppliers - Not Subject to Judicial Recovery	25,538	21,127	-17%
Suppliers - Subject to Judicial Recovery - Class I	730	737	1%
Suppliers -Subject to Judicial Recovery	4,836	6,161	n/a
Loans and Financing - Not Subject to Judicial Recovery	37,197	37,020	0%
Loans and Financing - Subject to Judicial Recovery	6,507	8,461	n/a
Debentures Convertible into Shares	9,336	8,299	n/a
Provisions Payroll and Payroll Payable	12,381	15,181	23%
Commissions Payable	958	431	-55%
Taxes Payable	20,127	25,084	25%
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	1,638	1,638	0%
Advances from Customers	3,528	4,518	28%
Employee's Profit Sharing	613	149	-76%
Other Accounts Payable	3,359	4,857	45%
Provision for Contratual Fines	1,241	862	-31%
Non-Current Liabilities	**320,541**	**320,581**	**0%**
Suppliers - Subject to Judicial Recovery	59,827	60,823	2%
Loans and Financing - Subject to Judicial Recovery	121,570	123,977	2%
Loans and Financing - Not Subject to Judicial Recovery	1,121	369	-67%
Taxes Payable	13,032	13,032	0%
Deferred Income Tax and Social Contribution	54,482	52,050	-4%
Provision for Contigencies	53,913	54,810	2%
Obligations and Provisions Labor Risks - Subject to Judicial Reorganization	8,184	8,184	0%
Other Accounts Payable	3,506	2,439	-30%
Provision for Negative Equity in Subsidiaries	4,906	4,897	0%
Shareholders' Equity	**133,195**	**115,171**	**-14%**
Non-Controlling Interests	48,588	51,893	7%
Capital Stock	1,873,761	1,874,864	0%
Capital reserve	2,875	2,875	0%
Capital Transaction Reserve	136,183	136,183	0%
Stock Options	13,549	13,549	0%
Equity Valuation Adjustment	121,681	118,845	-2%
Accumulated Losses	(2,063,442)	(2,083,038)	1%

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

	1Q18	1Q19	% Change
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the Period	(12,365)	(19,596)	58%
Ajustes:			
Depreciation and Amortization	3,269	3,269	0%
Equity Pick-up	376	12	-97%
Income from sale of property, plant and equipment	1,704	13,010	663%
Financial charges and exchange variation on financing	(10,002)	5,043	-150%
Reversal for loss due to non-recoverability of assets	(2,968)	(3,808)	n/a
Deferred income and social contribution taxes	(1,668)	(2,234)	34%
Inventory obsolescence	(420)	(2,086)	397%
Provision for contractual fines	112	-	-100%
(Reversal) Estimated losses for doubtful accounts	(7)	43	-714%
(Reversal) Effective losses on bad debtors	(34)	-	-100%
Adjustment to present value	9,019	2,121	-76%
Adjustment to fair value	-	(1,946)	-116%
Changes in Assets & Liabilities			n/a
(Increase) Decrease in Accounts Receivable	2,931	(2,962)	-201%
(Increase) Decrease in Inventories	(2,435)	2,480	-202%
(Increase) Decrease in Recoverable Taxes	5,203	(3,092)	-159%
(Increase) Decrease in Other Assets	8,266	5,088	-38%
(Increase) Decrease in Suppliers	(6,624)	(1,000)	-85%
(Increase) Decrease in Taxes Payable	(3,766)	4,435	-218%
(Increase) Decrease in Others Accounts Payable	(17,326)	148	-101%
Net cash used in operating activities	**(26,735)**	**(1,075)**	**-96%**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payment of capital in subsidiary	16,865	1,103	n/a
Proceeds from the sale of investments	90	-	n/a
Securities - restricted account	5	91	n/a
Proceeds from the sale of fixed assets	1,710	7,377	331%
Acquisition of fixed assets	(762)	(311)	-59%
Acquisition of Intangible assets	(59)	(42)	-29%
Net cash provided by (used) in investing activities	**17,849**	**8,218**	**-54%**
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing and financing	18,099	24,009	33%
Payment of loans and financing - Related Parties	(22,221)	(27,053)	n/a
Convertible Debentures in Stocks	12,448	(1,037)	n/a
Payment of loans and financing	(472)	(446)	-6%
Net cash provided by financing activities	**7,854**	**(4,527)**	**-158%**
(Reduction) Net Increase in Cash and Cash Equivalents	**(1,032)**	**2,616**	**-354%**
Cash and Cash Equivalents at the Beginning of the Year	2,135	1,245	n/a
Cash and Cash Equivalents at the End of the Period	1,103	3,861	250%

About Lupatech - In Judicial Recovery

Lupatech S.A. - In Judicial Recovery is a Brazilian company of products and services of high added value focusing the oil and gas sector. The businesses are organized in two segments: Products and Services. The Products Segment offers, mainly for the oil and gas sector, valves, anchoring cables for production platforms, industrial valves and equipment for well completion and pipe coating, as well as a relevant participation in the gas compressor segment company natural vehicle. The Service Segment offers services, workover, well intervention, inspection and repair.

LUPATECH S.A. - IN JUDICIAL RECOVERY

BALANCE SHEET
(In R$ Thousands)

ASSETS	Note	Parent 03/31/2019	Parent 12/31/2018	Consolidated 03/31/2019	Consolidated 12/31/2018
CURRENT ASSETS					
Cash and cash equivalents	4	134	135	3.861	1.245
Securities-restricted	4	-	847	-	847
Accounts receivables	5	6.945	6.704	35.050	31.357
Inventories	6	19.076	19.043	38.855	38.950
Recoverable taxes	7	2.847	2.736	26.982	23.637
Deferred income tax and social contribution	16	-	-	-	-
Advances to suppliers		870	1.088	13.759	13.877
Other accounts receivable	8	5.870	6.037	27.036	26.938
Prepaid expenses		1.398	1.136	1.801	1.580
Accounts receivable - related parties	15.1	88.286	95.505	-	-
Assets classified as held for sale	28	-	-	68.080	89.401
Total current assets		125.426	133.231	215.424	227.832
NON-CURRENT ASSETS					
Judicial deposits	17.3	2.177	2.149	25.512	25.410
Securities-restricted	4	1.738	961	1.738	961
Recoverable taxes	7	12.807	12.944	53.938	53.736
Deferred income tax and social contribution		-	-	3.734	3.932
Accounts receivable - related parties	15.1	23.532	27.858	-	-
Other accounts receivable	8	7.098	7.098	13.071	13.505
Assets classified as held for sale	28	3.433	3.449	3.836	3.855
Investments					
Direct and indirect associated companies	9.1	189.514	190.087	-	-
Other investments		1	1	587	587
Fixed assets	10	66.263	67.717	136.279	135.937
Intangibles					
Goodwill	11	55.414	55.414	103.321	102.802
Other intangíbles	11	12.469	12.753	12.837	13.168
Total Non-current assets		374.446	380.431	354.853	353.893
TOTAL ASSETS		499.872	513.662	570.277	581.725

The notes are an integral part of the financial statements.

LUPATECH S.A. - IN JUDICIAL RECOVERY

BALANCE SHEET
(In R$ Thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent 03/31/2019	Parent 12/31/2018	Consolidated 03/31/2019	Consolidated 12/31/2018
CURRENT LIABILITIES					
Suppliers - not subject to Judicial Recovery	12	5.544	6.132	21.127	25.538
Suppliers - subject to Judicial Recovery Class I	12	737	730	737	730
Suppliers - subject to Judicial Recovery	12	6.161	4.836	6.161	4.836
Loans and financing - not subject to Judicial Recovery	13	18.657	18.600	37.020	37.197
Loans and financing - subject to Judicial Recovery	13	5.282	4.062	8.461	6.507
Debenture	14	8.299	9.336	8.299	9.336
Provisions payroll and payroll payable		6.777	6.505	15.181	12.381
Commissions payable		430	955	431	958
Taxes payable		6.821	5.164	25.084	20.127
Obligations for labor risks and creditors- subject to Judicial Recovery		1.638	1.638	1.638	1.638
Advances from customers		3.618	2.770	4.518	3.528
Provision contratual fines		703	1.082	862	1.241
Employee's profit sharing		-	-	149	613
Other accounts payable		3.285	1.832	4.857	3.359
Related Parties - mutual and loans	15.1	41.112	41.062	-	-
Total current liabilities		109.064	104.704	134.525	127.989
NON-CURRENT LIABILITIES					
Suppliers - subject to Judicial Recovery	12	60.823	59.827	60.823	59.827
Loans and financing - subject to Judicial Recovery	13	67.049	65.000	123.977	121.570
Loans and financing - not subject to Judicial Recovery	13	-	-	369	1.121
Deferred income tax and social contribution	16	28.639	29.035	52.050	54.482
Taxes payable		9.499	9.629	13.032	13.032
Provision for contigencies	17.1	6.950	6.107	54.810	53.913
Obligations and provisions labor risks - subject to judicial Recovery		8.184	8.184	8.184	8.184
Other accounts payable		-	1.080	2.439	3.506
Related Parties - mutual and loans	15.1	141.489	140.583	-	-
Provision for negative equity in subsidiaries	9.2	4.897	4.906	4.897	4.906
Total non-current liabilities		327.530	324.351	320.581	320.541
SHAREHOLDERS' EQUITY	18				
Capital stock		1.874.864	1.873.761	1.874.864	1.873.761
Capital reserve to be realized		2.875	2.875	2.875	2.875
Capital transaction reserve		136.183	136.183	136.183	136.183
Stock options		13.549	13.549	13.549	13.549
Equity valuation adjustments		118.845	121.681	118.845	121.681
Retained earnings / Accumulated losses	19.596	(2.083.038)	(2.063.442)	(2.083.038)	(2.063.442)
Parents company's interest		63.278	84.607	63.278	84.607
Non-controlling interests		-	-	51.893	48.588
Total shareholders' equity		63.278	84.607	115.171	133.195
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		499.872	513.662	570.277	581.725

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF INCOME
ON MARCH 31,2019 AND 2018
(In R$ Thousands)

	Note	Parent		Consolidated	
		03/31/2019	03/31/2018 Restated	03/31/2019	03/31/2018 Restated
NET REVENUE FROM SALES	22	8.083	4.986	33.760	22.285
COST OF GOODS AND SERVICES SOLD	26	(6.625)	(4.785)	(28.279)	(20.869)
GROSS LOSS		1.458	201	5.481	1.416
OPERATING INCOME/EXPENSES					
Selling	26	(1.370)	(1.020)	(1.649)	(1.400)
General and administrative	26	(2.276)	(1.612)	(6.975)	(6.297)
Management compensation	15.2	(720)	(705)	(720)	(705)
Equity pick-up	9.1	(8.085)	(10.748)	(12)	(376)
Other operating income (expenses)	25	(2.760)	(1.231)	(7.012)	(6.323)
OPERATING LOSS BEFORE FINANCIAL RESULTS		(13.753)	(15.115)	(10.887)	(13.685)
FINANCIAL RESULTS					
Financial income	24	1.269	5.948	1.615	6.654
Financial expenses	24	(6.173)	(3.366)	(7.124)	(5.426)
Exchange variation, net	24	(1.335)	(1.184)	(2.162)	(1.206)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(19.992)	(13.717)	(18.558)	(13.663)
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	16	-	-	(1.543)	(105)
Deferred	16	396	1.352	505	1.403
LOSS FOR THE PERIOD		(19.596)	(12.365)	(19.596)	(12.365)
LOSS FOR THE PERIOD		(19.596)	(12.365)	(19.596)	(12.365)
NET INCOME (LOSS) PER SHARE (In Reais)					
Parent company's interest		(19.596)	(12.365)	(18.129)	(12.374)
Non-controlling interest		-	-	(1.467)	9
LOSS PER SHARE (In Reais)					
BASIC EARNINGS PER SHARE	23	(1,99917)	(1,0353)	(1,84951)	(1,0353)
DILUTED PER SHARE	23	(1,99917)	(1,0353)	(1,84951)	(1,0353)

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATMENT OF COMPREHENSIVE INCOME
ON MARCH 31,2019 AND 2018
(In R$ Thousands)

		Parent		Consolidated	
	Note	03/31/2019	03/31/2018 Restated	03/31/2019	03/31/2018 Restated
LOSS FOR THE PERIOD		(19.596)	(12.365)	(19.596)	(12.365)
OTHER COMPREHENSIVE INCOME					
Exchange variation on investments abroad	9.1	904	46	904	46
Implementation of the equity valuation adjustment	9.1	(3.740)	-	(3.740)	-
COMPREHENSIVE INCOME OF THE PERIOD		(22.432)	(12.319)	(22.432)	(12.319)
TOTAL COMPREHENSIVE INCOME ALLOCATED TO:					
Participation of controlling shareholders		(22.432)	(12.319)	(20.965)	(12.328)
Non-controlling interests		-	-	(1.467)	9

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT CASH FLOW - INDIRECT METHOD
ON, MARCH 31,2019 AND 2018
(In R$ Thousands)

	Note	Parent		Consolidated	
		03/31/2019	03/31/2018 Restated	03/31/2019	03/31/2018 Restated
CASH FLOW FROM OPERATING ACTIVITIES					
Loss for the period		(19.596)	(12.365)	(19.596)	(12.365)
Depreciation and amortization	10 e 11	1.676	1.628	3.269	3.269
Reversal (Provision) for losses by non-recoverability of assets	10 e 11	-	-	(3.808)	(2.968)
Equity pick-up	9.1	8.085	10.748	12	376
Result on sale of fixed assets		124	(85)	13.010	1.704
Financial expenses, net		5.504	(9.869)	5.043	(10.002)
Extraordinary losses and adjustment to market value with inventories		3.140	-	-	-
Deferred income tax and social contribution		(396)	(1.352)	(2.234)	(1.668)
Losses on inventory obsolescence	6	(170)	(167)	(2.086)	(420)
Provision of contractual fines		-	112	-	112
(Reversal) Estimated losses for doubtful accounts	5	30	(3)	43	(7)
(Reversal) Effective losses with doubtful debtors	5			-	(34)
Present value adjustment	24	(254)	8.714	2.121	9.019
Adjustment to fair value		-	-	(1.946)	-
(Increase) decrease in operating assets:					
Accounts receivable		(271)	1.151	(2.962)	2.931
Inventories		(3.003)	760	2.480	(2.435)
Recoverable taxes		26	727	(3.092)	5.203
Other assets		98	(383)	5.088	8.266
(Increase) decrease in operating liabilities:					
Suppliers		322	(6.589)	(1.000)	(6.624)
Taxes payable		1.471	501	4.435	(3.766)
Others accounts payable		1.432	(17.085)	148	(17.326)
Cash flow from operating activities		**(1.782)**	**(23.557)**	**(1.075)**	**(26.735)**
CASH FLOW FROM INVESTING ACTIVITIES					
Payment of capital in subsidiaries		(10.356)	-	1.103	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	74	(1)	91	5
Resources from sale of fixed assets		-	85	7.377	1.710
Acquisition of property, plant and equipment	10	(4)	(1)	(311)	(762)
Acquisition to intangibles assets	11	(42)	(60)	(42)	(59)
Net cash provided by (used in) investment activities		**(10.328)**	**1.796**	**8.218**	**17.849**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from loans and financing		6.291	1.556	24.009	18.099
Proceeds from loans and financing - Related parties		11.347	(6.174)	-	-
Capital Increase (Reduction)	18	1.103	16.865	-	-
Payments of loans and financing - Principal		(5.595)	(2.932)	(27.053)	(22.221)
Convertible debentures in share	14	(1.037)	12.448	(1.037)	12.448
Payments of loans and financing - Interest		-		(446)	(472)
Net cash provided by financing activities		**12.109**	**21.763**	**(4.527)**	**7.854**
(REDUCTION) NET CASH INCREASE AND CASH EQUIVALENTS		**(1)**	**2**	**2.616**	**(1.032)**
			-		
Cash and cash equivalents at the beginning of period		135	6	1.245	2.135
Cash and cash equivalents at the end of period		134	8	3.861	1.103

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY
CONSOLIDATED STATEMENT OF CHANGES SHAREHOLDER'S EQUITY
ON MARCH 31,2019 AND 2018

(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, 2017 (restated)		**1.853.684**	**156.073**	**(1.962.131)**	**65.962**	**113.588**	**26.325**	**139.913**
Capital increase		16.865	-	-	-	16.865	-	16.865
Loss of period		-	-	(12.365)	-	(12.365)	9	(12.356)
Exchange variation on investments abroad	9.1	-	-	-	46	46	-	46
Non-controlling interest		-	-	-	-	-	1.903	1.903
BALANCE ADJUSTMENT IN MARCH 31,2018		**1.870.549**	**156.073**	**(1.974.496)**	**66.008**	**118.134**	**28.237**	**146.371**
BALANCE ADJUSTMENT IN DECEMBER 31, 2018		**1.873.761**	**152.607**	**(2.063.442)**	**121.681**	**84.607**	**48.588**	**133.195**
Capital increase		1.103	**-**	**-**	**-**	1.103		1.103
Net loss of period		-	-	(19.596)	-	(19.596)	(1.467)	(21.063)
Exchange variation on investments abroad	9.1	-	-	-	904	904	-	904
Non-controlling interest		-	-	-	-	-	4.772	4.772
Implementation of equity valuation adjustment		-		-	(3.740)	(3.740)	-	(3.740)
BALANCE ADJUSTMENT IN MARCH 31,2019		**1.874.864**	**152.607**	**(2.083.038)**	**118.845**	**63.278**	**51.893**	**115.171**

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF ADDED VALUE
ON MARCH 31,2019 AND 2018
(In R$ Thousands)

	Note	Parent		Consolidated	
		03/31/2019	03/31/2018 Restated	03/31/2019	03/31/2018 Restated
REVENUE					
Sales of goods, products and services (IPI including)	22	9.798	6.051	35.795	23.944
Reversal of provision for losses due to non-recoverability of assets		-	-	3.707	2.968
Other revenues	25	425	1.623	10.149	3.722
Reversal (estimated) of losses on doubtful accounts	5	(30)	3	(43)	7
Effective losses on doubtful account	5	-	-	-	34
		10.193	**7.677**	**49.608**	**30.675**
ACQUIRED FROM THIRD PARTIES					
Cost of products, goods and services sold		(2.200)	(1.262)	(6.817)	(3.761)
Materials, energy, and other outsourced services		(1.352)	(958)	(9.892)	(7.858)
Provision for impairment of assets		-	-	(14.686)	-
Other expenses	25	(3.185)	(2.854)	(6.180)	(13.020)
		(6.737)	**(5.074)**	**(37.575)**	**(24.639)**
GROSS ADDED VALUE		3.456	2.603	12.033	6.036
DEPRECIATION AND AMORTIZATION	10 e 11	(1.676)	(1.628)	(3.269)	(3.269)
NET ADDED VALUE GENERATED BY THE COMPANY		**1.780**	**975**	**8.764**	**2.767**
ADDED VALUE RECEIVED IN TRANSFER					
Equity pick-up	9.1	(8.085)	(10.748)	(12)	(376)
Financial income	24	14.332	19.417	11.777	22.256
		6.247	**8.669**	**11.765**	**21.880**
TOTAL ADDED VALUE TO BE DISTRIBUTED		**8.027**	**9.644**	**20.529**	**24.647**
DISTRIBUTION OF ADDED VALUE		**8.027**	**9.644**	**20.529**	**24.647**
Staff:		**5.186**	**3.863**	**16.703**	**13.459**
Direct compensation		3.617	3.278	12.214	10.257
Benefits		1.134	267	2.775	2.230
FGTS		435	318	1.714	972
Taxes and contributions:		**1.826**	**67**	**3.829**	**1.082**
Federal		945	(490)	2.637	119
States		851	533	1.162	939
Municipal		30	24	30	24
Remuneration of third party capital:		**20.611**	**18.079**	**19.593**	**22.471**
Interest and other financial expenses	24	20.571	18.019	19.448	22.234
Rent		40	60	145	237
				-	
Remuneration (loss) from equity:		**(19.596)**	**(12.365)**	**(19.596)**	**(12.365)**
Loss for the period		(19.596)	(12.365)	(18.129)	(12.374)
Non-controlling interests				(1.467)	9

The notes are an integral part of the financial statements.

Lupatech S/A – In Judicial Recovery
Explanatory notes to interim financial statements, individual and consolidated, contained in the information of March 31, 2019

(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 ("B3" 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 658 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 Lupatech Group seeks to overcome the economic-financial crisis 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, the sale of equity participations and sales of property, plant and equipment.

Also relevant to the recovery process were the creation of a Specific Purpose Company and the issue of debentures in the first quarter of 2018 (R$29,313) for the primary purpose of effecting the payment of Class I creditors.

In the scenarios developed by management, estimates indicate the need to obtain additional financial resources to raise working capital levels to support the resumption of operations. Such resources could come from, for example, and not limited to, new credit lines, capital increase with or without conversion of debt, sale of assets or equity interests, restitution of tax credits and re profiling of liabilities. Management pursues all these options.

Certain business units have had their operations substantially affected by Oil and Gas market conditions and the repercussions of the Judicial Recovery process, with their level of activity and operational performance limited. In the evaluation of the Company, these units will return to operating as expected as the business environment normalizes, whenever the necessary resources to its working capital are conferred.

During the three-month period ended March 31,2019, the Company incurred a loss before income and social contribution taxes of R$19,992 in the parent company and R$18,558 in the consolidated (loss before income tax and social contribution of R$13,717 in the parent company and loss the R$13,663 in the consolidated in the three-month period ended March 31, 2018) and, as of March 31, 2019, the total current assets of the Company exceeded current liabilities by R$16,362 in the parent company, and in consolidated, total current assets exceeded total current liabilities by R$80,899 (December 31, 2018 the total current assets exceeded the total current liabilities by R$28,527 in the parent company, and in the consolidated total the current assets exceeded the total current liabilities by R$99,843). Despite the improvement in results, continuity depends not only on performance improvement, but also on the Company's ability to obtain additional resources, whether from third parties, from the sale of assets.

1.2 Judicial Recovery

I. 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 Ltda; 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.

Initially, the Lupatech Group filed a Judicial Recovery Plan, approved by the creditors at the General Meeting and ratified by Judgment of the 1st Court of Bankruptcy, Judicial Recovery and Arbitration Related Disputes of the Capital of São Paulo on December 11, 2015. Subsequently, in June 27, 2016, the 2nd Reserved Chamber of Business Law of the Court of Justice of the State of São Paulo granted court injunctions filed by two creditors, annulling the approval decision of the Lupatech Group's Judicial Recovery Plan.

On September 5, 2016, a new Judicial Recovery Plan of the Lupatech Group was presented to the court of origin, in compliance with the criteria established in the judgments of the 2nd Chamber of Business Law of the Court of Justice of the state of São Paulo approved on November 8, 2016, by the General Meeting of Creditors of the Lupatech Group, and was ratified by the 1st Court of Bankruptcy, Judicial Regeneration and Arbitration-related Conflicts of the Capital of São Paulo, without any qualifications, 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. 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 (SPE), in the form of art. 50 XVI of Law no. 11,101.

On October 29, 2018, the Lupatech Group submitted a proposal for adjustments to the payment flow of the Class III unsecured creditors, which consisted in deferring part of the initial payments in exchange for a 0.3% increase in the interest rate. RT + 3.3% per year). The General Meeting of Creditors met on November 30, 2018 and approved the company's proposal. The AGC's decision was submitted to the appellate court and it was ratified, with the respective approval decision being final and without any appeal being filed within the term.

On October 29, 2018, the Board of Directors approved the issuance of three million, four hundred and four thousand, five hundred and twenty-eight (3,404,528) Subscription Warrants for payment of 50% of Class III and IV creditors' debt and 35% of Class II creditors. The Bonds were issued and registered in the name of the creditors entitled to such, and the Judicial Recovery Judgment authorizing the Company to hold in treasury the securities corresponding to the creditors who, due to lack of information, due to operational impossibility or lack of liquidity in their could not have their Bonus book entry.

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 B3. 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.

To date, Lupatech 3,404,528 (three million, four hundred and four thousand, five hundred and twenty-eight) have issued approximately three million subscription warrants, which, if exercised, will be converted into an equal number of shares, which will remain in the treasury pending the

credits they will pay become liquid or their delivery is operationally possible. The credits are exchanged by conferring a subscription bonus for each hundred reais of credit - proportionally alterable ratio in the event of a reverse split, split or bonus 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) from the consolidation of ownership in favor of the Lupatech Group, over the property located in São Leopoldo; and (ii) 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. Retructuring of credits subject to the Plan

Observing the provisions in Article 61 of the Bankruptcy Law, 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. For this purpose, a Special Purpose Entity named Ciaval Administração de Bens e Direitos SPE S/A was incorporated, which was capitalized with a series of assets of the Lupatech Group, and whose shares have been delivered in payment to Class I creditors in accordance with decision determining the respective award.

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.

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 + 3.3% 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 B3. 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

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 + 3.3% per year to be paid in four quarterly installments 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 B3. 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 rate 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 in four quarterly installments 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 B3. 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 in four quarterly installments 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 B3. 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 + 3.3% 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 B3. 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 2 (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 repect to the IFRS and CPC Standards)

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 states that all the relevant information proper for the financial statements, and only these, are being demonstrated, and that they correspond to those used in management.

The issuance of the Company's information for the period ended March 31, 2019 was authorized by the Board of Directors on May 15, 2019.

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, 2018), of which, due to the absence of material changes in the three-month period ended March 31, 2019, are not being repeated or included in full in the quarterly information:

Explanatory notes not included for the period of nine months ended March 31, 2019	Location of the note in full annual financial statments for the fiscal year 2018
Main accounting practices	Note nº 3
Other accounts payable	Note nº 19
Taxes payable	Note nº 21
Liabilities at fair value	Note nº 22

2.1.1 Restatement of previously disclosed financial statements

a. Restated of the Income Statements (individual and consolidated) as of March 31,2018

In compliance with the requirements of Technical Pronouncement CPC 23 - Accounting Policies, Changes in Estimates and Rectification of Errors, approved by Resolution No. 1979/09 of the Federal Accounting Council, the Company prepared a retrospective restatement and reclassification of the financial statements as of March 31,2018 , which are identified with the nomenclature "Restated".

a.1) The Company performed a correction in the investment balance of the direct subsidiary Finance Limited arising from the calculation of the appropriate interest on judicial recovery loans for the three months ended March 31, 2018, respectively, represented by R$301.

a.2) The Chapters V, VI and VII of the judicial reorganization plan present the restructuring of the credits subject to the plan. There is interest and monetary correction on these credits as from the Judicial Approval of the Plan. Inadvertently, there were mistakes in the computation and accounting of these debts and in the respective adjustments to present value. Accordingly, the Company recalculated the interest and foreign exchange variation on loans, which are presented in the Income Statement for R

$53 and R$31, respectively. Pursuant to item 30 of CPC 12 - Adjustment to Present Value, debt subject to judicial recovery is restated to Present Value, and for the three months ended March 31, 2018, reflects the adjusted balance of R$7,067 for the parent company and R$7,327 for the consolidated. The effect of the Adjustment to Present Value resulted in the correction of the amounts presented for Deferred taxes, being adjusted R$1,022 for the Parent Company and R$1,063 for the Consolidated.

The following is the income statement previously presented on March 31, 2018, with the following corrections mentioned above:

		Panrent			Consolidated		
		Balances originally presented em 03/31/2018	Adjustment	Balances Restated 03/31/2018	Balances originally presented em 03/31/2018	Adjustment	Balances Restated 03/31/2018
NET REVENUE FROM SALES		4,986	-	4,986	22,285	-	22,285
COST OF GOODS AND SERVICES SOLD		(4,785)	-	(4,785)	(20,869)	-	(20,869)
GROSS LOSS		201	-	201	1,416	-	1,416
OPERATING INCOME/EXPENSES							
Selling		(1,020)	-	(1,020)	(1,400)	-	(1,400)
General and administrative		(1,612)	-	(1,612)	(6,297)	-	(6,297)
Management compensation		(705)	-	(705)	(705)	-	(705)
Equity pick-up	a.1)	(11,049)	301	(10,748)	(376)	-	(376)
Other operating income (expenses)		(1,231)	-	(1,231)	(6,323)	-	(6,323)
OPERATING LOSS BEFORE FINANCIAL RESULTS		(15,416)	301	(15,115)	(13,685)	-	(13,685)
FINANCIAL RESULTS	a.2)						
Financial income		266	5,682	5,948	757	5,897	6,654
Financial expenses		(4,804)	1,438	(3,366)	(6,909)	1,483	(5,426)
Exchange variation, net		(1,215)	31	(1,184)	(1,237)	31	(1,206)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(21,169)	7,452	(13,717)	(21,074)	7,411	(13,663)
INCOME TAX AND SOCIAL CONTRIBUTION							
Current		-	-	-	(105)	-	(105)
Deferred	a.2)	330	1,022	1,352	340	1,063	1,403
LOSS OF CONTINUED OPERATIONS		(20,839)	8,474	(12,365)	(20,839)	8,474	(12,365)
LOSS FOR THE PERIOD		(20,839)	8,474	(12,365)	(20,839)	8,474	(12,365)
NET INCOME (LOSS) PER SHARE (In Reais)							
Parent company's interest		(20,839)	8,474	(12,365)	(20,848)	8,474	(12,374)
Non-controlling interest		-	-	-	9	-	9

In addition, the related statements of comprehensive income, changes in shareholders' equity, cash flows and added values are being restated as a result of the above adjustments.

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 March 31, 2019, 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 participation (%)	
Direct and indirect subsidiaries	**03/31/2019**	**12/31/2018**
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)**	50.00	50.00
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 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 Maritimos 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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized revenues or expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with subsidiaries accounted for under the equity method are eliminated against the investment in the proportion of the Group's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

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 Ltda e Aspro do Brasil Sistemas de Compressão p/ GNV Ltda., as shown below, in March 31 of 2019:

	Direct and indirect participation (%)	
Jointly-owned subsidiaries	**03/31/2019**	**12/31/2018**
Direct participations		
Luxxon Participações Ltda. - (Brazil) (*)	45.20	45.20
Direct participations		
Aspro do Brasil Sistemas de Compressão Ltda. - (Brazil) (*)	45.20	45.20

(*) Joint Venture

2.4.3 Business Combination

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

The following new standards were approved and issued by the IASB, effective January 1, 2019. The Company adopted the new standards and management assessed the impacts of its adoption, not identifying adjustments for disclosure.

(i) *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.

Management evaluated the new pronouncement and, considering its quarterly transactions, did not identify changes that could have an impact on the Company's financial statements.

The following technical interpretation was approved by the Accounting Pronouncements Committee:

ICPC 22 / IFRIC 23 - Uncertainties Concerning Tax Treatment

This interpretation clarifies how to apply the recognition and measurement requirements of CPC 32 Income Taxes (IAS 12 Income Taxes) when there is uncertainty about the treatment of income tax. In such circumstances, an entity shall recognize and measure its current or deferred tax assets or liabilities, applying the requirements of CPC 32 / IAS 12 based on taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined on the basis of this interpretation.

This interpretation came into effect from annual periods beginning on or after January 1, 2019 and its impacts are being evaluated by the Company's Management.

There are no other standards, changes and interpretations of standards issued and not yet adopted that may, in Management's opinion, have a significant impact on the results or shareholders' equity disclosed by the Company.

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	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Cash and banks				
Brazil	7	10	35	57
Abroad	-	-	3,141	259
Total	7	10	3,176	316
Financial Investments				
Bank deposit certificate	127	125	685	929
Total	127	125	685	929
Cash and cash equivalents	134	135	3,861	1,245

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 - CDI.

Bonds and securities - Restricted

On March 31, 2019, the Company has R$1,738, recorded as "Securities" in noncurrent assets (R$847 in current assets and R$961 in noncurrent assets on December 31, December 2018), in the parent company and consolidated, related to the deposit of guarantee for payment of any indemnifiable liabilities, according to the contractual clause of the purchase and sale of the Metalúrgica Ipê unit for Duratex, called Escrow Account, invested in CDB.

5 Accounts receivable from customers

	Parent		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Local market	10,204	10,326	38,665	35,901
Export	1,087	694	1,943	971
	11,291	11,020	40,608	36,872
Less: allowance for doubtful accounts	(4,346)	(4,316)	(5,558)	(5,515)
	6,945	6,704	35,050	31,357
Current	6,945	6,704	35,050	31,357
Non-Current	-	-	-	-

In the three-month period ended March 31, 2019, the estimated loss for losses of doubtful accounts amounting to R$30 in the parent company and R$43 in the consolidated was recognized in the result.

In the three-month period ended March 31, 2018, losses with an allowance for doubtful accounts in the amount of R$3 were reversed from the parent company and consolidated losses were recognized in the amount of R$27.

6 Inventory

	Parent		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Finished goods	2,932	2,735	10,873	10,282
Goods for resale	879	887	2,989	3,072
Work in progress	7,086	7,222	11,739	12,045
Raw material	14,762	14,952	48,668	49,067
Losses on inventory obsolescence	(6,583)	(6,753)	(35,414)	(35,516)
Total	19,076	19,043	38,855	38,950

In the three-month period ended March 31, 2019, there was a reversal in the respective result to losses with inventory obsolescence in the amount of R$170 in the parent company and in the consolidated R$102.

In the three-month period ended March 31, 2018, there was a reversal in the respective result to losses with inventory obsolescence in the amount of R$167 in the parent company and in the consolidated R$420.

7 Recovarable taxes

	Parent		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Value-added Tax on Sales and Services (ICMS) recoverable	11,994	12,090	12,436	12,462
Excise Tax (IPI) recoverable	1,460	1,462	1,764	1,765
Social Integration Program (PIS) recoverable	290	290	674	678
Social Contribution on Revenues (COFINS) recoverable	1,375	1,379	3,090	3,107
Corporate Income Tax (IRPJ) advances	-	-	15,189	11,966
IRF and IRPJ recoverable	294	241	40,826	40,510
CSLL recoverable	125	102	6,059	6,002
National Institute of Social Security (INSS) Contribution recoverable	44	44	644	644
Service tax (ISS) recoverable	-	-	34	34
Other	72	72	204	205
Total	15,654	15,680	80,920	77,373
Current	2,847	2,736	26,982	23,637
Non-Current	12,807	12,944	53,938	53,736

The origin of the credits listed above is as follows:

- **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 r request for refund, where applicable.

- **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

As of March 31, 2019, the Company has the following balances recorded as other accounts receivable in current and non-current assets, as shown below:

	Parent		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Other accounts receivable - Current				
Travel advances	46	49	70	75
Advances to employees	126	259	352	445
Advance guarantee of electricity supply	-	-	199	199
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 receivables	1,001	5,391	2,858	24,217
Convertible debentures in share	4,359	-	21,555	-
Total	5,870	6,037	27,036	26,938
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	-	-	45	479
Total	7,098	7,098	13,071	13,505

9 Investmens

9.1 Investments in subsidiaries and affiliates

	Parent		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
In affiliates	183,449	184,022	-	-
Joint venture		-		-
In subsidiares				
Total	183,449	184,022	-	-
Goodwill on acquisition of investments	6,065	6,065	-	-
Total	189,514	190,087	-	-

	Mipel	Recu	LESP	Finance	LO&G	LOFS	Lochness	Parent 03/31/2019	Parent 12/31/2018
Investment									
Amount of share or quotas									
Ordinary shares (thd)	-	3,000	-	-	-	-	661,045		
Capital stock quotas (thd)	21,425	-	391,179	50	-	-	-		
Participation %	100	95	100	100	5	50	100		
Shareholders' equity	**6,014**	**403**	**34,414**	**78,917**	**3,543**	**34,090**	**36,466**		
Income (Loss) for the year	(1,343)	-	(2,360)	63	(378)	1,507	(4,775)		
Unrealized profits	(324)	-	-	-	-	-	-		
Changes in investments									
Beginning balance	7,078	439	36,758	78,907	196	15,924	44,720	184,022	370,397
Advance for future capital increase	-	-	499	-	-	-	9,857	10,356	(131,241)
Capital Increase	-	-	-	-	-	-	-	-	55,862
Sale of interest in subsidiary	-	-	-	-	-	-	-	-	(17,450)
Equity pick-up result	(1,387)	-	(2,361)	(285)	(19)	754	(4,775)	(8,073)	(134,736)
Equity evaluation adjustments	-	(56)	18	293	1	367	(3,479)	(2,856)	41,190
Final balance	**5,691**	**383**	**34,914**	**78,915**	**178**	**17,045**	**46,323**	**183,449**	**184,022**

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; LO&G - Lupatech Oil&Gas 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	
	03/31/2019	03/31/2018 Restated	03/31/2019	03/31/2018
In affiliates	(8,073)	(10,372)	-	-
In joint venture	(12)	(376)	(12)	(376)
Total	(8,085)	(10,748)	(12)	(376)

9.2 Investments in jointly controlled (*joint venture*)

Luxxon Participações Ltda is the jointly controlled entity of the Lupatech Group with Axxon Group. The Company shares with the other partners the joint management of the relevant activities of this entity.

On Maech 31, 2019, the Company recognized investments in joint venture (Luxxon Participações Ltda), as a provision for unrecognized liabilities, in the amount of R$4,897 (R$4,906 on December 31, 2018).

The investments jointly controlled are measured by the equity method.

10 Fixed Assets

	Weighted avarage rate of depreciation % p.p.	Parent 03/31/2019 net	Parent 12/31/2018 net	Consolidated 03/31/2019 net	Consolidated 12/31/2018 net
Land	-	11,313	11,366	12,615	12,639
Building and construction	2%	27,322	27,599	36,935	37,316
Machinery and equipment	9%	19,959	20,863	50,720	49,458
Molds and matrixes	15%	478	512	559	599
Industrial facilities	5%	5,857	5,989	7,531	7,670
Furniture and fixtures	9%	775	809	1,045	1,082
Date processing equipments	14%	70	78	261	255
Improvements	2%	152	157	795	804
Vehicles	19%	63	70	742	790
Casks	-	-	-	3	3
Advances for fixed assets acquisitions	-	-	-	9,641	9,917
Construction in progress	-	274	274	15,432	15,404
Total		66,263	67,717	136,279	135,937

Synthesis of movement of the Fixed Assents:

	Parent								
Gross Cost	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2018	**11,366**	**35,882**	**89,611**	**11,721**	**3,848**	**3,884**	**274**	**484**	**157,070**
Additions	-	-	3	-	-	1	-	-	4
Disposal	(53)	(99)	-	(3)	-	-	-	-	(155)
Balance on March 31, 2019	**11,313**	**35,783**	**89,614**	**11,718**	**3,848**	**3,885**	**274**	**484**	**156,919**

	Parent								
Acculated depreciation	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2018	**-**	**(8,283)**	**(68,236)**	**(5,575)**	**(3,039)**	**(3,806)**	**-**	**(414)**	**(89,353)**
Additions	-	(224)	(941)	(135)	(34)	(9)	-	(7)	(1,350)
Disposal		30		1					31
Reclassification for assets held for sale	-	16	-	-	-	-	-	-	16
Balance on March 31, 2019	**-**	**(8,461)**	**(69,177)**	**(5,709)**	**(3,073)**	**(3,815)**	**-**	**(421)**	**(90,656)**

	Parent								
Net property, plant and equipment	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2018	**11,366**	**27,599**	**21,375**	**6,146**	**809**	**78**	**274**	**70**	**67,717**
Balance on March 31, 2019	**11,313**	**27,322**	**20,437**	**6,009**	**775**	**70**	**274**	**63**	**66,263**

	Consolidated								
Gross Cost	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2018	**12,639**	**50,448**	**173,064**	**15,728**	**5,943**	**10,831**	**15,404**	**17,536**	**301,593**
Additions	-	-	118	-	5	24	-	164	311
Disposal	(53)	(99)	(39,618)	(10)	(242)	-	-	(216)	(40,238)
Transfer	-	-	3,115	-	-	-	(2,655)	(427)	33
Effect of the conversion of subsidiaries abroad	-	-	-	-	-	-	-	7	7
Reversal of provision for impairment of assets	-	-	3,808	-	-	-	-	-	3,808
Reclassification for assets held for sale	-	-	39,451	-	242	-	4,978	216	44,887
Effect of changes in ownership interest in subsidiary	29	12	1,465	-	14	41	(2,295)	154	(580)
Balance on March 31, 2019	**12,615**	**50,361**	**181,403**	**15,718**	**5,962**	**10,896**	**15,432**	**17,434**	**309,821**

	Consolidated								
Acculated depreciation	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2018	-	**(13,132)**	**(123,007)**	**(7,254)**	**(4,861)**	**(10,576)**	-	**(6,826)**	**(165,656)**
Additions	-	(342)	(2,282)	(150)	(44)	(20)	-	(58)	(2,896)
Disposal	-	31	19,377	9	185	-	-	216	19,818
Effect of the conversion of subsidiaries abroad	-	(5)	(1,038)	-	(12)	(39)	-	(163)	(1,257)
Reclassification for assets held for sale	-	22	(23,174)	3	(185)	-	-	(217)	(23,551)
Balance on March 31, 2019	-	**(13,426)**	**(130,124)**	**(7,392)**	**(4,917)**	**(10,635)**	-	**(7,048)**	**(173,542)**

	Consolidated								
Net property, plant and equipment	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2018	**12,639**	**37,316**	**50,057**	**8,474**	**1,082**	**255**	**15,404**	**10,710**	**135,937**
Balance on March 31, 2019	**12,615**	**36,935**	**51,279**	**8,326**	**1,045**	**261**	**15,432**	**10,386**	**136,279**

There are property, plant and equipment linked to guarantees of liabilities as of March 31, 2019, liabilities in the following amounts:

	Fixed assets	
Garanteed liabilities	**Parent**	**Consolidated**
Taxation (Tax executions)	14,791	14,949
Loans and financing	43,161	59,546
Total	57,952	74,495

Commercial leases

On March 31, 2019, the Company has through the indirect subsidiary Lupatech OFS S.A.S. financial leasing in the amount of R$3,723 (R$5,527 as of December 31, 2018,).

11 Intangible

	Weighted rates of amortization	Parent		Consolidated	
		03/31/2019	12/31/2018	03/31/2019	12/31/2018
	% p.p.	net	net	net	net
Goodwill (*)	-	55,414	55,414	103,321	102,802
Software and other licenses	20%	3,205	3,442	3,319	3,597
New projects developments	20%	9,264	9,311	9,518	9,571
Total		67,883	68,167	116,158	115,970

(*) In the Parent Company represents the balance of gain of the incorporated subsidiaries.

Synthesis of movement of the intangible:

	Parent			
Gross Cost	**Goodwill on acquisition of**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2018	**55,414**	**13,239**	**17,287**	**85,940**
Additions	-	5	37	42
Balance on March 31, 2019	**55,414**	**13,244**	**17,324**	**85,982**

	Parent			
Acculated Amortization	**Goodwill on acquisition of**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2018	-	**(9,797)**	**(7,976)**	**(17,773)**
Additions	-	(242)	(84)	(326)
Balance on March 31, 2019	-	**(10,039)**	**(8,060)**	**(18,099)**

	Parent			
Net Intangible Assets	**Goodwill on acquisition of**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2018	**55,414**	**3,442**	**9,311**	**68,167**
Balance on March 31, 2019	**55,414**	**3,205**	**9,264**	**67,883**

	Consolidated			
Gross intangible cost	**Goodwill on acquisition of**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2018	**102,802**	**16,300**	**18,634**	**137,736**
Additions	-	6	36	42
Effect of the conversion of subsidiaries abroad	576	-	-	576
Balance on March 31, 2019	**103,378**	**16,306**	**18,670**	**138,354**

	Consolidated			
Acculated Amortization	**Goodwill on acquisition of**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2018	-	**(12,703)**	**(9,063)**	**(21,766)**
Additions	-	(284)	(89)	(373)
Effect of the conversion of subsidiaries abroad	(57)	-	-	(57)
Balance on March 31, 2019	**(57)**	**(12,987)**	**(9,152)**	**(22,196)**

	Consolidated			
Net Intangible Assets	**Goodwill on acquisition of investments**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2018	**102,802**	**3,597**	**9,571**	**115,970**
Balance on March 31, 2019	**103,321**	**3,319**	**9,518**	**116,158**

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

UGCs	Goodwill on acquisition of investments			
	Investments		Intangible	
	Parent		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
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)	-	-	21,155	20,636
Total	61,479	61,479	103,321	102,802
Investment	6,065	6,065	-	-
Intangible Assets	55,414	55,414	103,321	102,802

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)	21,155	-	21,155
Total	307,261	(203,940)	103,321

12 Suppliers

	03/31/2019						12/31/2018					
	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	6,552	101,126	**107,678**	6,552	101,126	**107,678**	4,695	107,824	**112,519**	4,695	107,824	**112,519**
Export Suppliers	346	16,692	**17,038**	346	16,692	**17,038**	871	8,746	**9,617**	871	8,746	**9,617**
(-) Present value adjustment	-	(56,995)	**(56,995)**	-	(56,995)	**(56,995)**	-	(56,743)	**(56,743)**	-	(56,743)	**(56,743)**
	6,898	**60,823**	**67,721**	**6,898**	**60,823**	**67,721**	**5,566**	**59,827**	**65,393**	**5,566**	**59,827**	**65,393**
Not Subject to Judicial Recovery												
Domestic Suppliers	5,422	-	**5,422**	19,643	-	**19,643**	6,013	-	**6,013**	24,144	-	**24,144**
Export Suppliers	122	-	**122**	1,484	-	**1,484**	119	-	**119**	1,394	-	**1,394**
	5,544	-	**5,544**	**21,127**	-	**21,127**	**6,132**	-	**6,132**	**25,538**	-	**25,538**
Total suppliers	**12,442**	**60,823**	**73,265**	**28,025**	**60,823**	**88,848**	**11,698**	**59,827**	**71,525**	**31,104**	**59,827**	**90,931**

Under the current Judicial Recovery plan, 50% of the unsecured creditors of suppliers will be paid through the payment of subscription bonuses and the remaining 50% will be paid in cash within 15 years, with interest and correction at a variable rate equivalent to TR + 3% per year for Class IV and TR + 3.3% per year for Class III, to be paid respectively 30 days or in four quarterly installments

after the maturity of the last principal proposed in the terms of payments of the unsecured creditors of the new Plan.

On March 31, 2019, the adjustment to present value was made on suppliers subject to judicial reorganization in the amount of R $ 252 (R $ 2,164 on December 31, 2018).

The balance of adjustment to present value on suppliers subject to judicial reorganization on March 31, 2019 is R $ 56,995 (R $ 56,743 on December 31, 2018) in the parent company and consolidated, considering the discount rate of 13.65% per year.

13 Loans and financing

			03/31/2019						12/31/2018					
			Parent			Consolidated			Parent			Consolidated		
Description	**Index**	**Weighted interest rates**	**Current**	**current**	**Total**	**Current**	**current**	**Total**	**Current**	**Non-current**	**Total**	**Current**	**current**	**Total**
Subject to Judicial Recovery														
Local currency														
Secured creditors	FIXO	3,00% a.a. + TR	1,618	39,718	**41,336**	1,618	39,718	**41,336**	1,245	39,910	**41,155**	1,245	39,910	**41,155**
Working capital / expansion			1,618	39,718	**41,336**	1,618	39,718	**41,336**	1,245	39,910	**41,155**	1,245	39,910	**41,155**
(-) Present value adjustment			-	(19,839)	**(19,839)**	-	(19,839)	**(19,839)**	-	(19,963)	**(19,963)**	-	(19,963)	**(19,963)**
Unsecured creditors	FIXO	3,00% a.a. + TR	3,664	90,669	**94,333**	6,843	183,312	**190,155**	2,817	90,343	**93,160**	5,262	183,087	**188,349**
Working capital / expansion			522	12,908	**13,430**	522	12,908	**13,430**	401	12,866	**13,267**	401	12,866	**13,267**
Working capital / expansion			447	11,049	**11,496**	447	11,049	**11,496**	343	11,012	**11,355**	343	11,012	**11,355**
Working capital / expansion			594	14,731	**15,325**	594	14,731	**15,325**	457	14,661	**15,118**	457	14,661	**15,118**
Research and development funding			219	5,415	**5,634**	219	5,415	**5,634**	168	5,397	**5,565**	168	5,397	**5,565**
Guarantee provided by guarantee letter			345	8,548	**8,893**	345	8,548	**8,893**	266	8,520	**8,786**	266	8,520	**8,786**
Debentures			1,537	38,018	**39,555**	1,537	38,018	**39,555**	1,182	37,887	**39,069**	1,182	37,887	**39,069**
Noteholders			-	-	-	3,179	92,643	**95,822**	-	-	-	2,445	92,744	**95,189**
(-) Adjustment to present value			-	(43,499)	**(43,499)**	-	(79,214)	**(79,214)**	-	(45,290)	**(45,290)**	-	(81,464)	**(81,464)**
			5,282	**67,049**	**72,331**	**8,461**	**123,977**	**132,438**	**4,062**	**65,000**	**69,062**	**6,507**	**121,570**	**128,077**
Not subject to Judicial Recovery														
Local currency														
Working capital / expansion	CDI	6,80% a.a.	2,453	-	**2,453**	2,453	-	**2,453**	2,376	-	**2,376**	2,376	-	**2,376**
Working capital / expansion	TJLP	4,84% a.a.	12,478	-	**12,478**	22,600	-	**22,600**	11,790	-	**11,790**	21,353	-	**21,353**
Discounted titles	-	34,33% a.a.	886	-	**886**	888	-	**888**	1,694	-	**1,694**	1,853	-	**1,853**
Credit limit	FIXO	211,75% a.a.	2	-	**2**	5	-	**5**	48	-	**48**	99	-	**99**
Foreign currency														
Working capital / expansion	DÓLAR	7,48% a.a.	2,838	-	**2,838**	4,722	-	**4,722**	2,692	-	**2,692**	4,478	-	**4,478**
Working capital / expansion	PESO	12,55% a.a.	-	-	-	6,352	369	**6,721**	-	-	-	7,038	1,121	**8,159**
			18,657	-	**18,657**	**37,020**	**369**	**37,389**	**18,600**	-	**18,600**	**37,197**	**1,121**	**38,318**
			23,939	**67,049**	**90,988**	**45,481**	**124,346**	**169,827**	**22,662**	**65,000**	**87,662**	**43,704**	**122,691**	**166,395**

Under the Judicial Recovery Plan in force, 35% of the secured claims subject to the Judicial Recovery must be paid through the payment of subscription bonuses and the remaining 65% will be paid in cash within 15 years, with interest increase and monetary restatement at a variable rate equivalent to TR + 3% per annum, to be paid 30 days after the maturity of the last installment of the principal, as proposed in the terms of payments of the secured creditors of the new Plan.

In the case of unsecured loans and financing, in accordance with the Judicial Recovery Plan in force, 50% will be paid through the payment of subscription bonuses and the remaining 50% will be paid in cash within 15 years, with (Class IV) or TR + 3.3% pa and 0.4% in foreign currency (Class III), to be paid in 30 days (Class IV) or four quarterly installments (Class III) after the maturity of the last installment of the principal, as proposed in the terms of payments of the unsecured creditors of the new Plan.

In the quarter ended March 31, 2019, there was an adjustment to the present value of loans and financing subject to judicial reorganization in the amount of R $ 1,915 in the parent company (R $ 3,840 as of December 31, 2018) and R $ 2,374 in the consolidated R $ 956 as of December 31, 2018).

The adjustment to present value on loans and financing subject to judicial reorganization as of March 31, 2019 is R $ 63,338 (R $ 65,253 as of December 31, 2018) in the parent company and R $ 99,053 (R $ 101,427 on December 31, 2018) in the consolidated, considering the discount rate of 13.65% per year.

The maturities of the non-current installments of financing are as follows:

	Parent		Consolidated	
Maturity	**03/31/2019**	**12/31/2018**	**03/31/2019**	**12/31/2018**
2019	2,154	2,088	4,352	4,876
2020	2,587	2,508	4,784	4,841
2021	2,587	2,508	4,784	4,691
2022	2,587	2,508	4,784	4,691
2023	2,587	2,508	4,784	4,691
From 2024	54,547	52,880	100,858	98,901
	67,049	65,000	124,346	122,691

The guarantees of loans and financing were granted as follows, with position as of March 31, 2019:

		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	34,922	109,610	34,922	109,610
Working capital / expansion	Machinery and equipment	8,239	10,102	8,239	10,102
		43,161	119,712	43,161	119,712
Not subject to Judicial Recovery					
Foreign currency	**Garantee**				
Working capital / expansion	Own financed asset	-	-	16,385	57,691
		-	-	16,385	57,691
		43,161	119,712	59,546	177,403

* 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.With the new reports made in December 2018, there was no change in the valuation value.

The indirect subsidiary Lupatech OFS SAS has financial covenants linked to leasing agreements with Bancolombia, which relate to the need to maintain (a) EBITDA 2x higher than interest expense paid (b) Debt / EBITDA up to 3x. On March 31, 2019, the indirect subsidiary Lupatech OFS SAS served the covenants. The total amount of said loan is R$1,528 and is recorded in current liabilities in the amount of R$1,255 and R$273 in noncurrent liabilities (total amount of R$1,900 as of December 31, 2018, R$1,541 in current liabilities and R$359 in noncurrent).

On March 31, 2019, the Company has the balance of R$5,082 (R$4,865 as of December 31, 2018) for the collection notification by Banco Votorantim S / A related to the settlement of collateral - guarantee by letter of guarantee requested by the Banco do Nordeste do Brasil S/A S for loan disbursement between Unifit - Unidade de Fios Industriais de Timbaúba Ltda and BNB, in the amount of R$31,180, of which the Company was guarantor in 50%. The debt is included in the debt subject to the Judicial Recovery, and if it is sated by Unifit, Lupatech is released.

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-current liabilities, due to its classification as unsecured creditors of the Plan, where they accrue interest and monetary correction at a variable rate equivalent to TR + 3.3% per year in Reais, as determined for payment of these creditors in the New Plan of Judicial Recovery.

14 Debentures

Third Issuance of Debentures

Aiming the payment of part of the credits of labor nature, and other credits not subject to the Plan of Judicial Recovery, the Board 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.

The conclusions of the Company's stock conversion processes were as follows:

Event	Conversion Date	Common shares (units)	Conversion of Debentures into R$
Completion of the process of converting debentures into shares of the Company	February 28, 2018	5,265,949	15,482
1st Mandatory Conversion of Debentures into Company Shares	February 28, 2018	470,456	1,383
2nd Mandatory Conversion of Debentures into Company Shares	June 18, 2018	358,682	1,055
3rd Mandatory Conversion of Debentures into Company Shares	August 20, 2018	364,282	1,070
4th Mandatory Conversion of Debentures into Company Shares	November 21, 2018	369,542	1,087
5th Mandatory Conversion of Debentures into Company Shares	February 27, 2019	375,225	1,103

The balance of remaining Debentures as of March 31, 2019 recorded in Current Liabilities is R$ 8,299 (R$9,336 as of December 31, 2018).

The main characteristics of the 3rd issuance of debentures are:

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 each debenture holder's debenture	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	03/31/2019	12/31/2018
Assets							
Current							
Accounts receivable	-	1,617	-	-	-	1,617	1,865
Other accounts receivable	9,510	1,310	-	75,690	159	86,669	93,640
Non-current							
Mutual and loans	23,532	-	-	-	-	23,532	27,858
	33,042	2,927	-	75,690	159	111,818	123,363
Liabilities							
Current							
Accounts payable	-	1,795	-	-	-	1,795	1,928
Other accounts payable	-	-	1,251	1,205	-	2,456	2,480
Mutual and loans	-	-	-	36,861	-	36,861	36,654
Non-current							
Mutual and loans	-	-	141,489	-	-	141,489	140,583
	-	1,795	142,740	38,066	-	182,601	181,645
						03/31/2019	03/31/2018
Income							
Sales	-	-	-	-	-	-	226
Purchases	-	1,509	-	-	-	1,509	505
Financial income	5	-	-	-	-	5	4
Financial expenses	-	-	107	-	-	107	222
	5	1,509	107	-	-	1,621	957

	Parent						
	Transaction date	Time	Interest rate	Amount R$	Balance US$	03/31/2019	12/31/2018
Assets mutual							
Foreign currency							
Contract 1	14 - july	Indeterminated	105% do DI-Cetip	20,992	5,990	23,341	27,674
Contract 2	14 - december	Indeterminated	12,000% a.a.	288	49	191	184
				21,280	**6,039**	**23,532**	**27,858**
Liabilities mutual							
Foreign currency							
Contract 4	15 - december	Indeterminated	-	36,951	9,460	36,861	36,654
Contract 5	18 - january	Indeterminated	0,4%a.a	225,416	36,310	141,489	140,583
				262,367	45,770	178,350	177,237
				262,367	**45,770**	**178,350**	**177,237**

Transactions are performed in accordance with the terms agreed between the parties.

Loans and agreements in foreign currency between Parent Company and Lupatech Finance are presented on March 31, 2019 for the net amount of R$141,489 (remaining balance of R$140,583 on December 31, 2018) in Parent Company's liabilities.

On March 31, 2019, the Company had a loan agreement with Unifit - Industrial Wire Unit of Timbaúba Ltda in the amount of R$6,935, the same balance presented on December 31, 2018. This amount is recorded in other accounts receivable in noncurrent assets.

The Company has a loan agreement with the jointly-owned subsidiary Luxxon Participações Ltda in the amount of R$6,091 on March 31, 2019, the same balance was presented on December 31, 2018. This amount is recorded in other accounts receivable non-current assets.

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. Condition of prices and charges

Os contratos de mútuos entre as empresas no Brasil são atualizados monetariamente pela taxa mensal DI-Cetip de captação no mercado.

15.2 Key Personnel of the Administration

a. *Remuneration of the Administration*

Lupatech S / A - In Judicial Recovery registered a total of R $ 720 in the period of three months on March 31, 2019 By means of the Ordinary and Extraordinary General Meeting held on May 13, 2019, the fixed compensation is R $ 5,840 , thus subdividing: up to R $ 2,406 for the fixed global allocation of the Board of Executive Officers, including benefits and charges; up to R $ 2,224 for the Board of Directors' variable compensation; and up to R $ 1,210 for the next expenses of the Board of Directors.

In 2017 and 2018, the Company had no effect on the Company. However, provision is made for the amounts for which the options are as follows: 2017 and 2018 of R $ 1,600 and R $ 1,920 to meet the contracted objectives.

15.3 Loans with shareholders

On March 31, 2019, the amount of the loan with GPCM, LLC (Oilfield Services Holdco LLC) is R$8,758 (R$8,371 at December 31, 2018) and is recorded in noncurrent liabilities with loans subject to judicial recovery.

On March 31, 2019, the amount of the loan with GPCM, LLC (Oilfield Services Holdco LLC) is R$8,758 (R$8,371 at December 31, 2018) and is recorded in noncurrent liabilities with 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

As of March 31, 2019, in the parent company and consolidated, all active balances were recognized in the proportionality of the existing liabilities. The current non-current deferred income and social contribution taxes are presented as follows:

	Parent		Consolidated	
NON-CURRENT LIABILITIES	**03/31/2019**	**12/31/2018**	**03/31/2019**	**12/31/2018**
Adjustment to present value of suppliers, fines, loans and debentures	(28,639)	(29,035)	(37,139)	(37,644)
Assigned Cost	-	-	(14,883)	(16,809)
Others	-	-	(28)	(29)
Deferred income tax and social contribution	**(28,639)**	**(29,035)**	**(52,050)**	**(54,482)**

Deferred income tax and social contribution on March 31, 2019 is recorded in the result for the three months ended 2019, in the amounts of R$396 in the parent company and R$505 in the consolidated (R$1,352 in the parent company and R$1,403 in consolidated for the 2018 fiscal year according to the Income Statement restated).

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

	Parent		Consolidated	
	31/03/2019	03/31/2018 Restated	31/03/2019	03/31/2018 Restated
Income (loss) before taxes from continuing operations	(19,992)	(13,717)	(18,558)	(13,663)
Loss before tax	**(19,992)**	**(13,717)**	**(18,558)**	**(13,663)**
Additions and exclusions				
Equity pick-up	8,085	10,748	12	376
Provision of losses on inventory obsolescence	(170)	(167)	(2,086)	(420)
Provision for impairment of assets	-	-	(21)	(2,968)
(Reversal) Allowance for doubtful accounts	30	(3)	43	(7)
Non-deductible interest	-	2,589	-	2,589
Provision for loss contingencies	870	671	1,399	6,351
Adjustment to fair value	1,663	(5,682)	2,120	(5,897)
Provision of interest on suppliers	22	(6)	(1,099)	(11)
Provision for exchange variation	1,327	1,204	1,324	591
Other	(1,582)	(2,886)	(389)	13,583
Calculation basis	**(9,747)**	**(7,249)**	**(17,255)**	**524**
Combined tax rate	34%	34%	34%	34%
Current Income tax and social contribution of subsidiaries with	-	-	**(1,543)**	**(105)**
Deferred tax and social contribution	**396**	**1,352**	**505**	**1,403**

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)	79,416	-	80,061	-
CSLL - Social Contribution on Net Income	(i.2)	-	-	8,093	-
IRPJ - Corporate Income Tax	(i.3)	16,993	-	106,838	-
INSS - National Institute of Social Security	(i.4)	-	-	2,123	-
IRRF - Withholding Income Tax	(i.5)	45,911	-		
IPI - Excise Tax		478	-	478	-
COFINS - Tax for Social Security Financing	(i.6)	-	-	492	-
ISS - Services Tax	(i.7)	-	-	6,595	4,371
CIDE - Contribution for Intervention in the Economic Domain	(i.8)	-	-	1,039	-
Other	(i.9)	-	890	4,381	964
		142,798	890	210,100	5,335
Labor (ii)		4,133	5,882	19,459	41,172
Civil (iii)		20,180	178	40,802	8,303
Total on March 31, 2019		167,111	6,950	270,361	54,810
Total on December 31, 2018		138,723	6,107	226,352	53,913

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 funds involved in the lawsuits in the above amounts (R$6,950 in the parent company and R$54,810 in the consolidated on March 31, 2019 and R$6,107 in the parent company and R$53,913 in the consolidated on December 31, 2018) and referring to the following spheres the risk of loss is probable, and this is defined as an outflow of economic benefits is presumed in the case discussed, the judgments made in each lawsuit and the jurisprudential understanding 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 arbitration is also requested to increase the nominal limit of R $ 50,000 for the indemnities.

The judicial demands are divided into three spheres, being:

(i) Tax Contingencies

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 April 4, 2017, due to the lack of payment - Export ficta of ICMS/RS. Suit of possible losses of R$59,882 and is awaiting trial of the extraordinary resource.

Tax execution of the Public Treasury of the State of São Paulo, against Lupatech S/A- in Judicial Recovery distributed in October 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$8,542.

Annulling Action of Tax Debt against Lupatech S/A- in Judicial Recovery by the State of São Paulo distributed in October 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$1,823, distributed on September 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.

Annulment action distributed on February 6, 2017 against the State of Rio Grande do Sul by Lupatech S/A - In Judicial Recovery, which seeks to suspend the liability of the tax credit regardless of the presentation of the guarantee. The tax debt consists of amounts of ICMS, interest arrears and fine for material tax infraction found in the tax action of the State Revenue Auditors. It is verified in the release note that the author company stopped exporting the imported goods under the special customs regime of Drawback Suspension and, therefore, stopped collecting the ICMS within the legal term. Process subject to possible loss of R$2,326.

Fiscal Execution of the National Treasury against Lupatech S/A - Unit MNA Nova Odessa Distributed in March 3, 2010. On June 22, 2016, records sent to the Treasury, this being the last update. Suit subject to possible loss of R$1,224.

Tax Execution of the Treasury of the State of São Paulo against Lupatech S/A - In Judicial Recovery distributed in March 3, 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$1,047.

(i.2) Ordinary Suit of the Federal Union against Lupatech Perfuração e Completação Ltda. – In Judicial Recovery distributed in December 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$2,813.

Manifest of unconformity of Lupatech Perfuração e Completação Ltda. – In Judicial Recovery distributed in May 25, 2017, with the Federal Revenue of Brazil. Suit subject to possible loss of R$1,932.

Infringement proceeding of the Federal Revenue of Brazil against Sotep - Sociedade Técnica de Perfuração S/A - In Judicial Recovery distributed in July 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$2,356.

Manifest of unconformity of the Federal Revenue of Brazil against Lupatech Perfuração e Completação Ltda - In Judicial Recovery distributed in November 18, 2011 Suit subject to possible loss of R$812 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$24,049.

Lupatech Perfuração e Completação - In Judicial Recovery, against the Sindiccional Office of the National Treasury of Cabo Frio and Others. Process distributed on June 18, 2017 subject to possible loss of R$28,086.

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$13.841.

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$9,283.

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 December 13, 2016, the suit is at the service of reception and screening DRJ-RJO-RJ. Suit subject to possible loss of R$5,797.

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$44.

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$1,621.

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.

Notice of Infringement drawn up by the Federal Revenue Service of Brazil against Lupatech S / A - In Judicial Recovery for constitution of tax credit. Case subject to possible loss of R$16,923.

(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$1,653. 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$45,911.

(i.7) 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$3,072.

(i.8) 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$1,039.

(i.9) 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$ 2,456.

Main contingent suits classified as probable loss

(i.7) 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 contingencies

The Company and its subsidiaries are parties to lawsuits of a labor nature related to discussions involving, mainly, overtime claims, material and moral damages, unhealthiness and dangerousness, among others. None of the claims relate to individually significant amounts.

(iii) Civil contingencies

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

(iii.1) Ordinary lawsuit filed by Weatherford Indústria e Comércio Ltda. and Weus Holding INC in which they claim misappropriation of confidential technical drawings of their property. The lawsuit has a loss risk classification as probable approximate of R$624, as a possible loss of R$2,080 and a remote loss of R$52,000. It is currently in the execution phase of the judgment, pending an accounting examination.

(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$14,348.

(iii.3) Action of return for loss and damage, company Aerólero Táxi Aéreo S/A, subject to possible loss of R$6,057.

(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$2,563.

(iii.5) Suit of levying of Smith International do Brasil Ltda. Suit subject to possible loss of R$2,569.

(iii.6) Execution of title of Tania Regina dos Santos Mathias Epp. Suit subject to possible loss of R$4,079.

(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$2,313.

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

(iii.8) Indemnifying suit of Meio dia Refeições Industriais Ltda - SB, against Lupatech Perfuração e Completação Ltda - In Judicial Recovery. Case subject to the probable loss of R$4,330.

(iii.9) Indemnifying suit of the company Aeróleo Taxi Aéreo S/A. Case subject to the probable loss of R$2,965.

The movement of the balance of provision, on March 31 of 2019, is as follows

	Parent				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balance on December 31, 2018	**214**	**5,718**	**175**	**6,107**	**4,645**	**41,083**	**8,185**	**53,913**
Additions	676	355	3	1,034	683	4,773	104	5,560
Write-offs	-	(191)	-	(191)	7	(4,684)	14	(4,663)
Balance on March 31, 2019	**890**	**5,882**	**178**	**6,950**	**5,335**	**41,172**	**8,303**	**54,810**

17.2 Contingent Assets

The statement containing information on contingent assets, according to the opinion of its legal advisors, is detailed below with the possibility of gain.

	Probability of probable gain	
	Parent	Consolidated
Tax (i)	4,482	89,093
Balance on March 31, 2019	**4,482**	**89,093**
Balance on December 31, 2018	**4,441**	**93,782**

(i) **Tax Contingencies**

The Company is the author of several lawsuits at the state and federal levels, in which the following matters are discussed:

Main contingent assets tax lawsuits:

- Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL

Arbitration proceedings filed against Cordoaria São Leopoldo and José Teófilo Abu Jamra aiming at the application of contractual penalties for breach of a non-competition agreement arising from the acquisition of the Anchored Cables unit. Probable gain estimated at R$10,000

The Lupatech Group has lawsuits seeking recognition of the exclusion of ICMS from the PIS and COFINS calculation basis. The matter was decided by the STF in general repercussion, reason why the company expects that these processes deal with favorable decisions. Because they are still subject

to dispute, subject to effects of possible modulation in response to opposing tax liens by the Treasury, the accounting treatment of contingent assets is maintained until the elements are present to recognize the corresponding tax credits.

17.3 Judicial deposits

The Company presents the following balances of judicial deposits, on March 31 of 2019, which are tied to the contingent liabilities:

	Judicial deposits	
	Parent	Consolidated
Tax Contingencies	599	3,633
Labor contingencies	1,451	20,536
Civil contingencies	127	1,343
Balance on March 31, 2019	**2,177**	**25,512**
Balance on December 31, 2018	**2,149**	**25,410**

18 Net equity

a. Capital stock

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, 2018	**16,223**	**1,873,761**
Mandatory conversion of debentures into shares	375	1,103
Balance on March 31, 2019	**16,598**	**1,874,864**

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.

As a result of the conversion of debentures into shares of the Company, the capital stock increased from R$1,873,761.00 to R$1,874,684.00 as shown below:

Event	Date of increase	Initial Capital Stock in	Increase in R$	Capital Stock in R$
Completion of the process of converting debentures into shares of the Company	February 28, 2018	1,853,684	15,482	1,869,166
1st Mandatory Conversion of Debentures into Company Shares	February 28, 2018	1,869,166	1,383	1,870,549
2nd Mandatory Conversion of Debentures into Company Shares	June 18, 2018	1,870,549	1,055	1,871,604
3rd Mandatory Conversion of Debentures into Company Shares	August 20, 2018	1,871,604	1,070	1,872,674
4th Mandatory Conversion of Debentures into Company Shares	November 21, 2018	1,872,674	1,087	1,873,761
5th Mandatory Conversion of Debentures into Company Shares	February 27, 2019	1,873,761	1,103	1,874,864

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 2019, the balance of adjustment to equity valuation is R$118,845 (R$121.681 on December 31, 2018).

d. Options granted

In the period of three months ending on March 31, 2019, there were no changes of balance of R$13,549 for booking of options granted.

e. Capital reserve

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.

On October 29, 2018 Lupatech S.A. - In Judicial Recovery announced to its shareholders and the general public that its Board of Directors approved the 1st Issue of Subscription Warrants in a single and onerous series in the amount of R $ 340,453. The issue occurred within the scope of the Judicial Recovery Plan of the Company and other companies of its group, to promote the payment of creditors of Classes II, III and IV of the Judicial Recovery whose credits came to pay off the Subscription Warrants.

A total of 3,404,528 of subscription bonuses were issued, at the ratio of 1 bonus for each R$100.00 (one hundred reais) in debt. The bonds were subscribed and paid up on December 11, 2018 ("Subscription Term").

The Subscription Warrants may be exercised, during their term, by the fixed price of R$0.88 per Share.

Following the Judicial Recovery Plan, of the total amount issued, R$326,746 was allocated to creditors, and part remains in the Company's possession until it is operationally possible to surrender to creditors, in which a fair value of R$0.88 per bond, and a capital reserve of R$2,875 was recorded. The remaining balance of R$13,707 refers to the reserve subscribed for gross contingencies subject to recovery.

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 2019, and December 31 of 2018, 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	
Items	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Cash and cash equivalents	-	-	5	-
Accounts receivable	120	151	120	151
Other assets	-	-	-	20,863
Related parties - Assets	-	7,190	-	-
Loans and financing	(728)	(695)	(25,802)	(25,722)
Related parties - Liabilities	(45,770)	(45,741)	-	-
Other obligations	(17)	(20)	(39)	(850)
Net exposure in Dollar	(46,395)	(39,115)	(25,716)	(5,558)

On March 31, 2019, the quotation of the US dollar against the Real was US$ 1.00 = R$3.8967 (US$1.00 = R$3.8748 as of December 31, 2018). If the real currency depreciates 10% against the US dollar at the year-end official, all other variables being retained, the impact on the result is a loss of approximately R$11,932 in the parent company and R$6,614 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 2019: 6,5%
US$: 3,80

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 2019: Increase to 8,1%
US$: 4,75

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 2019: Increase to 9,8%
US$: 5,70

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	(79)	664	1,407	(315)	2,649	5,613
Loans and financing	Interest rate hike	67	84	100	113	141	169
Mutual contracts	US$ hike	(5,082)	42,729	90,541	-	-	-
Total (gain) loss		(5,094)	43,477	92,048	(202)	2,790	5,782

(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 2019, the impact on the outcome, after the calculation of the income tax and social contribution, with a variation around 0.22 percentage points in interest rate variables, considering that all other variables were kept constant, would correspond to an increase of approximately R$41 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 monitoring of sales financing terms by business segment and individual position limits, are procedures adopted in order to minimize eventual problems of default in their accounts receivable. Our revenues represent amounts directly and indirectly involving Petrobrás customers, which responded in the three-month period ended March 31, 2019 by approximately 0.4% (7% in the three-month period ended March 31, 2018) 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 Fair Value Estimation

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 equivalentes 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, on March 31,2019:

	Parent		Consolidated	
Items	**Book value**	**Fair Value**	**Book value**	**Fair Value**
Cash and cash equivalents	134	134	3,861	3,861
Marketable securities	1,738	1,738	1,738	1,738

b. ***Loans and financing***

O 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, on March 31,2019:

Items	Parent		Consolidated	
	Book value	Fair Value	Book value	Fair Value
Loans and financing not judicial recovery	18,657	18,734	37,389	38,111
Loans and financing judicial recovery	67,049	67,049	123,977	123,977
Total	85,706	85,783	161,366	162,088

19.3 Financial Instruments by Category

Synthesis of the financial instruments by category:

	Parent			
	03/31/2019		12/31/2018	
	Amortized cost	Fair Value by Result	Amortized cost	Fair Value by Result
Financial Assets				
Securities-restricted	1,738	1,738	1,808	1,808
Accounts receivable	6,945	6,945	6,704	6,704
Cash and cash equivalents	134	134	135	135
Related parties	111,818	111,818	123,363	123,363
Total	120,635	120,635	132,010	132,010

	Parent					
	03/31/2019			12/31/2018		
	Judicial Recovery	Not subject to Judicial Recovery		Judicial Recovery	Not subject to Judicial Recovery	
	Creditors list	Financial liabilities at amortized cost	Fair Value by Result	Creditors list	Financial liabilities at amortized cost	Fair Value by Result
Financial Liabilities						
Loans and financing	67,049	18,657	85,706	65,000	18,600	83,600
Suppliers	61,560	5,544	67,104	60,557	6,132	66,689
Related parties	-	182,601	182,601	-	181,645	181,645
Total	128,609	206,802	335,411	125,557	206,377	331,934

	Consolidated			
	03/31/2019		12/31/2018	
	Amortized cost	Fair Value by Result	Amortized cost	Fair Value by Result
Financial Assets				
Securities-restricted	1,738	1,738	1,808	1,808
Accounts receivable	35,050	35,050	31,357	31,357
Cash and cash equivalents	3,861	3,861	1,245	1,245
Total	40,649	40,649	34,410	34,410

	Consolidated					
	03/31/2019			12/31/2018		
	Judicial Recovery	Not subject to Judicial Recovery		Judicial Recovery	Not subject to Judicial Recovery	
	Creditors list	Financial liabilities at amortized cost	Fair Value by Result	Creditors list	Financial liabilities at amortized cost	Fair Value by Result
Financial Liabilities						
Loans and financing	123,977	37,389	161,366	121,570	38,318	159,888
Suppliers	61,560	21,127	82,687	60,557	25,538	86,095
Total	185,537	58,516	244,053	182,127	63,856	245,983

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:

Insurance purpose	Amount secured 03/31/2019	
- Comprehensive business insurance	R$	68,834
- General civil responsability insurance	R$	8,136
- International freight insurance *	US$	400

* Amounts in US dollar thousands.

The scope of our auditors' work does not include the issuance of an opinion on the sufficiency of insurance coverage, which was determined by the Company's Management and considers it sufficient to cover eventual claims.

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 Prado 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, as of March 31,2019, amounts to 829,899 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, as of March 31,2019, amounts to 165,980 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 7 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	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Gross sales and/or services				
In Brazil	9,663	6,020	35,417	23,774
Export	135	31	378	170
	9,798	6,051	35,795	23,944
Deductions for gross sales				
Taxes on sales	(1,715)	(1,065)	(2,035)	(1,659)
Net sales and/or services	8,083	4,986	33,760	22,285

23 Loss per share

a. Basic

The basic loss 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	03/31/2019	03/31/2018 Restated
Loss attributable to the Company's controlling shareholders	(19,596)	(12,365)
Weighted average number of issued common shares (thousands)	9,802	11,943
Basic loss per share - R$	(2.00)	(1.04)

b. Diluted

The diluted loss per share is calculated by adjusting the weighted average number of outstanding common shares to presume the conversion into common shares of the instruments that may cause dilution.

Equity instruments have a dilutive effect when they result in the issuance of shares for a value lower than the prevailing share price.

On March 31, 2019, were verified the dilutive effects related to the stock options of the administrators, as explained in Note 21, to the subscription bonus of the creditors subject to the Judicial Recovery, as described in note 1.2, not yet issued, and to the debentures convertible debentures of the Company's third issuance, as described in note 14. No dilutive effect was observed due to these instruments, either due to the respective exercise prices or due to the impossibility of exercising them.

24 Financial Result

Items	Parent		Consolidated	
	03/31/2019	03/31/2018 Restated	03/31/2019	03/31/2018 Restated
Financial Income				
Income from financial investments	4	18	21	24
Related-party interest income (mutual contra	5	4	-	-
Present value adjustment	-	5,682	-	5,897
Monetary variance	-	243	295	418
Interest on receivables	3	1	3	274
Other financial income	1,257	-	1,296	41
Total financial Income	1,269	5,948	1,615	6,654
Financial Expenses				
Interest on loans and financing	(2,611)	(1,754)	(3,706)	(2,774)
Interest on bonds	-	-	(93)	(80)
Interest on Debentures	(66)	-	(66)	-
Present value adjustment	(1,663)	-	(2,120)	-
Interest of mutual contract	(107)	(222)	-	-
Discount granted	-	(23)	-	(23)
Provision of interest on suppliers	(22)	6	1,099	11
Fines and interest on taxes	(56)	(331)	(205)	(1,140)
IOF, banking expenses and others	(1,648)	(1,042)	(2,033)	(1,420)
Total financial expenses	(6,173)	(3,366)	(7,124)	(5,426)
Gain on exchange variance	13,063	13,500	10,162	15,633
Loss on exchange variance	(14,398)	(14,684)	(12,324)	(16,839)
Exchange variance, net	(1,335)	(1,184)	(2,162)	(1,206)

25 Other revenues and operational expenses

Items	Parent		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Other operating income				
Reversal of provision for loss of lawsuit	18	1,337	412	1,505
Gain on disposal of fixed assets	-	85	7,344	1,710
Reversal of provision for losses on inventory obsolescence	233	201	2,217	469
Recovery of taxes and contributions	11	-	11	1
Reversal of provision for impairment of assets	-	-	3,707	2,968
Other	163	-	163	44
Total other operating income	425	1,623	13,854	6,697
Other operating expenses				
Provision for loss of lawsuit	(870)	(671)	(1,400)	(6,351)
Loss on disposal of fixed assets	(124)	-	(14,686)	(3,413)
Provision for losses on inventory obsolescence	(63)	(34)	(131)	(49)
Cost of idle production	(2,102)	(2,132)	(3,140)	(3,170)
Taxes and contributions	(20)	(2)	(20)	-
Other	(6)	(15)	(1,489)	(37)
Total other operating expenses	(3,185)	(2,854)	(20,866)	(13,020)
Other net operating expenses	**(2,760)**	**(1,231)**	**(7,012)**	**(6,323)**

26 Expenditure by nature

Items	Parent 03/31/2019	Parent 03/31/2018	Consolidated 03/31/2019	Consolidated 03/31/2018
Depreciation and amortization	(1,676)	(1,628)	(3,269)	(3,269)
Salaries, social charges and benefits	(3,961)	(3,446)	(21,537)	(15,425)
Raw materials and materials for use and consumption	(2,188)	(669)	(6,110)	(4,849)
Serviços prestados por terceiros	(1,518)	(1,241)	(2,057)	(1,764)
Services provided by third parties	(870)	(671)	(1,399)	(6,351)
Residual value on disposal of property, plant and equipment	(124)	-	(14,686)	(3,413)
Losses with inventory obsolescence	(63)	(34)	(131)	(49)
Cost of idle production	(2,102)	(2,132)	(2,390)	(3,170)
Other (expenses) revenues	(1,674)	(1,155)	(6,910)	(4,001)
	(14,176)	(10,976)	(58,489)	(42,291)
Classified as:				
Cost of sales	(6,625)	(4,785)	(28,279)	(20,869)
Selling expenses	(1,370)	(1,020)	(1,649)	(1,400)
General and administrative expenses	(2,276)	(1,612)	(6,975)	(6,297)
Management fees	(720)	(705)	(720)	(705)
Other operating expenses	(3,185)	(2,854)	(20,866)	(13,020)
	(14,176)	(10,976)	(58,489)	(42,291)

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: anchoring 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 and inspection of drilling and production pipes.

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

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 information by segment are demonstrated below:

	Products		Services		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Net sales	8,352	6,727	25,408	15,558	33,760	22,285
Cost of sales	(7,292)	(6,647)	(20,987)	(14,222)	(28,279)	(20,869)
Gross loss	1,060	80	4,421	1,336	5,481	1,416
Selling expenses	(1,399)	(1,255)	(250)	(145)	(1,649)	(1,400)
General and administrative expenses	(2,223)	(1,750)	(4,752)	(4,547)	(6,975)	(6,297)
Management fees	(178)	(158)	(542)	(547)	(720)	(705)
Equity pick-up	(12)	(376)	-	-	(12)	(376)
Other operating income (expenses), net	(2,650)	(605)	(4,362)	(5,718)	(7,012)	(6,323)
Operating Profit (Loss) before financial result	(5,402)	(4,064)	(5,485)	(9,621)	(10,887)	(13,685)

	Products		Services		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Identifiable assets (1)	183,258	183,887	212,905	204,340	396,163	388,227
Identifiable liabilities (2)	30,461	32,211	222,053	220,279	252,514	252,490

	Products		Services		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Depreciation and amortization	(1,655)	(1,547)	(1,614)	(1,722)	(3,269)	(3,269)
Acquisition of Property, plants and equipment	4	1	307	761	311	762

(1) Identifiable assets: Customers, inventories and fixed assets, gain, taxes to recover and restricted application.
(2) Identifiable liabilities: Suppliers and loans.

The information by geographic region is shown below:

	Brazil		South America		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Net sales	8,424	6,796	25,336	15,489	33,760	22,285
Cost of sales	(9,465)	(7,141)	(18,814)	(13,728)	(28,279)	(20,869)
Gross loss	(1,041)	(345)	6,522	1,761	5,481	1,416
Selling expenses	(1,393)	(1,252)	(256)	(148)	(1,649)	(1,400)
Administrative costs	(5,890)	(5,362)	(1,085)	(935)	(6,975)	(6,297)
Management remuneration	(720)	(705)	-	-	(720)	(705)
Equity	(12)	(376)	-	-	(12)	(376)
Other income (expenses), net	(6,712)	(6,322)	(300)	(1)	(7,012)	(6,323)
Operating Profit (Loss) before financial result	(15,768)	(14,362)	4,881	677	(10,887)	(13,685)

	Brazil		South America		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Identifiable assets (1)	299,685	298,061	96,478	90,166	396,163	388,227
Identifiable liabilities (2)	232,305	232,899	20,209	19,591	252,514	252,490

	Brazil		South America		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Depreciation and amortization	(1,900)	(1,884)	(1,369)	(1,385)	(3,269)	(3,269)
Acquisition of Property, plants and equipment	4	1	307	761	311	762

(1) Identifiable assets: Customers, inventories and fixed assets, gain, taxes to recover and restricted application.
(2) Identifiable liabilities: Suppliers and loans.

28 Assets classified as held for sale

On March 31, 2019, assets were classified as held for sale, property, plant and equipment of the services segment, in which they are not in operation and are being negotiated for sale. These assets amounted to a total depreciation net of R$3,433 in noncurrent assets and R$71,916 in consolidated (R$68,080 in current assets and R$3,836 in noncurrent assets).

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

In accordance with Brazilian accounting standards, Management made its assessments and concluded that there were no material facts to be disclosed between the base date of the financial statements and the date of their respective approval.

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REPORT ON THE REVIEW OF QUARTERLY INFORMATION – ITR

To the
Board of Directors and Management
Lupatech S.A. - Under In-Court Reorganization
Nova Odessa – SP

Introduction

We have reviewed the individual and consolidated interim financial information of Lupatech S.A. - Under In-Court Reorganization ("Company"), contained in the Quarterly Information (ITR) for the quarter ended on March 31, 2019, which comprise the balance sheet on March 31, 2019 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 Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). 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.

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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 Commission (CVM).

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 Brazilian Securities Commission (CVM).

Emphasis of matter

In-court reorganization

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 in-court reorganization plan approved by the Lupatech Group's Creditors General Meeting, and the plan was ratified by the Judge of the 1st Bankruptcies and In-Court Reorganizations Court of the State of São Paulo, without any restrictions, on December 1, 2016. The Company filed motions to clarify since the notice of ratification did not mention one of the Group companies under in-court reorganization. On February 15, 2017, the court corrected its notice of ratification including the company not mentioned. During the quarter ended on March 31, 2019, no appeal was filed against the ratified plan. Our conclusion is not qualified in respect of this matter.

Material uncertainty related to going concern

As mentioned in Note 1.1 to the interim financial information, the Company and its subsidiaries have generated recurring losses and during the three-month period ended on March 31, 2019 incurred a loss before tax and social contribution of R$ 18,558 thousand and have not generated cash in amount sufficient to settle their obligations. These conditions, together with the fact that the Company and its subsidiaries filed for in-court reorganization plan, indicate the existence of material uncertainty that may raise significant doubt about the Company's and its subsidiaries' ability to continue as a going concern. The reversal of this situation of recurring losses and the difficulty in cash generation, as well as the capacity to realize their assets and settle their liabilities in the normal course of the Company's business, depend on the success of the plans to adjust the financial and equity structure of the Company and its subsidiaries, as well as the compliance with the in-court reorganization plan, described in Note 1.2 to the financial statements. Our conclusion is not qualified in respect of this matter.

Material uncertainty regarding the adhesion to the Tax Debt Refinancing Program - PERT

The Company carried out the adhesion of several subsidiaries and investees of the Lupatech Group to the Tax Debt Refinancing Program - PERT, established by Provisional Executive Act No. 783/2017 and Law No. 13,496/2017. The Company, through this action, reorganized the amount of R$ 123,000 of its liabilities related to tax contingencies and obligations, which included discounts on interest, fines and charges in the total amount of R$ 48,000. Due to operational issues in the adhesion processes and information processed by Brazilian Federal Revenue Office, until the issue of this report, a significant part (77%) of the adhered liabilities were not consolidated by the Brazilian Federal Revenue Office. The Company, advised by its legal counselors, timely took the required administrative and legal preventive measures to ensure the right to the adhesion process, considered as probable by the legal counselors. Our conclusion is not qualified in respect of this matter.

Restatement of the financial statements previously disclosed

As mentioned in Note 2.1.1, as a result of the adjustments to correct errors identified with respect to the financial statements for 2018, the corresponding amounts related to March of this year, presented for comparison purposes, were adjusted and are being restated as provided for in CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors. Our conclusion is not qualified in respect of this matter.

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, 2019, 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, 2019.

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

Diego Del Mastro Monteiro
Accountant – CRC-1SP302957/O-3

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, 2019.

Nova Odessa, May 15, 2019.

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, 2019.

Nova Odessa, May 15, 2019.

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