

*(Convenience Translation into English from the  
Original Previously Issued in Portuguese)*

# ***Indústrias Romi S.A***

*Condensed Consolidated Financial  
Statements for the Period Ended  
June 30, 2010 and Independent  
Accountants' Review Report*

Deloitte Touche Tohmatsu Auditores Independentes


(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT ACCOUNTANTS' SPECIAL REVIEW REPORT To the Shareholders, Board of Directors and Management of  
Indústrias Romi S.A.  
Santa Bárbara d'Oeste - SP

1. We have reviewed the interim condensed consolidated financial statements of Indústrias Romi S.A. (the "Company") and subsidiaries for the quarter and six-month period ended June 30, 2010, all expressed in Brazilian reais and prepared under the responsibility of the Company's management, comprising the condensed consolidated balance sheet as of June 30, 2010, condensed consolidated statements of comprehensive income for the quarters and six-month periods ended June 30, 2010 and 2009, condensed statements of changes in shareholders' equity and cash flows for six-month periods ended June 30, 2010 and 2009, and the related notes and Management report
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Company and its subsidiaries who have responsibility for accounting, financial and operating matters about the main criteria adopted in the preparation of the condensed consolidated financial statements; and (b) review of the information and subsequent events that had or might have had material effects on the financial position and results of operations of the Company and its subsidiaries.
3. Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the condensed consolidated financial statements referred to in paragraph 1 for them to be in conformity with International Accounting Standard (IAS) 34, Interim Financial Statements, issued by the International Accounting Standards Board (IASB).
4. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Campinas, July 27, 2010

  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

  
Walbert Antonio dos Santos  
Engagement Partner

INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2010 AND DECEMBER 31, 2009

(In thousands of Brazilian reais - R\$)

<u>ASSETS</u>	<u>Note</u>	<u>2010</u>	<u>2009</u>	<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	5	234,892	225,913	Loans and financing	10	23,153	25,538
Trade accounts receivable	6	68,564	75,935	FINAME manufacturer financing	11	289,935	284,390
Onlending of FINAME manufacturer financing	7	353,514	342,155	Trade accounts payable		40,205	32,926
Inventories	8	263,542	243,651	Payroll and related taxes		32,148	22,402
Recoverable taxes		11,544	15,937	Taxes payable		9,294	10,259
Other receivables		<u>16,156</u>	<u>10,955</u>	Advances from customers		9,643	7,584
Total current assets		<u>948,212</u>	<u>914,546</u>	Dividends and interest on capital		8,090	9,059
				Profit sharing		1,028	1,347
<b>NONCURRENT ASSETS</b>				Other payables		<u>9,602</u>	<u>12,620</u>
Long-term assets:				Total current liabilities		<u>423,098</u>	<u>406,125</u>
Trade accounts receivable	6	5,442	4,468				
Onlending of FINAME manufacturer financing	7	483,322	477,737	<b>NONCURRENT LIABILITIES</b>			
Recoverable taxes		14,604	14,126	Loans and financing	10	217,638	207,123
Deferred income and social contribution taxes		18,304	16,166	FINAME manufacturer financing	11	416,900	405,967
Escrow deposits	12	21,365	17,999	Deferred income and social contribution taxes on negative goodwill		8,704	8,930
Other receivables		7,153	6,956	Taxes payable		4,082	3,642
Property, plant and equipment, net	9	281,490	281,361	Reserve for contingencies	12	23,776	20,323
Intangible assets		6,872	4,206	Other payables		<u>4,506</u>	<u>2,935</u>
Goodwill		<u>2,017</u>	<u>2,017</u>	Total noncurrent liabilities		<u>675,606</u>	<u>648,920</u>
Total noncurrent assets		<u>840,569</u>	<u>825,036</u>				
				<b>SHAREHOLDERS' EQUITY</b>			
				Capital		505,764	505,764
				Capital reserve		2,209	2,209
				Retained earnings		161,101	179,041
				Profit for the period		25,377	-
				Cumulative foreign currency translation adjustments		<u>(6,132)</u>	<u>(4,474)</u>
				Controlling interests		688,319	682,540
				<b>NON-CONTROLLING INTERESTS</b>		1,758	1,997
				<b>TOTAL SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS</b>		<u>690,077</u>	<u>684,537</u>
<b>TOTAL ASSETS</b>		<u><u>1,788,781</u></u>	<u><u>1,739,582</u></u>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u><u>1,788,781</u></u>	<u><u>1,739,582</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2010 AND 2009  
(In thousands of Brazilian reais - R\$ - except earnings per share)

	Note	Six months ended		Quarters ended	
		06/30/10	06/30/09	06/30/10	06/30/09
NET OPERATING REVENUE		312,764	179,845	167,632	104,076
COST OF SALES		(200,971)	(123,340)	(108,035)	(72,864)
GROSS PROFIT		111,793	56,505	59,597	31,212
OPERATING INCOME (EXPENSES)					
Selling expenses		(29,893)	(27,312)	(16,651)	(13,594)
General and administrative expenses		(34,759)	(29,902)	(18,210)	(13,263)
Research and development expenses		(11,420)	(11,746)	(5,641)	(5,010)
Management profit sharing and compensation	14	(4,636)	(3,708)	(2,648)	(1,239)
Tax expenses		(983)	(1,065)	(215)	(562)
Other operating income, net		1,569	5,292	1,508	5,277
Total		(80,122)	(68,441)	(41,857)	(28,391)
INCOME (LOSS) FROM OPERATIONS BEFORE FINANCIAL INCOME		31,671	(11,936)	17,740	2,821
FINANCIAL INCOME (EXPENSES), NET					
Financial income		10,097	8,678	3,674	2,983
Financial expenses		(7,701)	(2,173)	(3,908)	(1,514)
Exchange gain (loss), net		(5,461)	(3,586)	245	(2,527)
		(3,065)	2,919	11	(1,058)
INCOME (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		28,606	(9,017)	17,751	1,763
INCOME TAX AND SOCIAL CONTRIBUTION	15				
Current		(5,119)	(1,339)	(3,270)	(575)
Deferred		2,299	3,023	742	(683)
		(2,820)	1,684	(2,528)	(1,258)
NET INCOME (LOSS)		25,786	(7,333)	15,223	505
Attributable to:					
Controlling interests		25,377	(7,831)	15,024	269
Non-controlling interests		409	498	199	236
		25,786	(7,333)	15,223	505
BASIC EARNINGS (LOSS) PER SHARE - R\$	13	0.34	(0.10)	0.20	0.01

The accompanying notes are an integral part of these condensed consolidated financial statements.

INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2010 AND 2009

(In thousands of Brazilian reais - R\$)

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	Six months ended		Quarters ended	
	06/30/10	06/30/09	06/30/10	06/30/09
NET INCOME (LOSS)	25,786	(7,333)	15,223	505
COMPREHENSIVE (LOSS) INCOME				
Currency translation on foreign investments	(1,658)	(7,175)	127	(6,290)
NET COMPREHENSIVE INCOME (LOSS)	<u>24,128</u>	<u>(14,508)</u>	<u>15,350</u>	<u>(5,785)</u>
NET COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Controlling interests	23,719	(15,006)	15,151	(6,021)
Non-controlling interests	409	498	199	236
	<u>24,128</u>	<u>(14,508)</u>	<u>15,350</u>	<u>(5,785)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CONDENSED SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 30, 2010 AND 2009

(In thousands of Brazilian reais - R\$)

	Note	Attributable to controlling interests									
		Capital	Capital reserve	Earnings reserve			Cumulative foreign currency translation adjustments	Profit (loss) for the period	Controlling interests	Non-controlling interests	Total
				Retained earnings	Legal reserve	Total					
BALANCE AS OF DECEMBER 31, 2008		505,764	2,209	150,238	36,833	187,071	5,649	-	700,693	2,536	703,229
Net loss		-	-	-	-	-	-	(7,831)	(7,831)	498	(7,333)
Foreign currency translation adjustments		-	-	-	-	-	(7,175)	-	(7,175)	-	(7,175)
Comprehensive loss		-	-	-	-	-	(7,175)	(7,831)	(15,006)	498	(14,508)
Share buyback		-	-	(10,194)	-	(10,194)	-	-	(10,194)	-	(10,194)
Proposed dividends (equivalent to R\$2.87 per share)		-	-	-	-	-	-	-	-	(1,234)	(1,234)
BALANCE AS OF JUNE 30, 2009		505,764	2,209	140,044	36,833	176,877	(1,526)	(7,831)	675,493	1,800	677,293
BALANCE AS OF DECEMBER 31, 2009		505,764	2,209	141,603	37,438	179,041	(4,474)	-	682,540	1,997	684,537
Net income		-	-	-	-	-	-	25,377	25,377	409	25,786
Foreign currency translation adjustments		-	-	-	-	-	(1,658)	-	(1,658)	-	(1,658)
Comprehensive income		-	-	-	-	-	(1,658)	25,377	23,719	409	24,128
Interest on capital - Law 9249/95	13c	-	-	(17,940)	-	(17,940)	-	-	(17,940)	-	(17,940)
Proposed dividends (equivalent to R\$1.54 per share)		-	-	-	-	-	-	-	-	(648)	(648)
BALANCE AS OF JUNE 30, 2010		<u>505,764</u>	<u>2,209</u>	<u>123,663</u>	<u>37,438</u>	<u>161,101</u>	<u>(6,132)</u>	<u>25,377</u>	<u>688,319</u>	<u>1,758</u>	<u>690,077</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED JUNE 30, 2010 AND 2009

(In thousands of Brazilian reais - R\$)

	Note	06/30/10	06/30/09
Cash flows from operating activities:			
Net income (loss)		25,786	(7,333)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Current and deferred income and social contribution taxes	15	2,820	(1,684)
Depreciation and amortization		10,607	9,252
Allowance for doubtful accounts and other receivables		3,483	2,372
Proceeds from sale of fixed assets	9	(1,521)	(4,134)
Financial expenses and exchange gain (loss)		3,786	(3,885)
Provision for inventory losses		127	4,653
Reserve for contingencies		3,453	1,887
Increase (decrease) in assets:			
Short-term investments in trading securities		-	48,482
Trade accounts receivable		10,753	25,477
Onlending of FINAME manufacturer financing		10,746	62,058
Inventories		(21,209)	(6,537)
Recoverable taxes, net		1,572	(1,304)
Escrow deposits		(3,366)	(1,712)
Other receivables		(5,883)	(1,158)
Increase (decrease) in liabilities:			
Trade accounts payable		5,675	(9,409)
Payroll and related taxes		9,823	(8,459)
Taxes payable		(2,652)	1,559
Advances from customers		2,078	(8,035)
Other payables		(3,374)	(8,236)
Cash provided by operating activities		<u>52,704</u>	<u>93,854</u>
Income tax and social contribution paid		(904)	(1,786)
Net cash provided by operating activities		<u>51,800</u>	<u>92,068</u>
Cash flows from investing activities:			
Purchase of fixed assets		(11,050)	(39,788)
Proceeds from sale of fixed assets		1,492	3,546
Increase in intangible assets		(858)	567
Net cash used in investing activities		<u>(10,416)</u>	<u>(35,675)</u>
Cash flows from financing activities:			
Interest on capital and dividends paid		(19,556)	(12,876)
New loans and financing		20,012	26,575
Payments of loans and financing		(12,557)	(11,279)
Interests paid (included Finame manufacturer financing)		(35,601)	(39,651)
New loans in FINAME manufacturer		156,878	80,056
Payment of FINAME manufacturer financing		(139,332)	(131,086)
Share buyback	17	-	(10,194)
Net cash provided (used in) by financing activities		<u>(30,156)</u>	<u>(98,455)</u>
Increase (decrease) in cash and cash equivalents		<u>11,228</u>	<u>(42,062)</u>
Cash and cash equivalents at beginning of period		225,913	135,224
Exchange variation changes on cash and cash equivalents abroad		(2,249)	1,514
Cash and cash equivalents at end of period	5	<u><u>234,892</u></u>	<u><u>94,676</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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INDÚSTRIAS ROMI S.A.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED JUNE 30, 2010 AND DECEMBER 31, 2009

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

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1. OPERATIONS

Indústrias Romi S.A. (the “Company”) is engaged in the manufacture and sale of machine tools, metal cutting machines, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts in general, IT equipment and peripherals, systems analysis and development of data processing software related to the production, sale, and use of machine tools and plastic injectors, manufacturing and sale of rough cast parts and machined cast parts, export and import, representation on own account or for the account of third parties, and provision of related services, as well as holding interests in other commercial or civil companies, as partner or shareholder, and the management of own and/or third-party assets. The Company’s industrial facilities consist of eleven plants divided into three units located in the city of Santa Bárbara d’Oeste, in the State of São Paulo and two in Turin, Italy. The Company also holds equity interests in subsidiaries in Brazil and abroad, as described in Note 3.

2. BASIS OF PRESENTATION

The condensed consolidated interim financial statements for the quarter ended June 30, 2010 have been prepared according to IAS 34, Interim Financial Statements. The condensed consolidated interim financial statements should be read together with the consolidated financial statements for the year ended December 31, 2009, which have been prepared according to the international financial reporting standards issued by the International Accounting Standards Board (IASB).

The accounting policies adopted for the condensed consolidated interim financial statements are consistent with the accounting policies adopted and disclosed in the consolidated financial statements for the year ended December 31, 2009, except for the adoption or issuance of new or amended IFRSs and/or IFRIC interpretations, as explained below:

(a) Adoption of new and amended IFRSs and IFRIC interpretations

The following new standards, amendments or interpretations, although, with no material impacts on the Financial Statements of the Company, are mandatory for the first time for annual reporting periods starting on or after January 1, 2010:

- IAS 32 (amendment), “Classification of Rights Issues”, effective for annual periods beginning on February 1, 2010. This standard is currently not applicable to the Company;
- IFRS 2 (amendment), “Share-Based Payment: Group and treasury share transactions”. Effective for annual periods beginning on or after July 1, 2009. This standard is currently not applicable to the Company;

- IFRS 3 (as revised), “Business Combinations” and IAS 27 (amendment), “Consolidated and Separate Financial Statements” and consequential amendments to IFRS 7, “Financial Instruments: Disclosures”, IAS 21, “The Effects of Changes in Foreign Exchange Rates”, IAS 28, “Investments in Associates”, and IAS 31, “Interests in Joint Ventures”, IAS 34, “Interim Financial Reporting” and IAS 39, “Financial Instruments: Recognition and Measurement”, effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after July 1, 2009. The Company will apply the IFRS 3 (as revised) prospectively for business combinations for which the acquisition date is on or after January 1, 2010;
  - IFRIC 17, “Distributions of Non-Cash Assets to Owners”. Effective for annual periods beginning on or after July 1, 2009. This interpretation is currently not applicable to the Company;
  - IFRIC 18, “Transfers of Assets from Customers”. Effective for annual periods beginning on or after July 1, 2009. This interpretation is currently not applicable to the Company.
- (b) New and amended IFRS and IFRIC interpretations effective for annual periods beginning on or after January 1, 2010:
- IAS 24, “Related Party Disclosures”, effective for annual periods beginning on January 1, 2011;
  - IFRS 1 (amendment). ‘First-time Adoption’, effective for annual periods beginning on January 1, 2011. This standard is currently not applicable to the Company;
  - IFRS 9, “Financial Liabilities”, effective for annual periods beginning on January 1, 2013;
  - IFRIC 14 (amendment) “Prepayment of a Minimum Funding Requirement” effective for annual periods beginning on January 1, 2011;
  - IFRIC 19, “Extinguishing Financial Liabilities”, effective for annual periods beginning on July 1, 2010.

### 3. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Company fully consolidated the financial statements of all its subsidiaries. There is control when the Company holds, directly or indirectly, most of the voting rights at the Shareholders' Meeting or has the power to determine the financial and operational policies, to obtain benefits from its activities. The condensed consolidated financial statements include the accounts of the Company and the following subsidiaries:

<u>Subsidiary</u>	<u>Country</u>	<u>Main activity</u>
Rominor Comércio, Empreendimentos e Participações S.A. (“Rominor”)	Brazil	Ventures and equity interests in general
Romi Machine Tools, Ltd. (“Romi Machine Tools”)	United States of America	Distribution of machine tools and cast and machined products in North America
Interocean Comércio Importadora e Exportadora S.A. (“Interocean”)	Brazil	Trading company, not operating in the periods presented

Indústrias Romi S.A. e Controladas

<u>Subsidiary</u>	<u>Country</u>	<u>Main activity</u>
Romi A.L. S.A. (“Romi A.L.”) (anteriormente denominada Favel S.A.)	Uruguay	Sales representation for Latin America
Romi Europa GmbH (“Romi Europa”)	Germany	Technical assistance and support to dealers in Europe, Asia, Africa and Oceania
Helen Acquisition Corp. (a)	United States of America	Nonoperational holding engaged in holding equity interests in other entities.
Romi Itália S.r.l. (“Romi Itália”)	Italy	Development of projects, production and sales, technical assistance, distribution, import and export of machinery and equipment for the processing of plastic raw materials
Subsidiaries of Romi Italia: Sandretto UK Ltd.	United Kingdom	Distribution of machinery for plastics, spare parts services and technical assistance.
Sandretto Industries S.A.S. Metalmecanica Plast B.V.	France The Netherlands	
Italprensas Sandretto S.A.	Spain	

- (a) On March 23, 2010, the Company organized the wholly-owned subsidiary Helen Acquisition Corp. to make it feasible the acquisition of ownership interests outside Brazil. The Company considers this investment an independent entity and, therefore, as required by IAS 21, the related exchange gains (losses) were recorded directly in shareholders’ equity under “Other comprehensive income”.

The balances of the balance sheets as of June 30, 2010 and December 31, 2009 and the income statements for the period ended June 30, 2010 and 2009 are summarized below. The financial information of the subsidiaries Interocean, Romi Europa, Romi Machine Tools and Romi A.L. are not presented, because of the immateriality of the balances:

	Helen Acquisition Corp.		Romi Itália e controladas		Rominor	
	<u>06/30/10</u>	<u>06/30/10</u>	<u>12/31/09</u>	<u>06/30/10</u>	<u>12/31/09</u>	
Assets:						
Current	165,828	45,902	50,587	19,538	26,475	
Noncurrent	-	14,192	15,885	6,280	6,300	
Total assets	<u>165,828</u>	<u>60,094</u>	<u>66,472</u>	<u>25,818</u>	<u>32,775</u>	
Liabilities:						
Current	-	23,817	24,764	440	3,944	
Noncurrent	-	6,928	7,139	-	-	
Shareholders’ equity	<u>165,828</u>	<u>29,349</u>	<u>34,569</u>	<u>25,378</u>	<u>28,831</u>	
Total liabilities and shareholders’ equity	<u>165,828</u>	<u>60,094</u>	<u>66,472</u>	<u>25,818</u>	<u>32,775</u>	

	Helen Acquisition Corp	Romi Itália e controladas		Rominor	
	<u>06/30/10</u>	<u>06/30/10</u>	<u>30/06/09</u>	<u>06/30/10</u>	<u>30/06/09</u>
Net operating revenue	-	17,122	13,825	6,153	7,322
Gross (loss) profit	-	4,419	5,027	6,118	7,286
Income (loss) from operations	113	(5,205)	(6,368)	6,927	8,503
Income (loss) before taxes	113	(5,205)	(6,368)	6,927	8,503
Net income (loss)	113	(5,248)	(6,370)	5,909	7,169
Comprehensive income					
Currency translations on foreign investments	-	793	283	-	-
Net comprehensive income (loss)	113	(4,455)	(6,087)	5,909	7,169

The condensed consolidated interim consolidated for the six month ended June 31, 2010 and 2009 and the financial statements for the year ended December 31, 2009 of foreign subsidiaries, prepared for the same reporting period of the Company's financial statements, have been prepared in accordance with the international financial reporting standards.

Intercompany balances and transactions have been eliminated in consolidations using the following main procedures:

- a) Elimination of intercompany balances.
- b) Elimination of intercompany inventory profits, when material.
- c) Elimination of the Company's investments with the subsidiaries' capital, reserves and retained earnings balances, and reclassification of negative goodwill of the subsidiary Rominor to liabilities.
- d) Elimination of intercompany transactions.
- e) Recording of minority interest in a separate caption in the consolidated financial statements.

#### 4. RECONCILIATIO BETWEEN IFRS AND BRGAAP

A The Company filed the individual and consolidated financial statements, prepared in conformity with Brazilian accounting practices (BRGAAP).

Below is the reconciliation between the main differences between IFRS and BRGAAP which affected shareholders' equity as of June 30, 2010 and December 31, 2009 and net income for the period ended June 30, 2010 and 2009:

##### Reconciliation of shareholders' equity - BR GAAP "versus" IFRS

	<u>06/30/10</u>	<u>12/31/09</u>
Shareholders' equity under BR GAAP	688,841	682,875
Adjustments under IFRS:		
Amortization of intangible asset, recorded for IFRS purposes, arising from the acquisition of JAC Indústria Metalúrgica Ltda. ("JAC")	(616)	(332)
Deferred taxes related to the amortization of intangible assets above	210	113
Other differences	<u>(116)</u>	<u>(116)</u>
Controlling interests	688,319	682,540
Non controlling interests	<u>1,758</u>	<u>1,997</u>
Shareholders' equity under IFRS	<u>690,077</u>	<u>684,537</u>

##### Reconciliation of net income - BR GAAP "versus" IFRS

	<u>06/30/10</u>	<u>30/06/09</u>
Net income under BR GAAP	25,973	(7,302)
Adjustments under IFRS:		
Amortization of intangible asset, recorded for IFRS purposes, arising from the acquisition of JAC Indústria Metalúrgica Ltda. ("JAC")	(284)	(47)
Deferred taxes related to the amortization of intangible assets above	<u>97</u>	<u>16</u>
Net income under IFRS	<u>25,786</u>	<u>(7,333)</u>

## 5. CASH AND CASH EQUIVALENTS

	<u>06/30/10</u>	<u>12/31/09</u>
Cash	10,636	9,219
Bank certificates of deposits (CDB) (a)	37,790	161,644
Short-term investments backed by debentures (a)	19,000	53,594
Short-term investments in foreign currency - US\$ (time deposit) (b)	167,220	1,456
Other	<u>246</u>	<u>-</u>
Cash and cash equivalents	<u>234,892</u>	<u>225,913</u>

(a) Short-term investments are conducted with prime financial institutions to minimize credit risk; this policy was adopted by the Company for the management of these financial assets. The income from these assets is substantially linked to the CDI (interbank deposit rate) variation. They comprise cash, demand deposits and short-term investments that can be redeemed within 90 days from the investment date.

(b) The short-term investments made with foreign prime financial institutions, in US dollars, yield fixed interest ranging from 0.29% to 0.50% per year. These short-term investments are used to hedge capital against foreign currency fluctuations, in case of an acquisition transaction is performed abroad.

In the first half of 2010, the Company migrated its short-term investments from CDBs and debentures to time deposits with a view to increase the capital of the wholly-owned subsidiary Helen Acquisition Corp. The transfer of ownership of these short-term investments was then effected in April 2010.

## 6. TRADE ACCOUNTS RECEIVABLE

	<u>06/30/10</u>	<u>12/31/09</u>
Current:		
Domestic customers	60,840	57,722
Foreign customers	14,976	22,869
Allowance for doubtful accounts	<u>(7,252)</u>	<u>(4,656)</u>
Total	<u>68,564</u>	<u>75,935</u>
Noncurrent:		
Domestic customers	4,612	3,448
Foreign customers	<u>830</u>	<u>1,020</u>
Total	<u>5,442</u>	<u>4,468</u>

The Company's maximum exposure to credit risk is the balance of trade notes receivable previously mentioned.

The Company has R\$ 7,594 as of June 30, 2010 (R\$ 9,751 as December 31, 2009) in sale financing transactions with its customers. In these transactions the Company is jointly liable for the financing repayment. In the event of the customer's default, the Company is liable for the payment and the equipment pledged to the financial institution is transferred to the Company. The balance of trade accounts receivable is presented net of sale financing transactions.

The balance of trade accounts receivables from domestic customers as of June 30, 2010 and December 31, 2009, is as follows:

	<u>06/30/10</u>	<u>12/31/09</u>
Current	53,756	48,330
Past due:		
1 to 30 days	3,470	5,415
31 to 60 days	1,115	732
61 to 90 days	365	220
91 to 180 days	482	1,002
181 to 360 days	543	1,137
Over 360 days	<u>1,109</u>	<u>886</u>
Total past-due	7,084	9,392
Total trade accounts receivables	<u>60,840</u>	<u>57,722</u>

The balance of trade accounts receivable from foreign customers as of June 30, 2010 and December 31, 2009 is as follows:

	<u>06/30/10</u>	<u>12/31/09</u>
Current	12,729	17,887
Past-due:		
1 to 30 days	1,021	2,217
31 to 60 days	295	1,187
61 to 90 days	275	95
91 to 180 days	196	421
181 to 360 days	265	256
Over 360 days	<u>195</u>	<u>806</u>
Total past-due	2,247	4,982
Total trade accounts receivables	<u>14,976</u>	<u>22,869</u>

The changes in the allowance for doubtful accounts are as follows:

Balance as of December 31, 2009	4,656
Receivables accrued in the year	2,616
Receivables definitively written off	(20)
Balance as of June 30, 2010	<u>7,252</u>

## 7. ONLENDING OF FINAME MANUFACTURER FINANCING

	<u>06/30/10</u>	<u>12/31/09</u>
Current assets:		
FINAME falling due	306,606	291,063
FINAME awaiting release (a)	9,215	10,835
FINAME past due (b)	<u>37,693</u>	<u>40,257</u>
	353,514	342,155
Noncurrent assets:		
FINAME falling due	428,034	412,728
FINAME awaiting release (a)	<u>55,288</u>	<u>65,009</u>
	483,322	477,737
Total	<u>836,836</u>	<u>819,892</u>

Onlending of Finame Manufacturer financing refers to sales to customers financed by funds from the National Bank for Economic and Social Development (BNDES) through a credit line named Finame Manufacturer financing (see Note 11).

FINAME Manufacturer financing refers to funds specifically linked to sales transactions, with terms of up to 60 months, option of up to 12 months grace period and the following interest: (a) between 4% and 5.8% per annum, plus long-term interest rate (TJLP); (b) 4.5% per annum, prefixed according to Circular 79, of July 10, 2009, for transactions carried out between July 27, 2009 and June 30, 2010; and (c) 5.5% per annum, prefixed, according to Circular 27, of May 27, 2010, for transactions contracted between July 1, 2010 and December 31, 2010. The financing terms established by the BNDES are based on the customer's characteristics. Funds are released by the BNDES by identifying the customer and the sale, and the fulfillment, by the customer, of the terms of Circular 195, of July 28, 2006, issued by the BNDES, through a financial agent, with the formalization of a financing agreement in the name of the Company and consent of the customer to be financed. The terms related to amounts, periods and charges of the transaction are fully reflected in the amounts to be received by the Company from the bank mediating the agreement to which the Company is the debtor. The Company has title to the financed equipment until the final settlement of the obligation by the customer.

Amounts receivable - onlending of FINAME Manufacturer financing are represented by:

- (a) FINAME awaiting release: refers to FINAME Manufacturer financing transactions already fulfilling the specified terms and approved by the involved parties, including the preparation of documentation, issuance of sales invoice, and delivery of equipment to customer. The credit of the related funds to the Company's account by the agent bank was pending on the date of the financial statements, in view of the normal operating terms of the agent bank.
- (b) FINAME past-due: refers to amounts receivable not settled by the customer on the due date, considering the dates of the financial statements. The Company did not record a provision for possible loss on this balance, because it has title to the machines sold (guarantee) and, therefore, believes that in the event of an execution of this guarantee, the amount would be sufficient to cover the total amount due by the customer.

As of June 30, 2010 and December 31, 2009, the balances as of “Onlending of Finame Manufacturer financing” are as follows:

	<u>06/30/10</u>	<u>12/31/09</u>
Current	315,821	301,898
Past-due:		
1 to 30 days	6,176	5,122
31 to 60 days	4,144	3,335
61 to 90 days	3,746	2,772
91 to 180 days	6,954	7,634
181 to 360 days	7,287	14,452
Over 360 days	<u>9,386</u>	<u>6,942</u>
	37,693	40,257
Total current	<u>353,514</u>	<u>342,155</u>
2011	-	-
2012	244,010	240,889
2013	159,999	150,529
2014 and thereafter	74,297	77,327
Total noncurrent	<u>5,016</u>	<u>8,992</u>
Total current	483,322	477,737
Total	<u>836,836</u>	<u>819,892</u>

#### 8. INVENTORIES

	<u>06/30/10</u>	<u>12/31/09</u>
Finished products	92,970	93,114
Work in process	85,743	79,444
Raw materials and components	80,288	69,542
Import in transit	<u>4,541</u>	<u>1,551</u>
Total	<u>263,542</u>	<u>243,651</u>

Inventory balance is net of the amount of R\$ 20,933 (R\$ 20,441 as of December 31, 2009), of the provision for the realization of inventories of slow-moving materials and components with remote probability of being realized through sale or use.

#### 9. PROPERTY, PLANT AND EQUIPAMENT, NET

Changes in property, plant and equipment as are follows:

Balance as of December 31, 2009	281,361
Changes in the period:	
Additions	12,908
Disposals	(1,371)
Depreciation	(10,273)
Exchange rate changes	<u>(1,135)</u>
Balance as of June 30, 2010	<u>281,490</u>
Gross Property, plant and equipment as of June 30, 2010	436,980
Accumulated depreciation as of June 30, 2010	(155,490)

In view of the financing agreements with the BNDES for investment in property, plant and equipment, R\$ 51,215 (R\$ 51,226 as of December 31, 2009) of property, plant and equipment items is pledged as collateral. These items are fully represented by machinery and equipment.

In the period ended June 30, 2010, the Company capitalized financial charges in the amount of R\$ 40 (R\$ 672 as of June 30, 2009), appropriated to "Construction in progress".

## 10. FINANCING

Changes in financing are as follow:

	<u>Local currency</u>	<u>Foreign currency</u>	<u>Total</u>
Balance as of December 31, 2009 (current and noncurrent)	228,644	4,017	232,661
New loans and financing (a)	20,012	-	20,012
Payments of loans and financing	(11,459)	(1,098)	(12,557)
Interests paid	(6,509)	(460)	(6,969)
Exchange rate (principal and interest)	(270)	336	66
Financial charges	<u>7,571</u>	<u>7</u>	<u>7,578</u>
Balance as of June 30, 2010 (current and noncurrent)	<u>237,989</u>	<u>2,802</u>	<u>240,791</u>

The maturities of the financing recorded in noncurrent liabilities as of June 30, 2010 are as follows:

2011 (six months)	11,768
2012	108,041
2013	31,368
2014	23,474
2015 and thereafter	<u>42,987</u>
Total	<u>217,638</u>

- (a) Refer to a new financing occurred on March, 2010, the Company entered into a financing agreement with the BNDES, under the BNDES Investment Support Program (BNDES PSI), related to an export contract. The financing will be paid in a single installment on December 15, 2012. The Company commits itself to exporting until the agreement settlement date, the equivalent to US\$ 10,000,000. Interest on such financing is prefixed at 4.5% per annum. The financing is collateralized by a promissory note signed by the Company. If the amount exported does not reach the amount committed, the Company will be liable for a contractual fine of 10 percent of the difference between the amount exported versus the amount committed. The Company expects to fulfill the export terms and conditions set forth in the financing agreement.

The Company has certain financing agreements that set out financial ratios to be met by the financial statements annually, which, therefore, have no impact on the condensed consolidated interim financial statements.

## 11. FINANCING - FINAME MANUFACTURER

	<u>06/30/10</u>	<u>12/31/09</u>
Current:		
FINAME Manufacturer	289,935	284,390
Noncurrent:		
FINAME Manufacturer	416,900	405,967

The agreements related to FINAME Manufacturer financing are guaranteed by promissory notes and surety, and the main guarantor is the subsidiary Rominor. The balances are directly related to the balances of the line item "Amounts receivable - onlending of FINAME Manufacturer financing" (see note 7), considering that the financing are directly linked to sales to specific customers. Contractual terms related to amounts, charges and periods financed under the program are fully passed on to the financed customers, and monthly receipts from the line item "Amounts receivable - onlending of FINAME Manufacturer financing" are fully used for amortization of the related financing agreements. The Company, therefore, acts an agent bank for the financing, but remains as the main debtor of this transaction.

The maturities of FINAME Manufacturer financing recorded in noncurrent liabilities as of June 30, 2010 are as follows:

2011 (six months)	153,586
2012	188,128
2013	66,704
2014	8,453
2015	29
Total	<u>416,900</u>

## 12. RESERVE FOR CONTINGENCIES

The Company's and subsidiaries' management, along with the legal counsel, classified lawsuits according to the risk of an unfavorable outcome, as specified below:

	Classification of lawsuits			Recognized reserve	
	amounts as of June 30, 2010			06/30/10	12/31/09
	Remote	Possible	Probable		
Tax	392	4,010	21,707	21,707	18,573
Civil	1,502	1,715	318	318	312
Labor	8,426	210	2,397	2,397	2,284
Total	<u>10,320</u>	<u>5,935</u>	<u>24,422</u>	<u>24,422</u>	<u>21,169</u>
Current balance				646	846
Noncurrent balance				23,776	20,323

As of June 30, 2010, the main lawsuits, which were classified by Management as probable loss based on the opinion of legal counsel and, therefore, were included in the reserve for contingencies, are as follows:

	<u>12/31/09</u>	<u>Additions</u>	<u>Use/reversals</u>	<u>Inflation adjustment</u>	<u>06/30/10</u>
Tax	18,573	3,134	-	-	21,707
Civil	312	-	(13)	19	318
Labor	2,284	486	(481)	108	2,397
	<u>21,169</u>	<u>3,620</u>	<u>(494)</u>	<u>127</u>	<u>24,422</u>

In subsidiaries there are no ongoing litigations or contingency risks to be considered, according to assessment made by Management and its legal counsel.

As of June 30, 2010, the main lawsuits, which were classified by Management as probable loss based on the opinion of legal counsel and, therefore, were included in the reserve for contingencies, are as follows:

a) Tax lawsuits

Refer to reserve for PIS and COFINS (taxes on revenue) on ICMS (state VAT) on sales in the amounts of R\$ 3,781 (R\$ 3,223 as of December 31, 2009) and R\$ 17,420 (R\$ 14.844 as of December 31, 2009), respectively, and INSS (social security contribution) on services provided by cooperatives in the amount of R\$ 506 (R\$ 506 as of December 31, 2009). The Company is depositing in escrow PIS and COFINS on ICMS on sales, the amount recorded is R\$ 21,365 (R\$ 17,999 as of December 31, 2009).

b) Civil lawsuits

Refer to contractual review claims filed in courts by customers.

c) Labor lawsuits

The Company recognized a reserve for contingencies for labor lawsuits in which it is the defendant, whose main causes of action are as follows: a) overtime due to reduction in lunch break; b) 40% fine on FGTS (severance pay fund) prior to retirement; c) 40% fine on FGTS on the elimination of inflation effects of the Verão and Collor economic plans; and d) indemnities for occupational accidents and joint liability of outsourced companies.

Tax, civil and labor lawsuits assessed as possible loss involve matters similar to those above. The Company's management believes that the outcome of ongoing lawsuits classified as probable losses will not result in disbursements higher than those recognized in the reserve. The amounts involved do not qualify as legal obligations.

### 13. EARNINGS PER SHARE AND INTEREST ON CAPITAL

a) Changes in the number of shares

<u>Shares issued</u>	<u>Common</u>	<u>Total</u>
Shares as of December 31, 2009	74,757,547	74,757,547
Shares as of June 30, 2010	74,757,547	74,757,547

b) Earnings per share

In compliance with IAS 33, *Earnings per Share*, the following tables reconcile the net income with the amounts used to calculate the basic and diluted earnings per share:

	<u>06/30/10</u>	<u>30/06/09</u>
Net (loss) income attributable to controlling interest	25,786	(7,831)
Weighted average of shares issued (in thousands)	74,758	74,999
Basic and diluted earnings (loss) per share	0.34	(0.10)

## c) Interest on capital

In March 16, 2010, according the Shareholders' Meeting, the Company approved the payment of interest on capital, in the amount of R\$ 8,970, with withholding of income tax in the amount of R\$ 1,015. This amount represented R\$ 0.12 per share and the payment was made on April 20, 2010.

In June 8, 2010, according the Shareholders' Meeting, the Company approved the payment of interest on capital, in the amount of R\$ 8,970, with withholding of income tax in the amount of R\$ 1,015. This amount represented R\$ 0.12 per share and the payment was made on July 20, 2010

The Company approved the payment of interest on capital in the six months ended June 30, 2010:

<u>Proceeds</u>	<u>Event - Date</u>	<u>Gross</u>	<u>Net of withholding income tax</u>	<u>Gross amount per share (R\$)</u>	<u>Payment date</u>
Interest on capital	BDM - 16/03/10	8,970	7,955	0.12	04/20/2010
Interest on capital	BDM - 08/06/10	<u>8,970</u>	<u>7,955</u>	0.12	07/20/2010
Soma		<u>17,940</u>	<u>15,910</u>		

## 14. MANAGEMENT COMPENSATION

Management compensation for the period ended June 30, 2010 and 2009 are as follows:

	<u>06/30/10</u>	<u>30/06/09</u>
Fees and charges	3,423	3,278
Profit sharing	947	-
Private pension plan	226	399
Healthcare plan	<u>40</u>	<u>31</u>
Total	<u>4,636</u>	<u>3,708</u>

## 15. INCOME AND SOCIAL CONTRIBUTION TAXES

Income tax is calculated at the rate of 15%, plus a 10% surtax on annual taxable income exceeding R\$ 240. Social contribution is calculated at the rate of 9% on taxable income.

The table below shows a reconciliation of taxes on income before income tax and social contribution by applying the prevailing tax rates as of June 30, 2010 and 2009:

	<u>06/30/10</u>	<u>30/06/09</u>
Income (loss) before income and social contribution taxes	28,606	(9,017)
Statutory rate (income and social contribution taxes)	<u>34%</u>	<u>34%</u>
Expected income and social contribution tax charges at statutory rate	(9,726)	3,066
Reconciliation to the effective rate:		
Interest on capital	-	-
Management profit sharing	6,100	-
Other (additions) deductions, net (*)	(322)	-
Income and social contribution tax charges - current and deferred	<u>1,128</u>	<u>(1,382)</u>
Income (loss) before income and social contribution taxes	<u>(2,820)</u>	<u>1,684</u>

- (\*) This amount refers basically to the difference in the calculation of income and social contribution taxes between the actual taxable income and presumed income methods, due to the fact that the subsidiary Rominor is a taxpayer under the presumed income regime during the reported periods and due to the non-recognition of deferred income tax on the tax losses of foreign subsidiaries.

Income tax and social contribution income (expenses) was recognized using the tax rate levied on total annual profit determined based on management's best estimate for 2010.

## 16. SEGMENT REPORTING

To manage its business, the Company is organized into three business units, on which the company's segment reporting is based. The main segments are machine tools, plastic injectors and cast and machined products. Segment reporting for the period ended June 30, 2010 and 2009 are as follows:

	06/30/10				Consolidated
	Machine tools	Plastic Injection machines	Cast and machined products	Eliminations between segments and other	
Operating revenue, net	198,964	82,590	31,210	-	312,764
Cost of sales	(111,040)	(44,052)	(45,879)	-	(200,971)
Transfer remitted	9,088	-	19,648	(28,736)	-
Transfer received	(13,634)	(10,956)	(4,146)	28,736	-
Gross profit (loss)	83,378	27,582	833	-	111,793
Operating income (expenses):					
Selling expenses	(19,388)	(9,419)	(1,086)	-	(29,983)
General and administrative expenses	(20,760)	(11,918)	(2,081)	-	(34,759)
Research and development expenses	(8,222)	(3,198)	-	-	(11,420)
Management profit sharing and compensation	(3,233)	(1,041)	(362)	-	(4,636)
Tax expenses	(626)	(287)	(70)	-	(983)
Others income (expenses)	1,567	2	-	-	1,569
(Loss) income from operations before financial results	<u>32,716</u>	<u>1,721</u>	<u>(2,766)</u>	<u>-</u>	<u>31,671</u>
Inventories	163,190	86,905	13,447	-	263,542
Depreciation	6,792	1,233	2,582	-	10,607
Property, plant and equipment, net	99,393	28,028	154,069	-	281,490
Goodwill	-	3,696	-	-	3,696
	Europe	North America	Latin America	Africa and Asia	Total
Net operating revenue per geographical region	15,502	8,662	288,405	195	312,764
	Six months period ended June 30, 2010				
	Machine tools	Plastic Injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Operating revenue, net	96,084	53,729	17,819	-	167,632
Cost of sales	(52,752)	(29,659)	(25,624)	-	(108,035)
Transfer remitted	5,089	-	10,225	(15,314)	-
Transfer received	(7,396)	(5,602)	(2,316)	15,314	-
Gross profit (loss)	41,025	18,468	104	-	59,597
Operating income (expenses):					
Selling expenses	(10,318)	(5,887)	(446)	-	(16,651)
General and administrative expenses	(10,183)	(6,851)	(1,176)	-	(18,210)
Research and development expenses	(4,071)	(1,570)	-	-	(5,641)
Management profit sharing and compensation	(1,716)	(714)	(218)	-	(2,648)
Tax expenses	(76)	(121)	(18)	-	(215)
Others income (expenses)	1,504	4	-	-	1,508
(Loss) income from operations before financial results	<u>16,165</u>	<u>3,329</u>	<u>(1,754)</u>	<u>-</u>	<u>17,740</u>
Depreciation and amortization	3,399	707	1,865	-	5,971
	Europe	North America	Latin America	Africa and Asia	Total
Net operating revenue per geographical region	9.046	4.648	152.324	1.614	167.632

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	06/30/09				Consolidated
	Machine tools	Plastic Injection machines	Cast and machined products	Eliminations between segments and other	
Operating revenue, net	114,964	44,266	20,615	-	179,845
Cost of sales	(73,189)	(22,592)	(27,559)	-	(123,340)
Transfer remitted	5,776	-	5,974	(11,750)	-
Transfer received	<u>(4,382)</u>	<u>(5,167)</u>	<u>(2,201)</u>	<u>11,750</u>	-
Gross profit (loss)	43,169	16,507	(3,171)	-	56,505
Operating income (expenses):					
Selling expenses	(16,907)	(8,585)	(1,820)	-	(27,312)
General and administrative expenses	(18,001)	(10,413)	(1,488)	-	(29,902)
Research and development expenses	(8,872)	(2,874)	-	-	(11,746)
Management profit sharing and compensation	(2,901)	(601)	(206)	-	(3,708)
Tax expenses	(714)	(291)	(60)	-	(1,065)
Others income (expenses)	<u>5,693</u>	<u>(401)</u>	<u>-</u>	<u>-</u>	<u>5,292</u>
(Loss) income from operations before financial results	<u>1,467</u>	<u>(6,658)</u>	<u>(6,745)</u>	<u>-</u>	<u>(11,936)</u>
Inventories	193,552	75,865	16,640	-	286,057
Depreciation	6,494	915	1,843	-	9,252
Property, plant and equipment, net	163,789	14,263	103,960	-	282,012
Goodwill	-	2,017	-	-	2,017
Intangible	-	4,491	-	-	4,491

	Europa	América do Norte	América Latina	África e Ásia	Total
Net operating revenue per geographical region	17,416	10,717	151,463	249	179,845

	Six months period ended June 30, 2009				Consolidated
	Machine tools	Plastic Injection machines	Cast and machined products	Eliminations between segments and other	
Operating revenue, net	64,634	28,859	10,583	-	104,076
Cost of sales	(44,219)	(16,134)	(12,511)	-	(72,864)
Transfer remitted	2,928	-	2,411	(5,339)	-
Transfer received	<u>(1,573)</u>	<u>(2,282)</u>	<u>(1,484)</u>	<u>5,339</u>	-
Gross profit (loss)	21,770	10,443	(1,001)	-	31,212
Operating income (expenses):					
Selling expenses	(8,677)	(4,090)	(827)	-	(13,594)
General and administrative expenses	(7,347)	(5,148)	(768)	-	(13,263)
Research and development expenses	(3,645)	(1,365)	-	-	(5,010)
Management profit sharing and compensation	(799)	(341)	(99)	-	(1,239)
Tax expenses	(345)	(183)	(34)	-	(562)
Others income (expenses)	<u>5,695</u>	<u>(418)</u>	<u>-</u>	<u>-</u>	<u>5,277</u>
(Loss) income from operations before financial results	<u>6,652</u>	<u>(1,102)</u>	<u>(2,729)</u>	<u>-</u>	<u>2,821</u>
Depreciation and amortization	3,085	462	876	-	4,423

	Europa	América do Norte	América Latina	África e Ásia	Total
Net operating revenue per geographical region	9,665	2,396	91,823	192	104,076

## 17. FUTURE COMMITMENTS

- (a) On May 1, 2007, the Company entered into an electricity supply agreement with the electric power utility Centrais Elétricas Cachoeira Dourada S.A. - CDSA, which belongs to the Endesa Group, for the period from January 1, 2008 to December 31, 2013, under the free consumer regime. The agreement is adjusted annually based on the general market price index (IGP-M) and the amounts are distributed into the following years:

<u>Year of supply</u>	<u>Amount</u>
2010 (six months)	3,880
2011	11,375
2012	11,897
2013	<u>11,897</u>
Total	<u>39,049</u>

The opinion of the Company's management is that this agreement is compatible with the electric power consumption requirements for the contracted period.

- (b) Under the agreement for acquisition of Sandretto Industrie S.l.r., the Company commits itself to maintaining, for at least two years from the agreement date, business activities in the production sites, at the Grugliasco and Pont Canavese units, both in Turin, in Italy, as well as the occupational levels for the same period, in a quantity not less than 250 employees (“guarantees”). In the event of non-fulfillment of these guarantees, the Company is required to pay a fine equivalent to € 1,375,000 (equivalent to R\$ 3,446 as of March 31, 2010). This two-year obligation ends in July 2010.

## 18. EVENTS AFTER THE REPORTING PERIOD

The Company filed both with the Brazilian Securities and Exchange Commission (CVM) and the US stock market regulator, the Securities Exchange Commission (SEC), additional documentation related to its intention to acquire 100% of the outstanding shares in Hardinge Inc. (NASDAQ: HDNG) (“Hardinge”). This intention was publicly disclosed on February 4, 2010, and after some extensions, the term expired on July 14, 2010.

As certain conditions for the offer were not met, the Company decided to not extend the offering term.

Please refer to related documentation disclosed on our website, [www.romi.com](http://www.romi.com), for additional information.

## 19. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Company’s Board of Directors on July 27, 2010.