

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

Indústrias Romi S.A.

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

Deloitte Touche Tohmatsu Auditores Independentes

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

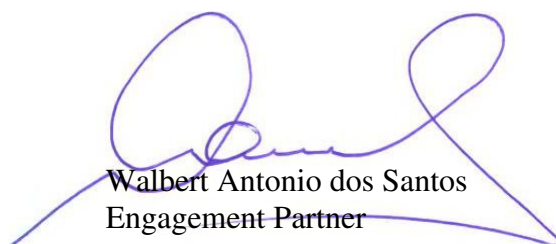
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders, 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 nine-month period ended September 30, 2010, and prepared under the responsibility of the Company's management, comprising the condensed consolidated balance sheet as of September 30, 2010, the condensed consolidated statements of comprehensive income for the quarters and nine-month periods ended September 30, 2010 and 2009, condensed statements of changes in shareholders' equity and cash flows for nine-month periods ended September 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 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, October 26, 2010


DELOITTE TOUCHE TOHMATSU
Auditores Independentes


Walbert Antonio dos Santos
Engagement Partner

INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 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>
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	5	252,195	225,913	Loans and financing	10	23,587	25,538
Trade accounts receivable	6	70,171	75,935	FINAME manufacturer financing	11	297,999	284,390
Onlending of FINAME manufacturer financing	7	359,970	342,155	Trade accounts payable		42,022	32,926
Inventories	8	272,055	243,651	Payroll and related taxes		39,763	22,402
Recoverable taxes		8,590	15,937	Taxes payable		15,619	10,259
Other receivables		17,961	10,955	Advances from customers		10,964	7,584
Total current assets		<u>980,942</u>	<u>914,546</u>	Dividends and interest on capital		8,087	9,059
NONCURRENT ASSETS				Profit sharing		1,955	1,347
Long-term assets:				Other payables		<u>5,487</u>	<u>12,620</u>
Trade accounts receivable	6	6,810	4,468	Total current liabilities		<u>445,483</u>	<u>406,125</u>
Onlending of FINAME manufacturer financing	7	493,553	477,737	NONCURRENT LIABILITIES			
Recoverable taxes		15,204	14,126	Loans and financing	10	218,155	207,123
Deferred income and social contribution taxes		20,585	16,166	FINAME manufacturer financing	11	441,474	405,967
Escrow deposits	12a	22,888	17,999	Deferred income and social contribution taxes on negative goodwill		8,656	8,930
Other receivables		12,928	6,956	Taxes payable		4,389	3,642
Property, plant and equipment, net	9	284,059	281,361	Reserve for contingencies	12	24,456	20,323
Intangible assets		6,210	4,206	Other payables		<u>4,532</u>	<u>2,935</u>
Goodwill		2,017	2,017	Total noncurrent liabilities		<u>701,662</u>	<u>648,920</u>
Total noncurrent assets		<u>864,254</u>	<u>825,036</u>	SHAREHOLDERS' EQUITY			
				Capital		505,764	505,764
				Capital reserve		2,209	2,209
				Retained earnings		152,129	179,041
				Profit for the period		50,469	-
				Cumulative foreign currency translation adjustments		<u>(14,488)</u>	<u>(4,474)</u>
				Controlling interests		696,083	682,540
				NON-CONTROLLING INTERESTS		1,968	1,997
				TOTAL SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS		<u>698,051</u>	<u>684,537</u>
TOTAL ASSETS		<u>1,845,196</u>	<u>1,739,582</u>	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,845,196</u>	<u>1,739,582</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 SEPTEMBER 30, 2010 AND 2009

(In thousands of Brazilian reais - R\$ - except earnings per share)

	Note	Nine months ended		Quarters ended	
		09/30/10	09/30/09	09/30/10	09/30/09
NET OPERATING REVENUE		482,316	301,850	169,552	122,005
COST OF SALES		(305,277)	(208,345)	(104,306)	(85,005)
GROSS PROFIT		177,039	93,505	65,246	37,000
OPERATING INCOME (EXPENSES)					
Selling expenses		(45,873)	(40,866)	(15,980)	(13,554)
General and administrative expenses		(50,904)	(42,841)	(16,145)	(12,939)
Research and development expenses		(17,790)	(16,738)	(6,370)	(4,992)
Management profit sharing and compensation	14	(7,424)	(5,689)	(2,788)	(1,981)
Tax expenses		(1,576)	(1,294)	(593)	(229)
Other operating income, net		1,925	5,490	356	198
Total		(121,642)	(101,938)	(41,520)	(33,497)
INCOME (LOSS) FROM OPERATIONS BEFORE FINANCIAL INCOME		55,397	(8,433)	23,726	3,503
FINANCIAL INCOME (EXPENSES), NET					
Financial income		22,481	11,687	12,555	3,009
Financial expenses		(11,347)	(4,020)	(3,817)	(1,847)
Exchange gain (loss), net		(5,631)	(5,250)	(170)	(1,664)
		5,503	2,417	8,568	(502)
INCOME (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		60,900	(6,016)	32,294	3,001
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	15	(13,796)	(1,889)	(8,677)	(550)
Deferred	15	3,984	3,632	1,685	609
		(9,812)	1,743	(6,992)	59
NET INCOME (LOSS)		51,088	(4,273)	25,302	3,060
Attributable to:					
Controlling interests		50,469	(4,983)	25,092	2,848
Non-controlling interests		619	710	210	212
		51,088	(4,273)	25,302	3,060
BASIC EARNINGS (LOSS) PER SHARE - R\$	13b	0.68	(0.07)	0.34	0.04

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 SEPTEMBER 30, 2010 AND 2009

(In thousands of Brazilian reais - R\$)

	Nine months ended		Quarters ended	
	09/30/10	09/30/09	09/30/10	09/30/09
NET INCOME (LOSS)	51,088	(4,273)	25,302	3,060
COMPREHENSIVE (LOSS) INCOME				
Currency translation on foreign investments	(10,014)	1,992	(8,456)	(2,489)
NET COMPREHENSIVE INCOME (LOSS)	<u>41,074</u>	<u>(2,281)</u>	<u>16,846</u>	<u>571</u>
NET COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Controlling interests	40,455	(2,991)	16,636	359
Non-controlling interests	619	710	210	212
	<u>41,074</u>	<u>(2,281)</u>	<u>16,846</u>	<u>571</u>

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

INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CONDENSED SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED SEPTEMBER 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	-	-	-	-	-	-	(4,983)	(4,983)	710	(4,273)
Foreign currency translation adjustments	-	-	-	-	-	(9,664)	-	(9,664)	-	(9,664)
Comprehensive loss	-	-	-	-	-	(9,664)	(4,983)	(14,647)	710	(13,937)
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 SEPTEMBER 30, 2009	505,764	2,209	140,044	36,833	176,877	(4,015)	(4,983)	675,852	2,012	677,864
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	-	-	-	-	-	-	50,469	50,469	619	51,088
Foreign currency translation adjustments	-	-	-	-	-	(10,014)	-	(10,014)	-	(10,014)
Comprehensive income	-	-	-	-	-	(10,014)	50,469	40,455	619	41,074
Interest on capital - Law 9249/95	-	-	(26,912)	-	(26,912)	-	-	(26,912)	-	(26,912)
Proposed dividends (equivalent to R\$1.54 per share)	-	-	-	-	-	-	-	-	(648)	(648)
BALANCE AS OF SEPTEMBER 30, 2010	505,764	2,209	114,691	37,438	152,129	(14,488)	50,469	696,083	1,968	698,051

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 SEPTEMBER 30, 2010 AND 2009
(In thousands of Brazilian reais - R\$)

	Note	09/30/10	09/30/09
Cash flows from operating activities:			
Net income (loss)		51,088	(4,273)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Current and deferred income and social contribution taxes	15	9,812	(1,743)
Depreciation and amortization		17,399	14,652
Allowance for doubtful accounts and other receivables		6,419	2,498
Proceeds from sale of fixed assets		(1,473)	(3,918)
Financial expenses and exchange gain (loss)		(4,378)	(1,162)
Provision for inventory losses		830	7,798
Reserve for contingencies		4,750	3,633
Increase (decrease) in assets:			
Short-term investments in trading securities		-	53,721
Trade accounts receivable		9,062	30,625
Onlending of FINAME manufacturer financing		6,116	49,418
Inventories		(31,716)	2,682
Recoverable taxes, net		1,446	144
Escrow deposits		(4,889)	(2,855)
Other receivables		(8,321)	(932)
Increase (decrease) in liabilities:			
Trade accounts payable		9,062	(2,508)
Payroll and related taxes		16,929	(7,195)
Taxes payable		(5,395)	1,261
Advances from customers		3,420	(6,513)
Other payables		(6,093)	(11,179)
Cash provided by operating activities		<u>74,068</u>	<u>124,154</u>
Income tax and social contribution paid		<u>(1,596)</u>	<u>(1,786)</u>
Net cash provided by operating activities		<u>72,472</u>	<u>122,368</u>
Cash flows from investing activities:			
Purchase of fixed assets		(20,270)	(47,288)
Proceeds from sale of fixed assets		2,137	3,861
Increase in intangible assets		(906)	567
Net cash used in investing activities		<u>(19,039)</u>	<u>(42,860)</u>
Cash flows from financing activities:			
Interest on capital and dividends paid		(25,367)	(12,892)
New loans and financing		25,657	27,796
Payments of loans and financing		(16,956)	(19,816)
Interests paid (included Finame manufacturer financing)		(54,097)	(48,639)
New loans in FINAME manufacturer		265,999	124,597
Payment of FINAME manufacturer financing		(213,362)	(200,303)
Share buyback		-	(10,194)
Net cash provided (used in) by financing activities		<u>(18,126)</u>	<u>(139,451)</u>
Increase (decrease) in cash and cash equivalents		<u>35,307</u>	<u>(59,943)</u>
Cash and cash equivalents at beginning of period	5	225,913	135,224
Exchange variation changes on cash and cash equivalents abroad		<u>(9,025)</u>	<u>2,633</u>
Cash and cash equivalents at end of period	5	<u>252,195</u>	<u>77,914</u>

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

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INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

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

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

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 nine months period ended September 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 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;
- (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 7, “Financial Instruments: Disclosures (amendment)” effective for annual periods beginning on July 1, 2011;
 - 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
Controladas da Romi Itália:		
Sandretto UK Ltd.	United Kingdom	Distribution of machinery for plastics, spare parts
Sandretto Industries S.A.S.	France	services and technical assistance.
Metalmeccanica Plast B.V.	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 September 30, 2010 and December 31, 2009 and the income statements for the period ended September 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 and subsidiaries		Rominor	
	09/30/10	12/31/09	09/30/10	12/31/09	09/30/10	12/31/09
Assets:						
Current	156,114	45,358	50,587	22,685	26,475	
Noncurrent	-	14,543	15,885	6,262	6,300	
Total assets	<u>156,114</u>	<u>59,901</u>	<u>66,472</u>	<u>28,947</u>	<u>32,775</u>	
Liabilities:						
Current	95	19,424	24,764	535	3,944	
Noncurrent	-	10,197	7,139	-	-	
Shareholders’ equity	156,019	30,280	34,569	28,412	28,831	
Total liabilities and shareholders’ equity	<u>156,114</u>	<u>59,901</u>	<u>66,472</u>	<u>28,947</u>	<u>32,775</u>	
	Helen Acquisition Corp.		Romi Itália and subsidiaries		Rominor	
	09/30/10	09/30/09	09/30/10	09/30/09	09/30/10	09/30/09
Net operating revenue	-	23,172	20,790	9,263	10,518	
Gross (loss) profit	-	4,969	6,062	9,211	10,464	
Income (loss) from operations	287	(7,867)	(9,807)	10,486	12,085	
Income (loss) before taxes	287	(7,867)	(9,807)	10,486	12,085	
Net income (loss)	188	(7,905)	(9,851)	8,942	10,240	
Currency translations on foreign investments	-	(25)	(143)	-	-	
Net comprehensive income (loss)	188	(7,930)	(9,994)	8,942	10,240	

The condensed consolidated interim consolidated for the nine months period ended September 30, 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.
- d) Elimination of intercompany transactions.
- e) Recording of minority interest in a separate caption in the consolidated financial statements.

4. RECONCILIATION 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 September 30, 2010 and December 31, 2009 and net income for the period ended September 30, 2010 and 2009:

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

	<u>09/30/10</u>	<u>12/31/09</u>
Shareholders' equity under BR GAAP	696,699	682,875
Adjustments under IFRS:		
Amortization of intangible asset, recorded for IFRS purposes, arising from the acquisition of JAC Indústria Metalúrgica Ltda. ("JAC")	(758)	(332)
Deferred taxes related to the amortization of intangible assets above	258	113
Other differences	<u>(116)</u>	<u>(116)</u>
Controlling interests	696,083	682,540
Non controlling interests	<u>1,968</u>	<u>1,997</u>
Shareholders' equity under IFRS	<u>698,051</u>	<u>684,537</u>

Reconciliation of net income - BR GAAP "versus" IFRS

	<u>09/30/10</u>	<u>30/09/09</u>
Net income under BR GAAP	51,369	(4,147)
Adjustments under IFRS:		
Amortization of intangible asset, recorded for IFRS purposes, arising from the acquisition of JAC Indústria Metalúrgica Ltda. ("JAC")	(426)	(142)
Deferred taxes related to the amortization of intangible assets above	<u>145</u>	<u>16</u>
Net income under IFRS	<u>51,088</u>	<u>(4,273)</u>

5. CASH AND CASH EQUIVALENTS

	<u>09/30/10</u>	<u>12/31/09</u>
Cash	5,691	9,219
Bank certificates of deposits (CDB) (a)	57,520	161,644
Short-term investments backed by debentures (a)	29,686	53,594
Short-term investments in foreign currency - US\$ (time deposit) (b)	157,694	1,456
Other	<u>1,604</u>	<u>-</u>
Cash and cash equivalents	<u>252,195</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.
- (b) The short-term investments made with foreign prime financial institutions, in US dollars, yield fixed interest ranging from 0.22% to 0.70% 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 nine months period 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>09/30/10</u>	<u>12/31/09</u>
Current:		
Domestic customers	63,486	57,722
Foreign customers	13,778	22,869
Allowance for doubtful accounts	<u>(7,093)</u>	<u>(4,656)</u>
Total	<u>70,171</u>	<u>75,935</u>
Noncurrent:		
Domestic customers	5,922	3,448
Foreign customers	<u>888</u>	<u>1,020</u>
Total	<u>6,810</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\$ 6,487 as of September 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 September 30, 2010 and December 31, 2009, is as follows:

	<u>09/30/10</u>	<u>12/31/09</u>
Current	63,815	51,778
Past due:		
1 to 30 days	2,170	5,415
31 to 60 days	271	732
61 to 90 days	1,023	220
91 to 180 days	401	1,002
181 to 360 days	324	1,137
Over 360 days	<u>1,404</u>	<u>886</u>
Total past due	5,593	9,392
Total trade accounts receivables	<u>69,408</u>	<u>61,170</u>

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

	<u>09/30/10</u>	<u>12/31/09</u>
Current	12,770	18,907
Past-due:		
1 to 30 days	412	2,217
31 to 60 days	194	1,187
61 to 90 days	293	95
91 to 180 days	96	421
181 to 360 days	186	256
Over 360 days	<u>715</u>	<u>806</u>
Total past-due	1,896	4,982
Total trade accounts receivables	<u>14,666</u>	<u>23,889</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	2,463
Receivables definitively written off	<u>(26)</u>
Balance as of September 30, 2010	<u>7,093</u>

7. ONLENDING OF FINAME MANUFACTURER FINANCING

	<u>09/30/10</u>	<u>12/31/09</u>
Current assets:		
FINAME falling due	318,681	291,063
FINAME awaiting release (a)	6,242	10,835
FINAME past due (b)	<u>35,047</u>	<u>40,257</u>
	359,970	342,155
Noncurrent assets:		
FINAME falling due	457,102	412,728
FINAME awaiting release (a)	<u>36,451</u>	<u>65,009</u>
	493,553	477,737
Total	<u>853,523</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 September 30, 2010 and December 31, 2009, the balances as of "Onlending of Finame Manufacturer financing" are as follows:

	<u>09/30/10</u>	<u>12/31/09</u>
Current	324,923	301,898
Past-due:		
1 to 30 days	4,941	5,122
31 to 60 days	2,921	3,335
61 to 90 days	2,984	2,772
91 to 180 days	7,595	7,634
181 to 360 days	7,346	14,452
Over 360 days	<u>9,260</u>	<u>6,942</u>
	35,047	40,257
Total current	<u>359,970</u>	<u>342,155</u>
A vencer:		
2011 (three months)	71,194	240,889
2012	225,737	150,529
2013	147,777	77,327
2014 and thereafter	<u>48,845</u>	<u>8,992</u>
Total noncurrent	<u>493,553</u>	<u>477,737</u>

8. INVENTORIES

	<u>09/30/10</u>	<u>12/31/09</u>
Finished products	90,738	93,114
Work in process	94,310	79,444
Raw materials and components	83,714	69,542
Import in transit	<u>3,293</u>	<u>1,551</u>
Total	<u>272,055</u>	<u>243,651</u>

Inventory balance is net of the amount of de R\$ 19,611 (R\$ 20,441 as of 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	21,112
Disposals	(1,431)
Depreciation	(16,147)
Exchange rate changes	(836)
Balance as of September 30, 2010	<u>284,059</u>
Gross Property, plant and equipment as of September 30, 2010	445,556
Accumulated depreciation as of September 30, 2010	(161,497)

In view of the financing agreements with the BNDES for investment in property, plant and equipment, R\$ 65,215 (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 September 30, 2010, the Company capitalized financial charges in the amount of R\$ 56 (R\$ 2,090 as of September 30, 2009), appropriated to "Construction in progress".

10. LOANS AND FINANCING

Changes in financing are as follow:

	<u>Local</u> <u>currency</u>	<u>Foreign</u> <u>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)	25,657	-	25,657
Payments of loans and financing	(15,281)	(1,675)	(16,956)
Interests paid	(10,369)	(460)	(10,829)
Exchange rate (principal and interest)	(185)	336	151
Financial charges	<u>11,051</u>	<u>7</u>	<u>11,058</u>
Balance as of September 30, 2010 (current and noncurrent)	<u>239,517</u>	<u>2,225</u>	<u>241,742</u>

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

2011 (three months)	6,977
2012	109,203
2013	32,410
2014	24,517
2015 and thereafter	<u>45,048</u>
Total	<u>218,155</u>

- (a) Refer basically 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>09/30/10</u>	<u>12/31/09</u>
Current:		
FINAME Manufacturer	297,999	284,390
Noncurrent:		
FINAME Manufacturer	441,474	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 September 30, 2010 are as follows:

2011 (three months)	93,553
2012	248,516
2013	88,107
2014	11,255
2015	<u>43</u>
Total	<u>441,474</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 September 30, 2010			09/30/10	12/31/09
	<u>Remote</u>	<u>Possible</u>	<u>Probable</u>		
Tax	391	4,044	23,406	23,406	18,573
Civil	1,721	1,579	327	327	312
Labor	<u>9,419</u>	<u>181</u>	<u>2,186</u>	<u>2,186</u>	<u>2,284</u>
Total	<u>11,531</u>	<u>5,804</u>	<u>25,919</u>	<u>25,919</u>	<u>21,169</u>
Current balance				1,463	846
Noncurrent balance				24,456	20,323

As of September 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>09/30/10</u>
Tax	18,573	4,833	-	-	23,406
Civil	312	-	(13)	28	327
Labor	<u>2,284</u>	<u>723</u>	<u>(989)</u>	<u>168</u>	<u>2,186</u>
	<u>21,169</u>	<u>5,556</u>	<u>(1,002)</u>	<u>196</u>	<u>25,919</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 September 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\$ 4,085 (R\$ 3,223 as of December 31, 2009) and R\$ 18,815 (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\$ 22,888 (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, 2008	78,557,547	78,557,547
Shares as of September 30, 2009	74,757,547	74,757,547
Shares as of December 31, 2009	74,757,547	74,757,547
Shares as of September 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>09/30/10</u>	<u>09/30/09</u>
Net (loss) income attributable to controlling interest	50,469	(4,983)
Weighted average of shares issued (in thousands)	74,758	75,472
Basic and diluted earnings (loss) per share	0.68	(0.07)

c) Interest on capital

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

<u>Proceeds</u>	<u>Event - Date</u>	<u>Amount - R\$ mil</u>		<u>Gross amount per share (R\$)</u>	<u>Payment date</u>
		<u>Gross</u>	<u>Net of withholding income tax</u>		
Interest on capital	BDM - 03/16/2010	8,970,9	7,955,5	0.12	04/20/2010
Interest on capital	BDM - 06/08/2010	8,970,9	7,955,6	0.12	07/20/2010
Interest on capital	BDM - 09/14/2010	<u>8,970,9</u>	<u>7,951,7</u>	0.12	10/18/2010
		<u>26,912,7</u>	<u>23,862,8</u>		

14. MANAGEMENT COMPENSATION

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

	<u>09/30/10</u>	<u>30/09/09</u>
Fees and charges	5,173	4,951
Profit sharing	1,878	-
Private pension plan	311	691
Healthcare plan	<u>62</u>	<u>47</u>
Total	<u>7,424</u>	<u>5,689</u>

15. INCOME AND SOCIAL CONTRIBUTION TAXES

Income tax is calculated at the rate of 15% on taxable income plus a 10% surtax for income exceeding R\$ 240 whereas social contribution is calculated at the rate of 9% on taxable income, except for subsidiary Rominor, whose income tax and social contribution are calculated based on the deemed 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 September 30, 2010 and 2009:

	<u>09/30/10</u>	<u>30/06/09</u>
Income (loss) before income and social contribution taxes	60,900	(6,016)
Statutory rate (income and social contribution taxes)	<u>34%</u>	<u>34%</u>
Expected income and social contribution tax charges at statutory rate	(20,706)	2,045
Reconciliation to the effective rate:		
Income and social contribution taxes:		
Interest on capital	9,150	-
Management profit sharing	(638)	-
Other (additions) deductions, net (*)	<u>2,382</u>	<u>(302)</u>
Income and social contribution tax charges - current and deferred	<u>(9,812)</u>	<u>1,743</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 September 30, 2010 and 2009 are as follows:

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	09/30/10				Consolidated
	<u>Machine tools</u>	<u>Plastic Injection machines</u>	<u>Cast and machined products</u>	<u>Eliminations between segments and other</u>	
Operating revenue, net	301,916	129,588	50,812	-	482,316
Cost of sales	(168,467)	(67,495)	(69,315)	-	(305,277)
Transfer remitted	14,300	-	27,610	(41,910)	-
Transfer received	<u>(18,018)</u>	<u>(17,482)</u>	<u>(6,410)</u>	<u>41,910</u>	<u>-</u>
Gross profit (loss)	129,731	44,611	2,697	-	177,039
Operating income (expenses):					
Selling expenses	(29,639)	(14,563)	(1,671)	-	(45,873)
General and administrative expenses	(30,411)	(17,201)	(3,292)	-	(50,904)
Research and development expenses	(12,465)	(5,325)	-	-	(17,790)
Management profit sharing and compensation	(5,026)	(1,784)	(614)	-	(7,424)
Tax expenses	(952)	(508)	(116)	-	(1,576)
Others income (expenses)	<u>1,599</u>	<u>326</u>	<u>-</u>	<u>-</u>	<u>1,925</u>
(Loss) income from operations before financial results	<u>52,837</u>	<u>5,556</u>	<u>(2,996)</u>	<u>-</u>	<u>55,397</u>
Inventories	184,078	72,152	15,825	-	272,055
Depreciation and amortization	10,585	2,289	4,525	-	17,399
Property, plant and equipment, net	164,156	14,466	105,437	-	284,059
Goodwill	-	2,017	-	-	2,017
Intangible	2,999	3,211	-	-	6,210

	<u>Europe</u>	<u>North America</u>	<u>Latin America</u>	<u>Africa and Asia</u>	<u>Total</u>
Net operating revenue per geographical region	23,906	13,358	444,752	300	482,316

	Third quarter period ended September 30, 2010				Consolidated
	<u>Machine tools</u>	<u>Plastic Injection machines</u>	<u>Cast and machined products</u>	<u>Eliminations between segments and other</u>	
Operating revenue, net	102,952	46,998	19,602	-	169,552
Cost of sales	(57,427)	(23,443)	(23,436)	-	(104,306)
Transfer remitted	5,212	-	7,962	(13,174)	-
Transfer received	<u>(4,384)</u>	<u>(6,526)</u>	<u>(2,264)</u>	<u>13,174</u>	<u>-</u>
Gross profit (loss)	46,353	17,029	1,864	-	65,246
Operating income (expenses):					
Selling expenses	(10,251)	(5,144)	(585)	-	(15,980)
General and administrative expenses	(9,651)	(5,283)	(1,211)	-	(16,145)
Research and development expenses	(4,243)	(2,127)	-	-	(6,370)
Management profit sharing and compensation	(1,793)	(743)	(252)	-	(2,788)
Tax expenses	(326)	(221)	(46)	-	(593)
Others income (expenses)	<u>32</u>	<u>324</u>	<u>-</u>	<u>-</u>	<u>356</u>
(Loss) income from operations before financial results	<u>20,121</u>	<u>3,835</u>	<u>(230)</u>	<u>-</u>	<u>23,726</u>
Depreciation and amortization	3,710	1,139	1,943	-	6,792
	<u>Europe</u>	<u>North America</u>	<u>Latin America</u>	<u>Africa and Asia</u>	<u>Total</u>
Net operating revenue per geographical region	8,404	4,696	156,347	105	169,552

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	09/30/09				
	<u>Machine tools</u>	<u>Plastic Injection machines</u>	<u>Cast and machined products</u>	<u>Eliminations between segments and other</u>	<u>Consolidated</u>
Operating revenue, net	192,662	76,323	32,865	-	301,850
Cost of sales	(120,027)	(43,100)	(45,218)	-	(208,345)
Transfer remitted	9,168	-	10,585	(19,753)	-
Transfer received	<u>(7,230)</u>	<u>(8,511)</u>	<u>(4,012)</u>	<u>19,753</u>	<u>-</u>
Gross profit (loss)	74,573	24,712	(5,780)	-	93,505
Operating income (expenses):					
Selling expenses	(26,110)	(12,384)	(2,372)	-	(40,866)
General and administrative expenses	(25,055)	(15,477)	(2,309)	-	(42,841)
Research and development expenses	(12,494)	(4,244)	-	-	(16,738)
Management profit sharing and compensation	(3,861)	(1,474)	(354)	-	(5,689)
Tax expenses	(828)	(388)	(78)	-	(1,294)
Others income (expenses)	<u>5,660</u>	<u>(170)</u>	<u>-</u>	<u>-</u>	<u>5,490</u>
(Loss) income from operations before financial results	<u>11,885</u>	<u>(9,425)</u>	<u>(10,893)</u>	<u>-</u>	<u>(8,433)</u>
Inventories	186,722	72,860	14,399	-	273,981
Depreciation and amortization	9,993	1,766	2,893	-	14,652
Property, plant and equipment, net	157,615	15,122	108,197	-	280,934
Goodwill	-	1,496	-	-	1,496
Intangible	-	4,312	-	-	4,312
	<u>Europe</u>	<u>North America</u>	<u>Latin America</u>	<u>Africa and Asia</u>	<u>Total</u>
Net operating revenue per geographical region	25,959	13,885	261,704	302	301,850
	Third quarter period ended September 30, 2009				
	<u>Machine tools</u>	<u>Plastic Injection machines</u>	<u>Cast and machined products</u>	<u>Eliminations between segments and other</u>	<u>Consolidated</u>
Operating revenue, net	77,698	32,057	12,250	-	122,005
Cost of sales	(46,838)	(20,508)	(17,659)	-	(85,005)
Transfer remitted	3,392	-	4,611	(8,003)	-
Transfer received	<u>(2,848)</u>	<u>(3,344)</u>	<u>(1,811)</u>	<u>8,003</u>	<u>-</u>
Gross profit (loss)	31,404	8,205	(2,609)	-	37,000
Operating income (expenses):					
Selling expenses	(9,203)	(3,799)	(552)	-	(13,554)
General and administrative expenses	(7,054)	(5,064)	(821)	-	(12,939)
Research and development expenses	(3,622)	(1,370)	-	-	(4,992)
Management profit sharing and compensation	(960)	(873)	(148)	-	(1,981)
Tax expenses	(114)	(97)	(18)	-	(229)
Others income (expenses)	<u>(33)</u>	<u>231</u>	<u>-</u>	<u>-</u>	<u>198</u>
(Loss) income from operations before financial results	<u>10,418</u>	<u>(2,767)</u>	<u>(4,148)</u>	<u>-</u>	<u>3,503</u>
Depreciation and amortization	3,632	716	1,052	-	5,400
	<u>Europe</u>	<u>North America</u>	<u>Latin America</u>	<u>Africa and Asia</u>	<u>Total</u>
Net operating revenue per geographical region	8,540	3,416	110,049	-	122,005

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 (three months)	1,940
2011	11,375
2012	11,897
2013	<u>11,897</u>
Total	<u>37,109</u>

The Company's management's opinion 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\$ 3,175,000 as of September 30, 2010). Although as of July 2010 this commitment has been fulfilled, the Italian government has not yet completed the process of verification of guarantees for compliance.

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Company's Board of Directors on October 26, 2010.