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

Indústrias Romi S.A.

Interim Financial Statements for the Six-Month Period Ended June 30, 2007 and Independent Accountants' Review Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders and Management of
Indústrias Romi S.A.
Santa Bárbara d'Oeste - SP

1. We have performed a special review of the accompanying interim financial statements of Indústrias Romi S.A. and subsidiaries, consisting of the individual (Company) and consolidated balance sheets as of June 30, 2007, the related statements of income for the quarter and the six-month period then ended and the performance report, all expressed in Brazilian reais and prepared in accordance with Brazilian accounting practices under the responsibility of the Company's management.

2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, 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 criteria adopted in the preparation of the interim 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 special review, we are not aware of any material modifications that should be made to the interim financial statements referred to in paragraph 1 for them to be in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory interim financial statements.

4. Our special review was conducted for the purpose of issuing a review report on the interim financial statements referred to in paragraph 1 taken as a whole. Additionally, we have reviewed the accompanying individual and consolidated statements of cash flows, included in Appendix I to the interim financial statements interim financial statements for the six-month period ended June 30, 2007 and 2006, which are presented for purposes of additional analysis and are not a required part of the mandatory interim financial statements. Such information, prepared under the responsibility of the Company's management, has been subjected to the review procedures described in paragraph 2 and, based on our special review, we are not aware of any material modifications that should be made to these statements in relation to the mandatory interim financial statements taken as a whole.

5. We had previously reviewed the individual and consolidated balance sheets as of March 31, 2007, and the individual and consolidated statements of income for the quarter and six-month period ended June 30, 2006, presented for comparative purposes, and issued unqualified review reports thereon, dated April 18, 2007 and July 21, 2006, respectively.

6. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

Campinas, July 19, 2007

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Walbert Antonio dos Santos
Engagement Partner

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INDÚSTRIAS ROMI S.A.

BALANCE SHEETS AS OF JUNE 30, 2007 AND MARCH 31, 2007
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
ASSETS	Note	06/30/2007	03/31/2007	06/30/2007	03/31/2007
CURRENT ASSETS					
Cash and cash equivalents		5,262	13,531	6,494	13,999
Temporary cash investments	4	262,062	45,369	277,938	59,984
Trade notes receivable	5	43,747	40,937	47,051	45,289
Transfer of FINAME manufacturer financing	6	189,484	178,334	189,484	178,334
Intercompany receivables	10	14,452	14,299	-	-
Inventories	7	169,288	163,399	182,562	174,289
Recoverable taxes	8	8,279	6,507	8,724	6,901
Deferred income and social contribution taxes	19	3,175	1,544	3,175	1,544
Other receivables		7,129	4,368	7,319	4,510
Total current assets		702,878	468,288	722,747	484,850
NONCURRENT ASSETS					
Trade notes receivable	5	1,333	834	1,333	834
Transfer of FINAME manufacturer financing	6	317,923	277,635	317,923	277,635
Recoverable taxes	8	7,471	7,632	7,471	7,632
Deferred income and social contribution taxes	19	5,525	5,280	5,525	5,280
Other receivables		850	2,444	850	2,444
Investments in subsidiaries, goodwill and negative goodv	9	23,256	21,441	9	9
Property, plant and equipment, net	11	151,327	148,944	161,115	158,516
Total noncurrent assets		507,685	464,210	494,226	452,350
TOTAL ASSETS		1,210,563	932,498	1,216,973	937,200

		Company		Consolidated	
LIABILITIES AND SHAREHOLDERS' EQUITY	Note	06/30/2007	03/31/2007	06/30/2007	03/31/2007
CURRENT LIABILITIES					
Financing	12	25,313	15,813	25,354	15,813
FINAME manufacturer financing	13	166,746	158,569	166,746	158,569
Trade accounts payable		22,727	21,851	23,055	22,181
Payroll and related charges	14	25,390	18,949	25,397	18,956
Taxes payable	15	5,500	8,685	5,849	8,832
Advances from customers		8,634	7,280	8,925	7,396
Dividends, interest on capital and profit sharing	17	13,503	32,788	13,504	32,857
Other payables		3,477	3,360	4,075	3,496
Intercompany payables	10	1,284	1,843	-	-
Total current liabilities		272,574	269,138	272,905	268,100
NONCURRENT LIABILITIES					
Financing	12	41,788	42,605	41,986	42,605
FINAME manufacturer financing	13	275,485	251,800	275,485	251,800
Deferred income and social contribution taxes on revaluation reserve	11	6,987	7,188	6,987	7,188
Taxes payable		596	596	596	596
Reserve for contingencies	16	1,642	1,715	1,642	1,715
Total noncurrent liabilities		326,498	303,904	326,696	303,904
Negative goodwill in subsidiaries	9	-	-	4,199	4,199
MINORITY INTEREST		-	-	1,682	1,541
SHAREHOLDERS' EQUITY					
Capital	17	502,936	260,000	502,936	260,000
Capital reserve	17	2,052	2,052	2,052	2,052
Revaluation reserve	17	29,625	30,015	29,625	30,015
Profit reserve	17	76,878	67,389	76,878	67,389
		611,491	359,456	611,491	359,456
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,210,563	932,498	1,216,973	937,200

The accompanying notes are an integral part of these interim financial statement

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INDÚSTRIAS ROMI S.A.

STATEMENTS OF INCOME FOR THE PERIODS
ENDED JUNE 30, 2007 AND 2006
(In thousands of Brazilian reais – R$, except earnings per share)

		Company		Consolidated	
	Note	2007	2006	2007	2006
GROSS OPERATING REVENUE					
Domestic Market		291,426	262,982	294,976	264,087
Foreign market		42,413	24,234	39,853	28,937
		333,839	287,216	334,829	293,024
Taxes on sales		(56,035)	(52,864)	(56,185)	(52,923)
NET OPERATING REVENUE		277,804	234,352	278,644	240,101
Cost of sales and services		(163,299)	(139,968)	(159,587)	(143,065)
GROSS PROFIT		114,505	94,384	119,057	97,036
OPERATING INCOME (EXPENSES)					
Selling expenses		(29,926)	(28,585)	(27,311)	(27,709)
General and administrative expenses		(19,181)	(18,579)	(21,846)	(21,761)
Research and development expenses		(12,217)	(10,058)	(12,217)	(10,058)
Management compensation		(2,561)	(2,326)	(2,616)	(2,642)
Expenses in connection with public offering	17	(12,945)		(12,945)	
Tax expenses		(3,622)	(2,236)	(3,933)	(2,257)
Equity in subsidiaries	9	3,625	638		
Total operating expenses		(76,827)	(61,146)	(80,868)	(64,427)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		37,678	33,238	38,189	32,609
FINANCIAL INCOME (EXPENSES)					
Financial income		13,089	5,403	13,341	6,156
Financial expense		(2,427)	(1,064)	(2,424)	(1,250)
Exchange gains		(2,071)	(1,269)	(2,071)	(1,269)
Exchange losses		3,679	865	3,679	865
Exchange variation on foreign investments	9	(432)	304	-	-
Total financial income (expenses)		11,838	4,239	12,525	4,502
INCOME FROM OPERATIONS		49,516	37,477	50,714	37,111
NONOPERATING INCOME (EXPENSES), NET		569	(75)	138	278
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		50,085	37,402	50,852	37,389
INCOME AND SOCIAL CONTRIBUTION TAXES					
Current	19	(12,465)	(8,903)	(13,012)	(9,360)
Deferred	19	2,596	2,638	2,596	2,638
INCOME BEFORE MANAGEMENT PROFIT SHARING		40,216	31,137	40,436	30,667
Management profit sharing		-	-	-	-
Minority interest		-	-	(220)	(85)
NET INCOME		40,216	31,137	40,216	30,582
Earnings per share of the capital stock at the end of the six-month period ended June 2007 and 2006 – R$		0.51	4.76		

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

04.01 - NOTES

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THE SIX-MONTH PERIOD ENDED JUNE 30, 2007, COMPARED WITH THE QUARTER AND SIX-MONTH PERIOD ENDED MARCH 31, 2007 AND JUNE 30, 2006, RESPECTIVELY
(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, refurbishment of machine-tools, 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, 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 nine plants divided into three units located in the city of Santa Bárbara d'Oeste, in the State of São Paulo. The Company also holds equity interests in subsidiaries in Brazil and abroad, as described in Note 3.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The individual and consolidated interim financial statements (ITR) have been prepared and are presented in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM). These interim financial statements are consistent with the accounting practices adopted in the preparation of the individual and consolidated financial statements for the year ended December 31, 2006, and should be analyzed together with those statements.

Additionally, in order to improve the information disclosed to the market, we have included as supplemental information in Appendix 1, the individual and consolidated statements of cash flows for the six-month periods ended June 30, 2007 and 2006, prepared in accordance with the standards issued by IBRACON (NPC 20).

3. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of June 30, 2007 and 2006 include the accounts of the Company and its subsidiaries, as follows:

Subsidiaries	Country	Main activity
Rominor Comércio, Emprendimentos 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 Com. Importadora e Exportadora S.A. ("Interocean")	Brazil	Trading company, not operating in the periods or years presented
Romi Europa GmbH ("Romi Europa")	Germany	Technical assistance and support to resellers in Europe, Asia, Africa, and Oceania
Favel S.A. ("Favel")	Uruguay	Sales representation for Latin America

The financial statements of the subsidiaries Interocean, Romi Europa and Favel are not presented because of the immateriality of the balances. The summary table below shows the main captions of the consolidated operating subsidiaries' balance sheets as of June 30, 2007 and March 31, 2007 and statements of income for the six-month periods ended June 30, 2007 and 2006:

	Rominor		Romi Machine Tools	
	06/30/2007	03/31/2007	06/30/2007	03/31/2007
Assets				
Current assets	15,494	14,207	16,710	15,729
Noncurrent assets	9,125	9,176	454	166
Total assets	24,619	23,383	17,164	15,895
Liabilities				
Current liabilities	351	1,141	15,301	13,836
Shareholders' equity	24,268	22,242	1,863	2,059
Total liabilities and shareholders' equity	24,619	23,383	17,164	15,895
	06/30/2007	06/30/2006	06/30/2007	06/30/2006
Net operating revenue	3,953	1,580	8,816	9,435
Gross profit	3,836	1,452	1,620	1,645
Income (loss) from operations	3,710	1,589	(144)	(643)
Income (loss) before taxes	3,710	1,630	(144)	(643)
Net income (loss)	3,163	1,198	(144)	(668)

04.01 - NOTES

The financial statements of foreign subsidiaries for the six-month periods ended June 30, 2007 and 2006, prepared as of the same dates as the Company's balance sheets, were conformed to Brazilian accounting practices, when applicable, and translated into Brazilian reais at the exchange rates in effect on the balance sheet dates. Intercompany balances and transactions were eliminated in consolidation using the following main procedures:

a) Elimination of intercompany balances;

b) Elimination of inventory profits generated from intercompany transactions, when significant;

c) Elimination of the Company's investments with the subsidiaries' balances of capital, reserves and retained earnings, and reclassification of negative goodwill of the subsidiary Rominor to liabilities;

d) Elimination of intercompany transactions;

e) Disclosure of minority interest in a separate caption in the consolidated interim financial statements.

The balances of net income and shareholders' equity as of June 30, 2007 and shareholders' equity as of March 31, 2007, included in these interim financial statements for comparative purposes, do not present significant differences between Company and consolidated.

The table below shows the reconciliation of the Company's net income with consolidated net income for the six-month period ended June 30, 2006:

	Net income (loss) for the six-month period ended 06/30/2006
Company	31,137
Elimination of unrealized profits arising from Company sales to its subsidiaries, net of income and social contribution taxes	(555)
Consolidated	30,582

4. TEMPORARY CASH INVESTMENTS

	Company		Consolidated	
	06/30/2007	03/31/2007	06/30/2007	03/31/2007
Cash investments				
Bank certificates of deposit (CDB)	128,345	29,129	128,345	29,129
Cash investments backed by debentures	79,041	13,516	79,041	13,516
Treasury bills (LFT)	17,804	2,673	17,804	2,673
Investment funds (FIF)	68	51	68	51
Total Company	225,258	45,369	225,258	45,369
Bank certificates of deposit (CDB)	6,316	4,877	4,155	4,057
Cash investments backed by debentures	4,030	3,931		932
Treasury bills (LFT)	4,155	4,057	859	818
Investment funds (FIF)		932	240,618	59,984
Other	859	818	21,060	
Cash investments redeemable after 90 days			36,804	
Bank certificates of deposit (CDB)	15,744			
Cash investments backed by debentures	21,060			
Total Company	36,804		516	
Cash investments backed by debentures	516		516	
Grand total of temporary cash investments	262,062	45,369		

Cash investments, including those backed by debentures, are maintained with prime financial institutions and their yield is substantially linked to the Interbank Deposit Rate (CDI).

The increase in temporary cash investments is related to the funds raised in the market during the quarter, as commented in note 18.

5. TRADE NOTES RECEIVABLE

	Company		Consolidated	
	06/30/2007	03/31/2007	06/30/2007	03/31/2007
Current liabilities				
Domestic customers	36,003	33,661	36,013	33,661
Foreign customers	10,444	11,224	13,738	15,576
Allowance for doubtful accounts	(1,420)	(1,440)	(1,420)	(1,440)
Refinanced drafts	(1,280)	(2,508)	(1,280)	(2,508)
	43,747	40,937	47,051	45,289
Noncurrent assets				
Domestic customers	1,333	834	1,333	834

Refinanced drafts refer to sales in the foreign market using funds from the post-shipment BNDES-EXIM credit line.

As of June 30, 2007, the Company has R$ 4,061 (R$ 5,046 as of March 31, 2007) in vendor financing transactions with its customers. In these transactions the Company has joint liability. In the event of the customer's default, the Company is liable for the payment and the equipment pledged to the financing agent is transferred to the Company.

6. TRANSFER OF FINAME MANUFACTURER FINANCING

	Company and consolidated	
	06/30/2007	03/31/2007
Current		
FINAME falling due	171,856	163,582
FINAME awaiting release (a)	7,363	5,245
FINAME past-due (b)	10,265	9,507
	189,484	178,334
Noncurrent assets		
FINAME awaiting release (a)	44,177	26,830
FINAME falling due (b)	273,746	250,805
	317,923	277,635

Transfer of FINAME manufacturer financing consists of amounts linked to financing agreements - FINAME manufacturer financing (see Note 14), receivable from financed customers, to be fully transferred to the bank intermediating the transaction.

FINAME manufacturer financing refers to financing linked to sale operations, with maturities of up to 60 months, grace period of up to 12 months and interest of 4% to 7.5% per year + TJLP (Brazilian long-term interest rate), and these terms and conditions are established by the BNDES (National Bank for Economic and Social Development), according to the customer's characteristics.

Funds are released by the BNDES after identifying the customer and the sale, and defining the customer's eligibility under Circular nº. 195, of July 28, 2006, issued by the BNDES, through a financial agent, with formalization of the agreement on behalf of the Company and acceptance by the financed customer. Financing amounts, terms and interest are fully reflected in the amounts receivable to be transferred to the bank intermediating the agreement, with retention of title to the equipment financed by the Company.

Transfer of FINAME manufacturer financing is as follows:

a) FINAME awaiting release: Refers to FINAME manufacturer financing transactions that have already been qualified and approved by the parties, including preparation of documentation, issuance of the sales invoice, and delivery of the products to the customer. As of the balance sheet dates, the agent bank had not deposited the related funds in the Company's checking account because of the usual operating times of the agent bank.

b) FINAME past-due: Refers to receivables not settled by the customers by the due date, considering the balance sheet dates. The Company did not recognize an allowance for possible losses on the realization of this balance due to the retention of title to the machinery sold (collateral).

7. INVENTORIES

	Company		Consolidated	
	06/30/2007	03/31/2007	06/30/2007	03/31/2007
Finished products	48,427	49,275	61,701	60,165
Work in process	71,647	69,820	71,647	69,820
Raw materials and components	59,809	53,787	59,809	53,787
Imports in transit	1,387	2,980	1,387	2,980
Provision for inventory losses	(11,982)	(12,463)	(11,982)	(12,463)
	169,288	163,399	182,562	174,289

The balance of the provision for realization of inventories refers to slow-moving materials and components expected to be realized from sale or use.

8. RECOVERABLE TAXES

	06/30/2007	03/31/2007
Current assets		
IRRF (withholding income tax) on temporary cash investments	1,293	254
IPI (federal VAT), PIS and COFINS (taxes on revenue)	4,023	3,269
ICMS on property, plant and equipment	1,735	1,773
PIS and COFINS on property, plant and equipment	1,228	1,211
Company	8,279	6,507
Recoverable taxes in subsidiaries	445	394
Consolidated	8,724	6,901
Noncurrent assets		
PIS and COFINS on property, plant and equipment	3,683	3,635
ICMS on property, plant and equipment	3,788	3,997
Company and consolidated	7,471	7,632

Recoverable taxes arise from business and financial transactions carried out by the Company and subsidiaries and are considered realizable in the normal course of operations.

9. INVESTMENTS

	June 30, 2007					
	Romi Europa	Rominor	Romi Machine Tools	Interocean	Favel	Total
Number of shares held	-	6,191,156	3,000	78	13,028	-
Ownership interest	100%	93.0711%	100%	100%	100%	-
Shareholders' equity of subsidiary	1,286	24,268	1,665	24	1,885	29,128
Investment opening balance	884	19,643	2,007	26	1,693	24,253
Exchange variation on foreign investments	(66)	-	(199)	-	(167)	(432)
Equity in subsidiary	468	2,943	(143)	(2)	359	3,625
Equivalent book value - closing balance	1,286	22,586	1,665	24	1,885	27,446
Negative goodwill - Rominor						(4,199)
Goodwill - Rominor						9
Investments in subsidiaries						23,256

	March 31, 2007					
	Romi Europa	Rominor	Romi Machine Tools	Interocean	Favel	Total
Number of shares held	-	6,191,156	3,000	78	13,028	-
Ownership interest	100%	93.0711%	100%	100%	100%	-
Shareholders' equity of subsidiary	968	22,242	2,059	26	1,877	27,172
Investment opening balance	884	19,643	2,007	26	1,693	24,253
Exchange variation on foreign investments	(26)	-	(82)	-	(70)	(178)
Equity in subsidiary	110	1,058	134	-	254	1,556
Equivalent book value - closing balance	968	20,701	2,059	26	1,877	25,631
Negative goodwill - Rominor						(4,199)
Goodwill - Rominor						9
Investments in subsidiaries						21,441

Negative goodwill results from the acquisition in 1992 of another company by the subsidiary Rominor with book value higher than acquisition value. There was a downstream merger of Rominor into this acquired company, which adopted the corporate name of the former, and the negative goodwill remained in the resulting company. Because this negative goodwill is based on economic reasons other than asset appreciation and future profitability, it is not being amortized as determined by Brazilian accounting practices. In the consolidated balance sheet, the negative goodwill is reclassified to liabilities, after the group "noncurrent".

10. RELATED-PARTY TRANSACTIONS

Balances as of June 30, 2007 and March 31, 2007 and transactions with related parties as of June 30, 2007 and 2006 are as follows:

	Company - 06/30/2007							
	Balances				Transactions			
	Accounts receivable	Loan receivable	Accounts payable	Loan payable	Sales	Selling expenses	Financial income	Financial expenses
Romi Europa	-	-	-	-	247	1,893	-	-
Rominor	-	-	92	-	-	553	-	-
Romi Machine Tools	11,756	2,696	77	-	11,028	76	91	-
Favel	-	-	94	1,021	-	426	-	28
	11,756	2,696	263	1,021	11,275	2,948	91	28

	Company - 06/30/2007								
	Balances					Balances			
	Accounts receivable	Dividends receivable	Loan receivable	Accounts payable	Loan payable	Sales	Selling expenses	Financial income	Financial expenses
Romi Europa	-	-	-	-	-	136	1,396	-	-
Rominor	-	920		88	-	-	265	-	-
Romi Machine Tools	10,479	-	2,900	898	-	5,976	-	47	-
Favel	-	-	-	-	857	-	245	-	13
	10,479	920	2,900	986	857	6,112	1,906	47	13

Loans receivable and loans payable have predetermined, short-term maturities, and bear interest of 1% per year plus six-month LIBOR and exchange variation. Intercompany loan agreements entered into by the Company and Romi Machine Tools are basically intended to increase working capital and provide financial support to this subsidiary. As of June 30, 2007, the Company held a receivable from Romi Machine Tools of approximately R$ 2,696 (R$ 2,900 as of March 31, 2007), falling due on December 31, 2007. The balance payable as of June 30, 2007 amounting to R$ 1,021 (R$ 857 as of March 31, 2007) refers to intercompany loan agreements entered into by the Company and Favel basically intended to pay expenses related to international fairs and events initially defrayed by this subsidiary.

The subsidiary Rominor is the guarantor of part of the FINAME manufacturer financing transactions carried out by the Company by issuing promissory notes and sureties (see Note 14).

The Company has no related-party transactions of a nature different from the operations described above. Management makes decisions related to transactions between the Company and subsidiaries.

04.01 - NOTES

11. PROPERTY, PLANT AND EQUIPMENT

		Company				Consolidated			
		06/30/2007			03/31/2007	06/30/2007			03/31/2007
	Depreciation rate - %	Cost	Accumulated depreciation	Net	Net	Cost	Accumulated depreciation	Net	Net
Buildings	4	110,168	(56,784)	53,384	54,422	114,717	(59,901)	54,816	56,240
Machinery and equipment	10	193,680	(135,190)	58,490	56,521	194,119	(135,308)	58,811	56,679
Furniture and fixtures	10	7,225	(4,600)	2,625	2,617	7,345	(4,683)	2,662	2,674
Information Technology	20	11,264	(8,473)	2,791	2,807	11,936	(8,935)	3,001	2,888
Vehicles	20	1,625	(1,135)	490	408	1,833	(1,311)	522	450
Yards and paths	10	2,488	(2,450)	38	40	2,488	(2,450)	38	40
		326,450	(208,632)	117,818	116,815	332,438	(212,588)	119,850	118,971
Land		30,743	-	30,743	30,726	38,499	-	38,499	38,142
Construction in progress		1,477	-	1,477	851	1,477	-	1,477	851
Advances to suppliers		1,289	-	1,289	552	1,289	-	1,289	552
		359,959	(208,632)	151,327	148,944	373,703	(212,588)	161,115	158,516

In 1988 and 1994, in the Company, land, buildings, and machinery and equipment were revalued and the revaluation write-up was recorded under the caption revaluation reserve in shareholders' equity. The revaluation reserve is realized through depreciation and write-off of revalued assets and the related realization is added to net income at the end of each period or year to calculate mandatory minimum dividends. In the six-month period ended June 30, 2007, realization through depreciation and write-off of revalued assets was R$ 780 (R$ 814 in 2006), net of taxes. The Company did not perform a review of the recorded revaluations, based on CVM Resolution No. 183/95.

Taxes on revaluation reserves are recorded as follows:

	Company and consolidated	
	06/30/2007	03/31/2007
Current liabilities	803	803
Noncurrent liabilities	6,987	7,188
Total	7,790	7,991

As of June 30, 2007, the Company has approximately R$ 13,691 and R$ 11,371 of net book value referring to land and buildings, respectively, whose operating continuity is being studied in connection with the plans for expansion of activities. These amounts remained recorded under the caption "property, plant and equipment" because there is not yet clear guidance on their final destination.

Because of the financing agreements with the BNDES for investment in property, plant and equipment, as of June 30, 2007, approximately R$ 15,974 (R$ 15,974 in March 2007) of property, plant and equipment items is pledged as collateral. These items are fully represented by machinery and equipment.

The Company and its subsidiaries did not capitalize financial interest in the quarter and the six-month period presented because investments were substantially made with the Company's own funds.

12. FINANCING

	Current		Noncurrent		Maturity	Amortization	2007 Financial charges	Guarantees
	06/30/2007	03/31/2007	06/30/2007	03/31/2007				
Working capital - foreign currency								
Import financing - US$	15,722	8,234	-	-	04/06/2008	Annual	Interest of 0.25% to 0.80% per year + LIBOR + exchange variation	Promissory note/surety
Export financing - US$	468	177	19,262	20,504	09/02/2010	Semiannual	0.80% per year + LIBOR+ exchange variation	Promissory note/surety
Working capital - local currency	4,414	3,041	882	2,170	21/08/2008	Monthly beginning Jun 15, 2007	Interest of 2.5% per year + TJLP, paid monthly together with amortization of principal	Rominor's surety in the amount of R$3,232
Property, plant and equipment - local currency	326	95	12,836	10,018	18/11/2013	Monthly beginning Jun 15, 2007	Interest of 2% per year + TJLP, paid quarterly through May 2008 and monthly thereafter.	Financed machinery, with book value of R$ 15,974.
FINAME sundry	4,383	4,266	8,808	9,913	16/11/2011	Monthly beginning Nov 15, 2005	Interest of 2% to 4% per year + TJLP, paid monthly together with amortization of principal	Financed machinery
Company	25,313	15,813	41,788	42,605				
Romi Machine Tools, Ltd. - working capital - other	41	-	198	-	06/30/2012	Semiannual	Interest of 6.31% to 6.39% per year + exchange variation	Promissory note/surety
Consolidated	25,354	15,813	41,986	42,605				

13. FINAME MANUFACTURER FINANCING

	Company and consolidated	
	06/30/2007	03/31/2007
Current		
FINAME manufacturer financing	166,746	158,569
Noncurrent assets		
FINAME manufacturer financing	275,485	251,800

FINAME manufacturer financing agreements are guaranteed by promissory notes and sureties, and the main guarantor is the subsidiary Rominor. The balances of “FINAME manufacturer financing” are directly linked to the balances of “Transfer of FINAME manufacturer financing” (see Note 7), considering that financing transactions are directly linked to sales to specific customers. The contractual terms and conditions related to the amounts, charges and financed terms in the program are fully transferred to financed customers, and monthly receipts arising from the caption “Transfer of FINAME manufacturer financing” are fully used to repay the related financing agreements. Therefore, the Company is the transferor of the funds to the banks intermediating the financing transactions, although it remains as the principal debtor of this financing.

FINAME manufacturer financing” obtained and transferred to customers have maturities of up to 60 months, with the option of grace period of up to 12 months and interest of 4% to 7.5% per year + TJLP (Brazilian long-term interest rate), and these terms and conditions are established by the BNDES, according to the customer’s characteristics. The balances of “FINAME manufacturer financing” and, consequently, the balances of “Transfer of FINAME manufacturer financing” (see Note 7) as of March 31, 2007 and December 31, 2006 were monetarily adjusted through the balance sheet date. The R$ 65,176 difference as of June 30, 2007 (R$ 45,600 as of March 31, 2007) between the balance of “Transfer of FINAME manufacturer financing” and the balance of “FINAME manufacturer financing” refers to past-due trade notes, renegotiations in progress because of default and FINAME transactions not yet released by the agent bank. Management understands that there are no realization risks of these amounts receivables because they are collateralized by the machinery sold.

14. PAYROLL AND RELATED CHARGES

	06/30/2007	03/31/2007
Salaries payable	2,487	2,460
Accrued vacation and related charges	12,469	9,359
Payroll charges	4,426	5,204
Provision for profit sharing (Law 10,101/2000)	6,008	1,926
Total Company	25,390	18,949
Salaries payable in subsidiaries	7	7
Total consolidated	25,397	18,956

15. TAXES PAYABLE

	06/30/2007	03/31/2007
COFINS (tax on revenue)	967	1,279
PIS (tax on revenue)	208	212
ICMS (state VAT)	999	1,803
Income and social contribution taxes	3,159	5,266
Other taxes	167	125
Total Company	5,500	8,685
Taxes payable in subsidiaries	349	147
Total consolidated	5,849	8,832

16. RESERVE FOR CONTINGENCIES

Company's and the subsidiaries' management and legal counsel classified lawsuits according to the risk of an unfavorable outcome, as follows (Company and consolidated):

	Classification of lawsuits - amounts as of June 30, 2007			Reserve recognized	
	Remote	Possible	Probable	06/30/2007	03/31/2007
Tax	6,625	1,441	4,253	4,253	2,747
Civil	1,874	544	297	297	290
Labor	3,927	520	836	836	949
Escrow deposits	-	-	(3,744)	(3,744)	(2,271)
Total	12,426	2,505	1,642	1,642	1,715

Management recognized a reserve for contingencies for lawsuits whose likelihood of an unfavorable outcome was classified as probable by the Company's legal counsel. Changes in the year ended June 30, 2007 are shown below:

	Company and consolidated				
	03/31/2007	Additions	Uses/reversals	Monetary adjustment	06/30/2007
Tax	2,747	1,506	-	-	4,253
Civil	290	-	-	7	297
Labor	949	128	(261)	20	836
	3,986	1,634	(261)	27	5,386
(-) Escrow deposits	(2,271)	(1,473)	-	-	(3,744)
Total	1,715	161	(261)	27	1,642

The subsidiaries are not parties to any ongoing lawsuit and there are no contingencies to be considered in the subsidiaries based on the assessment made by Management and its legal counsel.

As of June 30, 2007, the nature of the main lawsuits, whose likelihood of unfavorable outcome was classified by Management as probable based on the opinion of its legal counsel, and whose amounts were therefore included in the reserve for contingencies, is as follows:

a) Tax lawsuits:

Refer to PIS and COFINS on ICMS on sales in the amounts of R$ 668 (R$ 400 in mar/2007) and R$ 3,079 (R$ 1,841 in March 2007), respectively, and social security charges (INSS) on services provided by cooperatives in the amount of R$ 506 (R$ 506 in March 2007).

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 severance pay fund (FGTS) 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.

Civil and labor lawsuits whose likelihood of unfavorable outcome is classified as possible involve matters similar to those above. The Company's management believes that the outcome of ongoing lawsuits will not result in Company disbursements higher than those recognized in this reserve.

17. SHAREHOLDERS' EQUITY

During the six-month period, the Company raised funds through public offering, the cost of which, comprised of commissions, legal and audit fees, publications, and other related expenses, totaled R$ 12,945. This amount was fully accounted for as operating expense in a separate caption of the statement of income for the six-month period ended June 30, 2007. The main events occurring in the six-month period and related to the public offering were as follows:

- Corporate Governance - In connection with this initiative, on March 23, 2007 the Company adopted the corporate governance concepts set forth by the Novo Mercado, regulated by the São Paulo Stock Exchange (BOVESPA).

- Share Conversion - Pursuant to the Minutes of the Extraordinary Shareholders' Meeting held on February 15, 2007, the conversion of all preferred shares issued by the Company into common shares was approved at the ratio of nine (9) common shares for each ten (10) preferred shares, upon the prior approval of the shareholders holding more than half of the preferred shares issued by the Company, during the special shareholders' meeting held on the same date, in conformity with article 136, paragraph 1, of Law No. 6404/76. Accordingly, the Company's capital increased to R$ 260,000, represented by 62,361,828 common shares without par value, and with same rights and benefits.

- Capital Increase through Public Offering - Pursuant to the Minutes of the Board of Directors' meeting held on April 11, 2007 and April 25, 2007, capital increases of R$ 180,000 and R$ 62,936, respectively, were approved, from R$ 260,000 to R$ 502,936, through the issuance of 16,195,719 new common shares, which were fully subscribed on April 17, 2007 and April 25, 2007, respectively. As a result of these capital increases, as of June 30, 2007, the Company's capital is represented by 78,557,547 registered common shares, without par value.

18. SUBSEQUENT EVENT

On July 28, 2007, the Company paid interest on capital in the amount of R$12,962 (R$11,408 net of taxes), pursuant to the Minutes of the Board of Directors' meeting held on May 30, 2007, which approved the payment of interest on capital. Payment was recorded on June 29, 2007.

19. INCOME AND SOCIAL CONTRIBUTION TAXES

a) The table below shows the reconciliation of the tax effect on the Company's income before income and social contribution taxes by applying the prevailing tax rates as of June 30, 2006 and 2007:

	06/30/2007	06/30/2006
Book income before income and social contribution taxes	50,085	37,402
Statutory tax rate (income and social contribution taxes)	34%	34%
Income and social contribution tax expense at statutory tax	17,029	12,717
Reconciliation to the effective rate:		
Equity in subsidiary	(1,085)	(320)
Other additions (deductions), net	(3,479)	(3,494)
Income and social contribution taxes - current	12,465	8,903
Income and social contribution taxes - deferred	(2,596)	(2,638)
Income and social contribution tax expense	9,869	6,265
Provision for income and social contribution taxes - Company	9,869	6,265
Effective income and social contribution tax rate - Company	20%	17%
Income tax charges - subsidiaries	547	457
Provision for income and social contribution taxes - consolidated	10,416	6,722
Effective income and social contribution tax rate - consolidated	20%	18%

b) Breakdown of income and social contribution tax benefits and charges:

	06/30/2007		06/30/2006	
	Subsidiaries	Consolidated	Subsidiaries	Consolidated
Current (item "a")	12,465	13,012	8,903	9,360
Deferred (item "c")	(2,596)	(2,596)	(2,638)	(2,638)
Total	9,869	10,416	6,265	6,722

c) The Company recognized deferred income and social contribution tax credits on the full amount of temporary differences, since Management considered them recoverable, as follows:

	06/30/2007				06/30/2007	
	Temporary differences	Income tax	Social contribution tax	Total	Temporary differences	Deferred taxes
Temporarily nondeductible differences on assets						
Adjustments to market value or other:						
Provision for inventory losses	11,982	2,985	1,078	4,063	12,463	4,223
Repossession of machinery	439	109	40	149	570	193
Investments	736	183	66	249	429	146
Adjustments to present value: trade accounts receivable and payable	702	175	63	238	593	201
Total	13,859	3,452	1,247	4,699	14,055	4,763
Temporarily nondeductible differences on liabilities						
Reserve for contingencies	8,537	2,127	768	2,896	3,843	1,301
Commissions	507	126	46	172	596	202
Suspended taxes	3,747	933	-	933	2,241	558
	12,791	3,186	814	4,001	6,680	2,061
Deferred income and social contribution taxes, net	26,650	6,638	2,061	8,700	20,735	6,824
Current				3,175		1,544
Noncurrent				5,525		5,280

The recorded asset is limited to amounts whose offset is supported by future taxable income projections, approved by Management. Future taxable income projections include several estimates related to the performance of the Brazilian and global economies, the choice of exchange rates, sales volume and price, and tax rates, among others, which may differ from actual amounts. As the result of income and social contribution taxes depends not only on taxable income, but also on the tax and corporate structure of the Company and its subsidiaries in Brazil and abroad, the expected realization of temporarily nondeductible differences, the existence of non-taxable revenues, nondeductible expenses, and other variables, there is no direct correlation between the net income of the Company and its subsidiaries and the result of income and social contribution taxes. Accordingly, changes in the realization of temporarily nondeductible differences should not be considered indicative of future results of the Company and its subsidiaries.

20. PENSION PLAN

The Company has defined contribution pension plans managed by an authorized pension plan entity, effective since October 1, 2000, for all its employees and management, which are referred to as "Plano Gerador de Benefício Livre (PGBL)" and "Fundo Gerador de Benefícios (FGB)".

The nature of the plan allows the Company, at any time and at its sole and exclusive discretion, to suspend or permanently discontinue its contributions to the plan.

The plan is funded by the Company and its participants, according to the type of benefit for which they are eligible.

The Company’s contributions for this six-month period were R$ 1,475 (R$ 1,441 in 2006).

21. INSURANCE

The insured amounts are determined and contracted on a technical basis and are considered sufficient to cover potential losses arising from permanent assets and inventories. It is the policy of the Company and its subsidiaries to maintain insurance coverage for assets exposed to risks in amounts considered sufficient by Management to cover potential losses, according to the nature of activities and the risk guidance by specialized consultants. As of June 31, 2007, insurance coverage is as follows:

Coverage	Effective period	Coverage amount
Fire, windstorm, and electrical damage:		
Buildings	01/01-12/31/07	16,613
Machinery and equipment	01/01-12/31/07	43,750
Inventories	01/01-12/31/07	32,520

22. FINANCIAL INSTRUMENTS AND OPERATING RISKS

As of June 30, 2007 and March 31, 2007, the carrying amounts of financial instruments, consisting principally of temporary cash investments, trade accounts receivable, trade accounts payable and financing, approximate their fair value.

The main market risk factors affecting the Company’s business are as follows:

Exchange rate risk: This risk arises from the possibility of the Company and its subsidiaries incurring losses or cash constraints because of exchange rate fluctuations, increasing the balances of foreign currency-denominated liabilities. The Company and its subsidiaries protect themselves against this risk through a natural hedge, i.e., holding foreign currency-denominated assets and liabilities in the same proportion and with the same liquidity. As of June 30, 2007 and March 31, 2007, the Company has no derivative transactions.

Risk related to temporary cash investments: the Company’s cash investments are basically those backed by CDBs, linked to the CDI, maintained with prime financial institutions and with high liquidity.

Interest rate risk: This risk arises from the possibility of the Company and its subsidiaries incurring losses because of interest rate fluctuations that increase their interest expenses on loans and financing.

Credit risk concentration: Credit risk is reduced by diversifying the customer portfolio and the Management control procedures that monitor such risk.

Risk related to FINAME manufacturer financing transactions: Liabilities related to FINAME manufacturer financing transactions are backed by the balances of "Transfer of FINAME manufacturer financing". In turn, equipment related to these receivables is sold with retention of title by the Company to reduce the risk of loss.

23. INFORMATION BY BUSINESS SEGMENT - COMPANY AND CONSOLIDATED

The information of results by segment refers to the business of the Company and its subsidiaries and has been identified based on their operating and management structure, as well as internal management information.

The transactions of the business segments have been carried out under market terms and conditions, according to a profit margin considered reasonable by the Company's management.

Results by segment consider revenues, costs, and expenses directly linked to each segment and those that can be reasonably allocated. As accepted by Brazilian accounting practices, the information on results by business segment is presented in accordance with SFAS 131, which introduced the concept of "management approach" in information by segment, which must be based on the internal process used by decision makers to assess segment performance and decide on how to allocate resources to the segments. The purpose of SFAS 131 is for information by segment to be disclosed as it is used by Management to make decisions. However, in cases in which there are differences between information by segment and accounting reports, it is necessary to include a reconciliation (see below, represented by the column eliminations between segments) comparing the figures as per Brazilian accounting practices, as shown below:

	06/30/2007				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Gross operating revenue	214,457	55,078	65,294		334,829
Taxes on sales	(34,146)	(9,125)	(12,914)		(56,185)
Net operating revenue	180,311	45,953	52,380		278,644
Cost of sales and cost of services	(95,234)	(21,705)	(42,648)		(159,587)
Transfers remitted	6,320		13,675	(19,995)	-
Transfers received	(9,862)	(4,350)	(5,783)	19,995	-
Gross profit	81,535	19,898	17,624		119,057
Operating income (expenses):					
Sales	(18,742)	(5,544)	(3,025)		(27,311)
General and administrative	(14,808)	(3,359)	(3,679)		(21,846)
Research and development expenses	(9,914)	(2,303)	-		(12,217)
Management compensation	(2,055)	(268)	(293)		(2,616)
Tax expenses	(3,139)	(379)	(415)		(3,933)
Income from operations before expenses in connection with public offering	32,877	8,045	10,212		51,134
Public offering of shares					(12,945)
Income from operations before financial income (expenses)					38,189
Inventories	150,469	20,090	12,003		182,562
Depreciation	4,402	295	1,993		6,690
Property, plant and equipment, net	106,033	7,620	47,462		161,115

04.01 - NOTES

	06/30/2006				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Gross operating revenue	192,850	49,312	50,862		293,024
Taxes on sales	(33,289)	(9,156)	(10,478)		(52,923)
Net operating revenue	159,561	40,156	40,384		240,101
Cost of sales and cost of services	(82,545)	(22,693)	(37,827)		(143,065)
Transfers remitted	5,784		13,809	(19,593)	-
Transfers received	(9,288)	(5,098)	(5,207)	19,593	-
Gross profit	73,512	12,365	11,159		97,036
Operating income (expenses):					
Sales	(20,048)	(5,706)	(1,955)		(27,709)
General and administrative	(16,188)	(2,762)	(2,811)		(21,761)
Research and development expenses	(7,916)	(2,142)	-		(10,058)
Management compensation	(1,951)	(382)	(309)		(2,642)
Tax expenses	(1,593)	(367)	(297)		(2,257)
Income from operations before financial income (expenses)	25,816	1,006	5,787		32,609
Inventories	152,378	25,389	12,766		190,533
Depreciation	3,561	316	1,757		5,634
Property, plant and equipment, net	71,005	7,005	46,602		124,612

04.01 - NOTES

APPENDIX 1- STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED JUNE 30, 2007 AND 2006

		Company		Consolidated	
	Note	2007	2006	2007	2006
Cash flows from operating activities:					
Net income		40,216	31,137	40,216	30,582
Adjustments to reconcile net income to net cash provided by (used in) operating activities					
Depreciation	11	6,512	5,441	6,690	5,634
Allowance for doubtful accounts		(86)	(233)	(86)	(233)
Equity in subsidiaries and exchange variation on foreign investments, net of dividends Received from subsidiaries	9	(3,193)	(792)	-	-
Loss (gain) on sale of property, plant and equipment	11	(189)	475	(163)	726
Interest and exchange variation on related-party transactions trade accounts receivable, trade accounts payable and financing		(20,647)	(10,486)	(20,649)	(11,470)
Deferred income and social contribution taxes	19	(2,598)	(2,637)	(2,598)	(2,637)
Reserve for contingencies, net	16	(2,787)	253	(2,787)	253
Public offering of shares	17	12,945		12,945	
Minority interest				220	73
Increase (decrease) in operating assets:					
Trade notes receivable	5	(5,557)	24,089	(2,315)	29,031
Intercompany payables	10	(405)	4,642	-	-
Transfer of FINAME manufacturer financing	6	(76,921)	(80,258)	(76,921)	(80,258)
Inventories	7	(8,742)	(28,300)	(12,772)	(25,874)
Recoverable taxes, net	8	(2,023)	(1,073)	(2,058)	(990)
Other receivables		(1,842)	(3,287)	(2,899)	(2,839)
Increase (decrease) in operating liabilities:					
Trade accounts payable		4,424	427	4,302	401
Payroll and related charges	14	(479)	2,280	(483)	2,288
Taxes payable	15	(2,491)	(4,114)	(2,439)	(3,925)
Advances from customers		4,162	(3,338)	4,297	(3,135)
Other payables		1,238	1,061	1,738	(385)
Intercompany	10	(1,088)	(1,028)	-	-
Income and social contribution taxes on realization of revaluation reserve	11	(402)	(420)	(402)	(420)
Net cash provided by (used in) operating activities		(59,953)	(66,161)	(56,164)	(63,178)
Cash flows from investing activities:					
Property and equipment acquisition	11	(12,049)	(13,825)	(12,480)	(13,880)
Sale of property, plant and equipment	11	853	38	853	158
Net cash provided by investing activities		(11,196)	(13,787)	(11,627)	(13,722)
Cash flows from financing activities:					
Interest on capital and dividends paid	17	(83,799)	(4,430)	(84,787)	(4,430)
Increase in new loans and financing	12	41,163	-	41,401	-
Repayment of financing	12	(2,993)	(13,621)	(3,010)	(14,433)
Increase in FINAME manufacturer financing	13	137,129	118,209	137,129	118,209
Repayment of FINAME manufacturer financing	13	(55,423)	(44,097)	(55,423)	(44,097)
Public offering of shares	17	(12,945)		(12,945)	
Net cash provided by (used in) financing activities		23,132	56,061	22,365	55,249
Capital increase with issuance of new shares	17	242,936		242,936	
Increase (decrease) in cash and banks and temporary cash investments		194,919	(23,887)	197,510	(21,651)
Cash and banks and temporary cash investments - beginning of period		72,405	67,363	86,922	78,198
Cash and banks and temporary cash investments - end of period		267,324	43,476	284,432	56,547
Supplemental information:					
Income and social contribution taxes paid	19	8,896	12,995	9,443	13,427
Interest paid in the period		1,441	1,205	1,529	1,367
Payables to suppliers related to purchase of property, plant and equipment		247	242	247	242

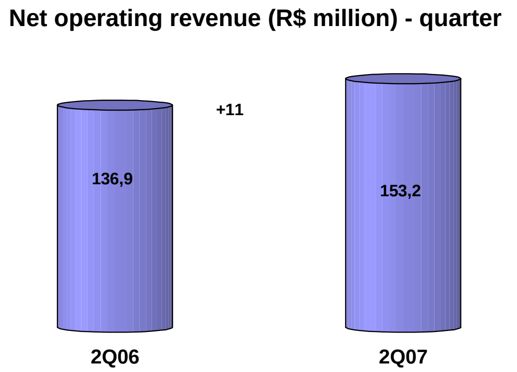
Management Report - Second Quarter of 2007

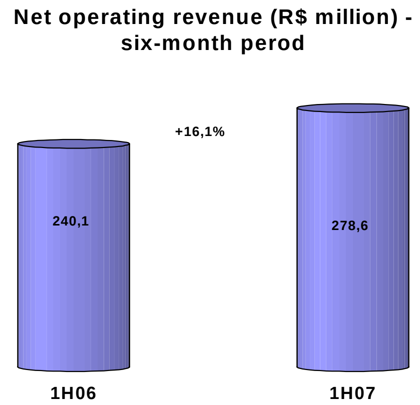
Economic Scenario and General Performance of Operations

The performance of the Brazilian economy in the second quarter of 2007 is basically a continuation of the first quarter, with signs of a slight progress. The GDP growth estimates for 2007, which in the first quarter 2007 were approximately 4%, are now approximately 4.5%, both as projected by the Central Bank of Brazil (BACEN), and several economic analysts. The base interest rate maintained its decreasing trend and is today 11.5% per year and may reach 10.5% by December 2007. The Company considers that these two factors are important and determining for the performance of the domestic manufacturing industry in 2007.

The appreciation of the Brazilian real remained strong in the second quarter, with a YTD US dollar depreciation of approximately 6.1% and 9.9% in the six-month period.

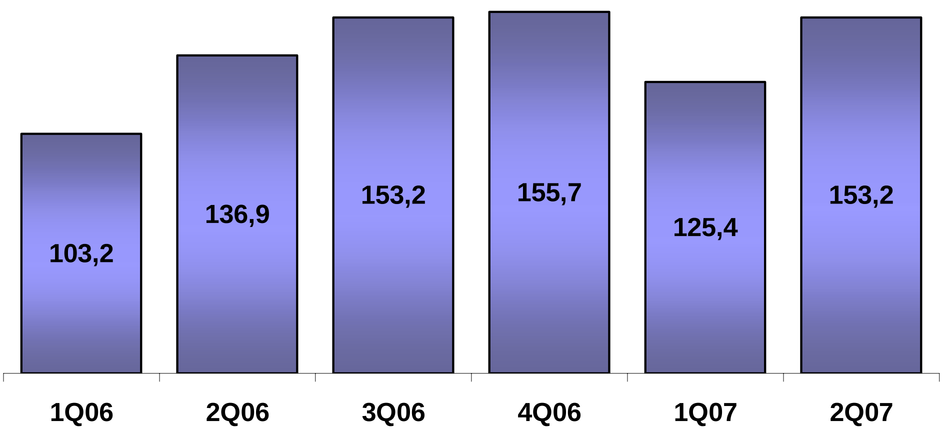
In the specific case of the Company, the appreciation of the real represents new challenges in terms of sales price competitiveness of our products, since most of our sales are industrial machinery, a segment where foreign competition has a major influence on pricing in Brazil. Despite our productivity gains, resulting from several scale of production and streamlining policies, in the medium term we will no longer be able to obtain these gains at the same pace of the Brazilian real appreciation, if maintained, which may put some pressure on our margins. The Company main competitive advantages in the domestic market - products with state-of-the-art technology, own distribution chain, permanent technical assistance, offering attractive financing to our customers - have also allowed us to meet the 2007 budget, with the expected increase in product sales, without decreasing operating margins.





Net operating revenue in the second quarter of 2007, of R$ 153.2 million, was 22.2% higher than in the first quarter and 11.9% higher than Net operating revenue for the second quarter of 2006. In the first half, Net operating revenue for 2007 (YTD), of R$ 278.6 million, was 16.1% higher than in the first half of 2006, an increase within our expectations.

Net operating revenue - Quarterly evolution - Consolidated - R$ million

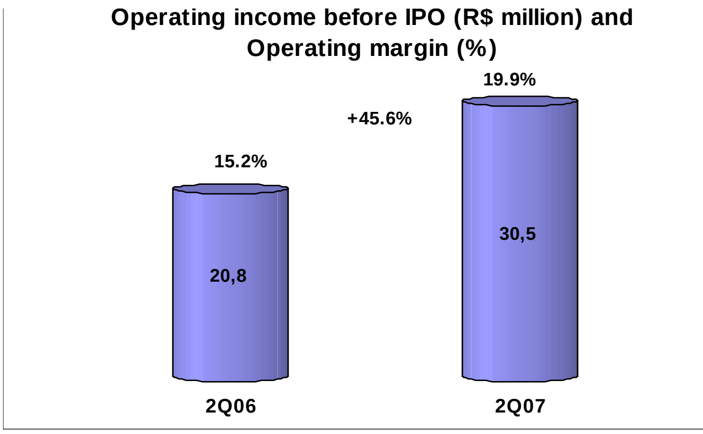


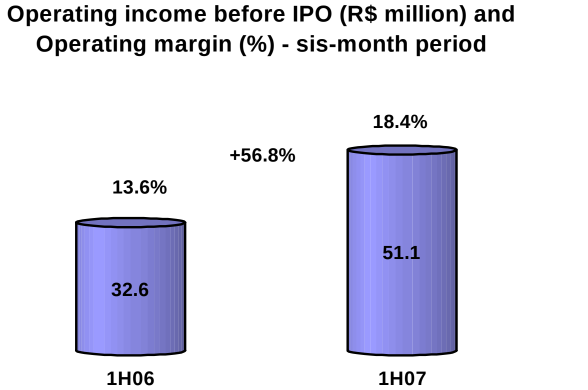
Expenses on the Initial Public Offering (IPO)

During the first half of 2007, we raised funds in the capital market through an initial public offering, the cost of which, comprised of commissions, legal and audit fees, publications, and other related expenses, totaled R$ 12.9 million. This amount was fully recorded as operating expenses in a separate line of the statement of income for the six-month period ended June 30, 2007, to allow an appropriate analysis of the Company's and its Business Units' operating margins.

Margin Analysis Excluding Expenses on IPO

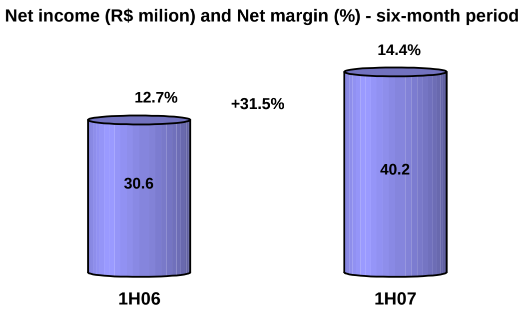
This quarter, the gross and operating margins were significantly higher than in the second quarter of 2006, which has a positive effect on the aggregate YTD figures. The drivers of these margins where the decrease in the cost of materials because of the direct and indirect share of imported components in the cost of industrial machinery, the largest production volume and sales of all Business Units, and a strict control over operating expenses, pursuant to our budget planning.





04.01 - NOTES

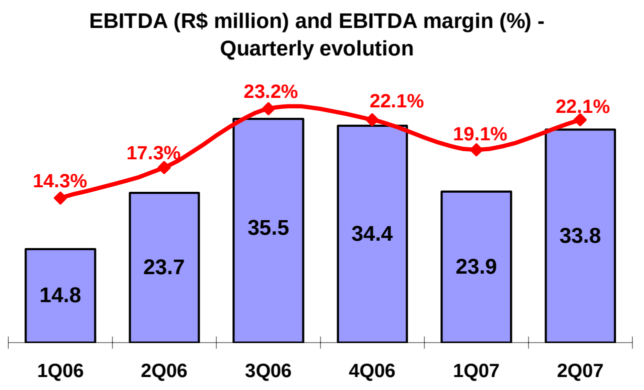
The net margin in the second quarter of 2007, of 14.4% on Net operating revenue, is slightly lower than the one obtained in the same period last year (14.8%).

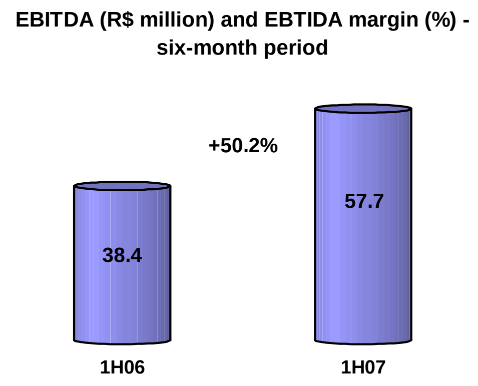


Net income for the first half of 2007, of R$ 40.2 million, was 14.4% of Net operating revenue, even considering expenses on the IPO, against 12.7% in the same period last year, which represents an increase of 31.5%. Such fluctuation is significantly higher than the increase in Net operating revenue, which was 16.1%, considering the same periods analyzed.

EBITDA[1]

Also disregarding the IPO expenses from EBITDA measurement, EBITDA in the second quarter of 2007 was R$ 33.8 million, which represents 22.1% of Net operating revenue for the period, and is 43.0% higher than in the previous period. In the first half of 2007, EBITDA was R$ 57.7 million, 20.7% of Net operating revenue for the six-month period and 50.2% higher than in the first half of 2006.





[1] 1 – EBITDA is net income before net financial expenses, exchange variation, goodwill/negative goodwill amortization, income tax, and depreciation and amortization. EBITDA is not a measure of financial performance recognized by Brazilian GAAP or generally accepted accounting principles in the United States of America (US GAAP), not representing cash flow for the reporting periods, and should not be considered an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and our definition of EBITDA may not be comparable to EBITDA or adjusted EBITDA as defined by other companies. Although EBITDA does not provide, in accordance with Brazilian and US accounting practices, a measure of operating cash flow, our management uses it to measure our

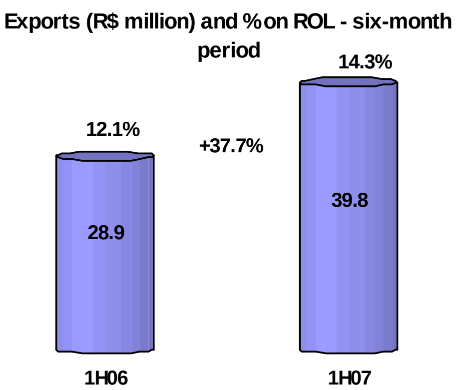
04.01 - NOTES

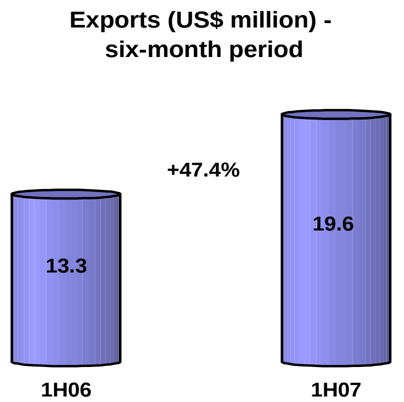
Amounts in millions of R$

Reconciliation of net income with EBITDA	2Q06	2Q07	1H06	1H07
Net income	20.2	22.1	30.6	40.2
Net financial expenses	(1.9)	(7.3)	(4.5)	(12.5)
Income and social contribution taxes	2.5	2.6	6.7	10.4
Depreciation and amortization	2.9	3.5	5.6	6.7
EBITDA	**23.7**	**20.9**	**38.4**	**44.8**
IPO expenses	-	12.9	-	12.9
Adjusted EBITDA[2]	**23.7**	**33.8**	**38.4**	**57.7**
Adjusted EBITDA Margin	**17.3%**	**22.1%**	**16.0%**	**20.7%**

EXPORTS

Foreign market sales are considered strategic for the Company, both to maintain already consolidated sales channels and to permit a comparison of the technologic level of our products worldwide, and to transfer benefits of the resulting upgrading to our domestic customers. The products from the Machine Tools Business Unit account for most of our exports, with 68.6% in the first half of 2007. The products from the Rough and Machined Cast Iron Parts Business Unit basically account for the remaining exports, with 31.2%, in the first half of 2007.



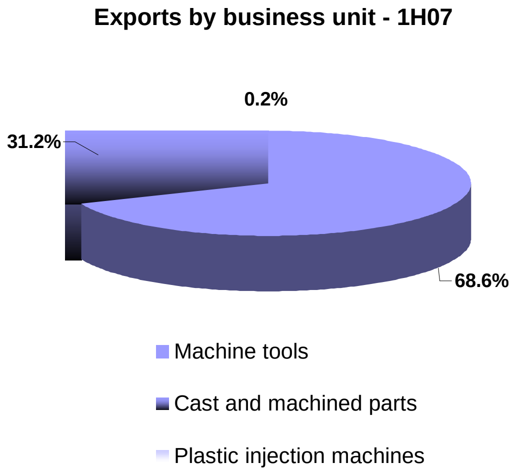


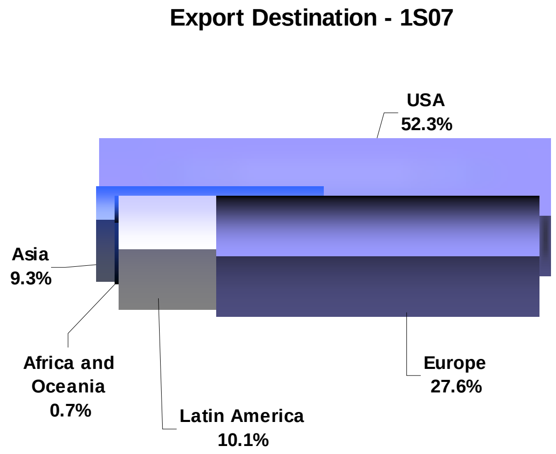
operating performance. In addition, we understand that certain investors and financial analysts use EBITDA as an indicator of a company's operating performance and/or its cash flow.

[2] Adjusted EBITDA is EBITDA adjusted by expenses in connection with Initial Public Offering. These expenses were fully recorded as operating expenses in a separate line of the statement of income for the quarter and the six-month period ended June 30, 2007. We separated this amount from in the EBITDA statement to allow an appropriate analysis of the Company's operating margins, since we understand that these expenses are non-recurrent and should not be used to measure our operating performance.

04.01 - NOTES

In the first half of 2007, the Company's exports represented 14.3% of Net operating revenue for the same period, against 12.1% in the same period in 2006, an increase in value of 37.7%., in Brazilian reais The export amount in dollars in the first half of 2007 was US$ 19.6 million, 47.4% higher than the dollar amount exported in the same period in 2006, which evidences the influence of foreign exchange on the decrease in the Company's export inflows in Brazilian reais.





We have continuously tried to diversify export markets and the exports mix with the permanent goal of obtaining better prices and margins on these sales. The USA are still the largest import market for our products, followed by Europe and South America.

Business Unit Performance - Financial Statements in Note 23

(The analysis of profits by Business Unit does not take into consideration expenses on the initial public offering).

The Business Unit Plastic Injection Machines had the best performance in the second quarter of 2007, with an increase of 23.7% compared to the same period in 2006, substantially improving the performance in the first quarter of 2007. The buying segments with the largest growth in the period were the automotive, services, house appliances, and electric and electronic products industries.

The increase in sales, together with a strict control of this unit's costs and expenses, prompted the recovery of gross and operating margins. Compared to the 2007 first quarter data, an operating margin of 17.5% of Net operating revenue is considered normal and put this Business Unit back in its regular profitability track.

Net operating revenue (R$ thousand)	2Q06	2Q07	Change %
Machine tools	89.684	96.335	7,4
Plastic injection machines	23.221	28.726	23,7
Cast and machined parts	24.020	28.172	17,3
Total	**136.925**	**153.233**	**11,9**

04.01 - NOTES

Net operating revenue (R$ thousand)	1H06	1H07	Change%
Machine tools	159.561	180.311	13,0
Plastic injection machines	40.156	45.953	14,4
Cast and machined parts	40.384	52.380	29,7
Total	**240.101**	**278.644**	**16,1**

The Business Unit Rough and Machined Cast Iron Parts had the second best performance in the second quarter of 2007, with an increase of 17.3% compared to the same period in 2006.

Considering the YTD amounts, in the first half, this unit's Net operating revenue is 29.7% higher compared to the same period last year, the largest increase among all Business Units, thus justifying the investments made in 2005 to expand its production capacity as from 2006. The buying segments with the largest increase in 2007 (YTD) were companies in the agriculture and wind power industries.

This Business Unit also posted a better operating margin, both in the second quarter and the first half, basically due to higher production.

Gross margin (%)	1Q06	1Q07	2Q06	2Q07
Machine tools	44,7	44,5	47,1	45,9
Plastic injection machines	28,1	41,8	32,8	44,2
Cast and machined parts	26,6	28,7	28,3	37,9
Total	**39,1**	**41,1**	**41,4**	**44,1**

The Business Unit Machine Tools had the less significant performance in the second quarter, with an increase in sales of approximately 7.4% compared to the same period in 2006. In the first half, this Business Unit posts a 13.0% increase in Net operating revenue over the last year. Increased competition arising from the depreciation of the US dollar was decisive for this slightly lower performance compared to the other Business Units. The most significant buying segments in the first half of 2007 were the automotive and services industries.

Gross margin (%)	1H06	1H07
Machine tools	46,1	45,2
Plastic injection machines	30,8	43,3
Cast and machined parts	27,6	33,6
Total	**40,4**	**42,7**

The slight decrease in gross margin in the first half of 2007, compared to the same period in 2006, was offset with an improvement of the operating margin in the comparison of the same periods, basically because of the budget strict control actions over operating expenses.

04.01 - NOTES

Operating margin (%)	1Q06	1Q07	2Q06	2Q07
Machine tools	13,8	17,6	18,0	18,8
Plastic injection machines	-0,8	13,4	4,9	20,0
Cast and machined parts	13,8	14,6	14,7	23,7
Total	**11,4**	**16,4**	**15,2**	**19,9**

Operating margin (%)	1H06	1H07
Machine tools	16,2	18,2
Plastic injection machines	2,5	17,5
Cast and machined parts	14,3	19,5
Total	**13,6**	**18,4**

Investments

As part of our growth strategy, on May 18, 2007, we signed an Asset Purchase and Contract Assignment Agreement with CNC Service Ltda., a company headquartered in Santa Bárbara d'Oeste, SP, which is the Brazilian leading company in the heavy machine tools refurbishment and technical assistance industry, totaling R$ 6.6 million. This acquisition represents for us the expansion of the heavy machines tools manufacturing and sales activities and adds a new activity: the refurbishment of heavy machines tools. We estimate that within approximately three years, and depending on the market conditions and the economic scenario, the heavy machines tools manufacturing and sales business will generate annual revenue of R$ 50 million, and the refurbishment of heavy machines tools can generate annual revenue of R$ 15 million. These businesses' customers are directly or indirectly related to the steel, power generation, sugar and ethanol, pulp and paper, shipbuilding, oil and mining, among other industries.

Fixed assets in the second quarter of 2007 totaled R$ 6.5 million and comprised mainly fixed assets acquired from CNC Service Ltda..

In the first half, investments in fixed assets totaled R$ 12.5 million, an amount similar to investments made in the same period last year.

Capital Increase through Initial Public Offering (IPO)

Pursuant to the Minutes of the Board of Directors' meeting held on April 11, 2007 and April 25, 2007, capital increases of R$ 180,000,000.00 and R$ 62,935,785.00, respectively, were approved, from R$ 260,000,000.00 to R$ 502,935,785.00, through the issuance of 16,195,719 new common shares, which were fully subscribed on April 17, 2007 and April 25, 2007, respectively. As a result of these capital increases, as of June 30, 2007, the Company's capital is represented by 78,557,547 registered common shares, without par value.

We received net cash provided by the Initial Public Offering of R$ 230 million and intend to use such cash in two main projects, as follows: 1) expansion of the Rough and Machined Cast Iron Parts Business Unit, both by increasing our current capacity and possibly by acquiring other companies and thus benefiting from important business synergies and the growing domestic and foreign demand for rough and machined cast iron parts, and 2) increase our current range of machinery and equipment products to serve customers in industries that will benefit from the growth and modernization of the Brazilian manufacturing industry. This expansion will only be possible if we expand our manufacturing units or acquire other companies.

Distribution of Profits

On July 18, 2007, the Company paid interest on capital, attributable to mandatory minimum dividends, in the amount of R$ 12,962,000 (R$ 11,408,000 net of taxes), which correspond to a gross amount of R$ 0.165 per share, pursuant to the Minutes of the Board of Directors' meeting held on May 30, 2007, which approved the payment of interest on capital. The amount was recorded on June 29, 2007.

50 Years of the Romi Foundation

On June 29, this year, the Romi Foundation, which is funded by Indústrias Romi S.A., celebrated its 50 Years' anniversary, which was celebrated with a series of specially prepared events. The mission of the Romi Foundation is to promote education and culture as transforming elements of society. The Romi Foundation is a charity active in Santa Bárbara d'Oeste, SP, and region, which has developed several programs that have had a positive impact on the city's social development.

Currently, the Romi Foundation carries out programs focused on the full development of individuals, from childhood to adulthood, reinforcing their education, preparing them as citizens, and strengthening their potential.

Board of Directors