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

Indústrias Romi S.A.

Condensed Consolidated Financial Statements for the Six-Month Period Ended June 30, 2008 and Independent Accountants' Review Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

1. We have performed a review of the accompanying condensed consolidated financial statements of Indústrias Romi S.A. ("Company") and subsidiaries, consisting of the condensed consolidated balance sheet as of June 30, 2008, the related condensed consolidated statements of income, changes in shareholders' equity's and cash flows for the three - and six-month periods ended June 30, 2008, the performance report, and the notes to the condensed consolidated financial statements, all expressed in Brazilian reais and prepared in accordance with the international accounting standards issued by the International Accounting Standards Board (IASB), 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 review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to in paragraph 1 for them to be in conformity with IAS 34 issued by the International Accounting Standards Board (IASB).

4. Brazilian accounting practices differ, in certain material respects, from international accounting standards issued by the International Accounting Standards Board (IASB). Information related to the nature and effect of these differences is presented in note 4 to the consolidated interim financial statements.

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

Campinas, July 18, 2008

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Walbert Antonio dos Santos
Engagement Partner

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INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2008 AND DECEMBER 31, 2007
(In thousands of Brazilian reais - R$)

ASSETS	Note	2008	2007
CURRENT ASSETS			
Cash and cash equivalents	5	219,012	189,010
Temporary cash investments:			
Trading securities	13	63,329	111,512
Trade accounts receivable	6	64,383	64,244
Onlending of FINAME manufacturer financing	7	260,059	223,221
Inventories	8	211,242	183,044
Recoverable taxes	9	14,485	11,537
Other receivables		3,888	3,479
Total current assets		836,398	786,047
NONCURRENT ASSETS			
Long-term assets:			
Trade accounts receivable	6	2,313	2,136
Onlending of FINAME manufacturer financing	7	452,759	409,896
Recoverable taxes	9	6,331	5,391
Deferred income and social contribution taxes	19	10,064	8,016
Escrow deposits		10,383	7,087
Other receivables		3,941	2,928
Property. plant and equipment. net	10a	156,799	129,666
Intangible assets		2,843	-
Goodwill		1,496	-
Total noncurrent assets		646,929	565,120
TOTAL ASSETS		1,483,327	1,351,167

LIABILITIES AND SHAREHOLDERS’ EQUITY	Note	2008	2007
CURRENT LIABILITIES			
Loans and financing	11	18,161	30,854
FINAME manufacturer financing	12	222,734	192,884
Trade accounts payable		39,948	25,193
Payroll and related charges	14	31,600	35,934
Taxes payable	15	10,239	8,013
Advances from customers		15,246	9,702
Dividends. interest on capital and profit sharing		13,660	6,775
Other payables		5,447	4,640
Total current liabilities		357,035	313,995
NONCURRENT LIABILITIES			
Loans and financing	11	58,113	50,293
FINAME manufacturer financing	12	384,345	348,710
Reserve for contingencies	16	12,105	8,746
Deferred income and social contribution taxes on negative goodwill	19b	1,404	1,404
Taxes payable		2,735	1,896
Other payables		2,060	
Total noncurrent liabilities		460,762	411,049
SHAREHOLDERS’ EQUITY			
Capital		505,764	505,764
Capital reserve		2,209	2,209
Profit reserve		117,247	117,247
Retained earnings		38,892	-
Cumulative foreign currency translation adjustments		(852)	(968)
Shareholders' equity of controlling		663,260	624,252
MINORITY INTEREST		2,270	1,871
TOTAL SHAREHOLDERS’ EQUITY AND MINORITY INTEREST		665,530	626,123
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		1,483,327	1,351,167

(Reviewed by independent accountants to the extent described in the report dated July 18, 2008)

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INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE SIX AND THREE-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007
(In thousands of Brazilian reais - R$)

		FOR THE THREE-MONTH PERIODS ENDED		FOR THE SIX-MONTH PERIODS ENDED	
	Note	06/30/2008	06/30/2007	06/30/2008	06/30/2007
Domestic market		194,868	166,671	359,460	294,976
Foreign market		20,449	17,367	40,407	39,853
GROSS OPERATING REVENUE		215,317	184,038	399,867	334,829
TAXES ON SALES		(38,054)	(30,805)	(69,748)	(56,185)
NET OPERATING REVENUE		177,263	153,233	330,119	278,644
COST OF SALES	24	(103,645)	(85,172)	(195,369)	(158,587)
GROSS PROFIT		73,618	68,061	134,750	120,057
OPERATING INCOME (EXPENSES)					
Selling expenses	24	(16,022)	(15,536)	(30,202)	(27,311)
General and administrative expenses	24	(12,797)	(9,307)	(24,961)	(20,653)
Research and development expenses	24	(7,121)	(7,429)	(13,745)	(12,217)
Management profit sharing and compensation	24	(4,021)	(2,320)	(7,431)	(3,627)
Tax expenses	24	(420)	(2,340)	(1,193)	(3,933)
Other operating income (expense)	24	(73)	177	786	570
Total		(40,454)	(36,755)	(76,746)	(67,171)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		33,164	31,306	58,004	52,886
Financial income		9,579	7,186	17,627	13,341
Financial expenses		(1,396)	(1,344)	(2,850)	(2,424)
Exchange gains		2,380	2,769	2,908	3,679
Exchange losses		(2,346)	(1,294)	(2,498)	(2,071)
		8,217	7,317	15,187	12,525
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		41,381	38,623	73,191	65,411
INCOME AND SOCIAL CONTRIBUTION TAXES	19a	(8,638)	(2,832)	(14,512)	(10,818)
Current		(9,132)	(4,706)	(16,560)	(13,414)
Deferred		494	1,874	2,048	2,596
NET INCOME		32,743	35,791	58,679	54,593
ATTRIBUTED TO:					
Controlling shareholders' interest		32,544	35,650	58,280	54,373
Minority interest		199	141	399	220
		32,743	35,791	58,679	54,593
Basic and diluted earnings per share - R$				0.742	0.785

(Reviewed by independent accountants to the extent described in the report dated July 18, 2008)

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INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX -MONTH PERIOD ENDED JUNE 30, 2008 AND JUNE 30, 2007
(In thousands of Brazilian reais - R$)

			Profit reserve							
	Capital	Capital reserve	Profit reserve	Legal reserve	Total	Cumulative foreign currency translation adjustments	Retained earnings	Shareholders' equity of controlling	Minority interest	Total
BALANCES AS OF DECEMBER 31, 2006	262,846	2,209	41,263	25,738	67,001	(267)	-	331,789	1,674	333,463
Net capital increase with issuance of shares	242,936	-	-	-	-	-	-	242,936	-	242,936
Net income	-	-	-	-	-	-	54,373	54,373	220	54,593
Foreign currency translation adjustments	-	-	-	-	-	(317)	-	(317)	-	(317)
Allocations:										
Interest on capital - Law No. 9249/95	-	-	-	-	-	-	(12,962)	(12,962)	-	(12,962)
Dividends paid	-	-	(31,158)	-	(31,158)	-	-	(31,158)	-	(31,158)
Profit retention	-	-	41,411	-	41,411	-	(41,411)	-	-	-
BALANCES AS OF JUNE 30, 2007	505,782	2,209	51,516	25,738	77,254	(584)	-	584,661	1,894	586,555
BALANCES AS OF DECEMBER 31, 2007	505,764	2,209	86,062	31,185	117,247	(968)	-	624,252	1,871	626,123
Net income	-	-	-	-	-	-	58,280	58,280	399	58,679
Foreign currency translation adjustments	-	-	-	-	-	116	-	116	-	116
Allocations:										
Interest on capital - Law No. 9249/95	-	-	-	-	-	-	(19,388)	(19,388)	-	(19,388)
BALANCES AS OF JUNE 30, 2008	505,764	2,209	86,062	31,185	117,247	(852)	38,892	663,260	2,270	665,530

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INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX -MONTH PERIODS ENDED JUNE 30, 2008 AND 2007
(In thousands of Brazilian reais - R$)

	Note	2008	2007
Cash flows from operating activities:			
Net income		58,679	54,593
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	10 a)	7,002	5,508
Allowance for doubtful accounts		1,362	(86)
Gain on sale of property, plant and equipment		(825)	(163)
Interest on trade accounts receivable, trade accounts payable, and loans and financing		3,308	744
Exchange variation on trade accounts receivable, trade accounts payable, and loans and financing		(238)	(432)
Deferred income and social contribution taxes		(2,048)	(2,598)
Provision for inventory losses		(1,225)	(301)
Reserve for contingencies, net		63	(2,787)
Increase (decrease) in assets:			
Temporary cash investments in trading securities		48,183	(57,517)
Trade accounts receivable		6,793	(4,823)
Onlending of FINAME manufacturer financing		(79,701)	(76,921)
Inventories		(26,373)	(12,471)
Recoverable taxes, net		(3,804)	(2,058)
Other receivables		(1,422)	(2,899)
Increase (decrease) in liabilities:			
Trade accounts payable		14,497	4,302
Payroll and related charges		(4,491)	(483)
Taxes payable		9,427	2,755
Advances from customers		5,544	4,297
Other payables		(1,753)	1,738
Net cash used provided in operating activities		32,978	(89,602)
Payment of interest on loans and financing		(3,987)	(524)
Payment of income and social contribution taxes		(7,141)	(5,194)
Net cash provided bye (used in) operating activities		21,850	(95,320)
Cash flows from investing activities:			
Purchase of property, plant and equipment	10 a)	(31,220)	(12,480)
Sale of property, plant and equipment		1,011	853
Acquisition of investment in subsidiary		(3,324)	-
Net cash provided by (used in) investing activities		(33,533)	(11,627)
Cash flows from financing activities:			
Capital increase with issuance of shares		-	229,991
Interest on capital and dividends paid		(10,600)	(84,787)
Borrowings		14,207	43,909
Repayment of loans and financing		(27,407)	(3,010)
Increase in FINAME manufacturer financing		164,133	137,129
Repayment of FINAME manufacturer financing		(98,648)	(76,292)
Net cash provided by financing activities		41,685	246,940
Increase in cash and cash equivalents and temporary cash investments		30,002	139,993
Cash and cash equivalents and temporary cash investments - beginning of period		189,010	71,069
Cash and cash equivalents and temporary cash investments - end of period		219,012	211,062

(Reviewed by independent accountants to the extent described in the report dated July 18, 2008)

1. GENERAL INFORMATION

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 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.

On May 16, 2008, the Company announced to its shareholders and the market in general that a preliminary agreement had been made with Sandretto Industrie S.l.r. in Amministrazione Straordinaria ("Sandretto") for signing a Contract ("Contract") to transfer to the Company (directly or through subsidiaries) a set of assets of ("Assets"). Sandretto is a renowned Italian manufacturer of plastic injection molding machines, with a strong international position, having manufactured and sold more than 30,000 machines over its 61-year history. It has two plants in Italy and wholly-owned subsidiaries in the United Kingdom, Holland, Spain and France, in addition to a number of service centers, sales representatives and offices in several countries. Since 2006, Sandretto has been managed by representatives of the Italian government under a special financial restructuring process (Amministrazione Straordinaria). In 2007, Sandretto recorded consolidated net revenue of approximately € 30,000,000.00. With the potential acquisition of the Assets, the Company intends to continue the manufacturing, selling and service rendering activities of Sandretto. The tangible and intangible assets which will be assigned under the Contract includes land, buildings, facilities, machinery, equipment, tools, vehicles, furniture, computers, software, technology, drawings, trademarks, patents, technical and commercial information, in addition to the total capital of the four foreign subsidiaries of Sandretto. Additionally, the Company will undertake to hire the current 295 employees of Sandretto, who have large professional experience, and to allocate to the business € 8,000,000.00 over a period of 2 years from the date of said asset transfer.

The asset acquisition price will be € 5,500,000.00, which does not include the inventories of raw materials, work in process and finished products. The inventories will be acquired by the Company for € 2,400,000.00. This acquisition is in line with the Company's strategy of increasing its product portfolio and expanding its operating and market bases, and was approved by the Board of Directors at a meeting held on May 16, 2008 and definitively at the Extraordinary Shareholders' Meeting on June 30, 2008 when, after the information requested at the prior extraordinary shareholders' meeting was provided, the shareholders present decided by majority vote to approve the proposal for acquisition of Sandretto's assets by the indirect wholly-owned subsidiary Romi Italia S.r.l.. The Company's management is in the process of concluding negotiations but up to the date of issuance of this report the contract for acquisition of Sandretto had not yet been signed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

The Condensed Consolidated Financial Statements of the Company for the six-month period ended June 30, 2008, have been prepared in accordance with accounting practices consistent with IFRS and IAS 34, " Interim Financial Reporting". These condensed consolidated financial statements are consistent with the accounting practices adopted for the consolidated financial statements for the year ended December 31, 2007, which have been prepared in accordance with International Financial Reporting Standard issued by the International Accounting Standards Board ("IASB").

The following new pronouncements, amendments or interpretations are required for the first time for the year or period beginning January 1, 2008 but are not currently relevant or applicable to the Company:

- IFRIC 11, "IFRS 2 - Group and Treasury Share Transactions";
- IFRIC 12, "Service Concession Arrangements";
- IFRIC 14, "IAS19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

The following new pronouncements, amendments or interpretations were issued but are not effective for the year or period beginning on January 1, 2008 and were not adopted earlier:

- IFRS 8, "Operating Segments", effective for years beginning on or after January 1, 2009. IFRS8 replaces IAS14, "Segment Reporting", and requires management's focus to report information per segment in the same basis as for internal report purposes;
- IAS23 (amendment), "borrowing costs", effective for years beginning on or after January 1, 2009;
- IFRS2 (amendment), "share-based payment", effective for years beginning on or after January 1, 2009;
- IFRS3 (amendment), "business combination" and consequent amendments to IAS27 "Consolidated and separate financial statements", IAS28 "Investments in associates" and IAS31 "Interests in joint ventures", effective prospectively for business combinations whose acquisition date was on or after the start of the first year beginning on or after January 1, 2009. The Company's management is analyzing the impact of new requirements related to accounting for acquisitions, consolidation and associates in the group;
- IAS1 (amendment), "Presentation of financial statements", effective for years beginning on or after January 1, 2009;
- IAS32 (amendment), "Financial instruments: presentation", and amendments arising from IAS 1, "Presentation of financial statements", effective for years beginning on or after January 1, 2009;
- IFRIC13, "Customer loyalty programmes", effective for years beginning on or after July 1, 2008.

3. CONSOLIDATED FINANCIAL STATEMENTS

3.1. The following practices were adopted in the preparation of the condensed consolidated financial statements:

3.1.1. Subsidiaries

The Company fully condensed and 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 as of June 30, 2008 and December 31, 2007 include the accounts of the Company and its subsidiaries, as follows:

Subsidiary		Country	Main activity
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 Comercial Importadora e Exportadora S.A. ("Interocean")		Brazil	Trading company, not operating in the reporting periods
Favel S.A. ("Favel")		Uruguay	Sales representation for Latin America
J.A.C. - Indústria Metalúrgica Ltda.	(a)	Brazil	Manufacture of plastic blowers
Romi Europa GmbH ("Romi Europe")		Germany	Technical assistance and support to dealers in Europe, Asia, Africa, and Oceania
Subsidiary of Romi Europe			
Romi Itália S.R.l. (Romi Italy)	(b)	Italy	Development, design, production and sale, distribution, import and export of machinery and equipment for processing of plastic raw materials

(a) This subsidiary was acquired on January 25, 2008. See details in note 3.2.

(b) Limited liability company incorporated on May 22, 2008 with a capital of € 300,000, fully subscribed by the only shareholder Romi Europe. Romi Italy was not operating until June 30, 2008.

The table below shows the main captions of the balance sheets as of June 30,2008 and December 31, 2007 and statements of income for the six-month periods ended June 30, 2008 and 2007 of the consolidated operating subsidiaries. The financial statements of the subsidiaries Interocean, Romi Europe, Favel and J.A.C. are not presented because of the immateriality of the balances.

	Rominor		Romi Machine Tools	
	06/30/2008	12/31/2007	06/30/2008	12/31/2007
Assets				
Current assets	26,756	22,895	14,597	18,185
Noncurrent assets	6,497	6,624	344	368
Total assets	33,253	29,519	14,941	18,553
Liabilities				
Current liabilities	509	2,523	14,336	17,142
Noncurrent liabilities	-	-	127	162
Shareholders' equity	32,744	26,996	478	1,249
Total liabilities and shareholders' equity	33,253	29,519	14,941	18,553

	06/30/2008	06/30/2007	06/30/2008	06/30/2007
Net operating revenue	5,672	3,953	5,823	8,816
Gross profit	5,636	3,836	811	1,620
Income (loss) from operations	6,707	3,710	(685)	(144)
Income (loss) before taxes	6,875	3,710	(681)	(144)
Net income (loss)	5,747	3,163	(681)	(144)

Intercompany balances and transactions have been eliminated in consolidation 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.

3.1.2. Goodwill

Goodwill represents the excess of acquisition cost over the net fair value of a subsidiary's, jointly-owned subsidiary's or affiliate's identifiable assets, liabilities and contingent liabilities on the acquisition date, in conformity with IFRS 3. As a result of the exception set forth by IFRS 1, the Company applied the provisions of IFRS 3 only to acquisitions made after January 1, 2006 (IFRS transition date).

Goodwill of subsidiaries is recognized as an asset and included in line item "Goodwill". Goodwill is not amortized and is annually tested for impairment or whenever there are indications of loss of equity value. Any impairment loss is immediately recognized as cost in the statement of income for the period, and cannot be subsequently derecognized.

On the disposal of a subsidiary, jointly-owned subsidiary or affiliate, the related goodwill is included in the determination of the gain or loss on disposal.

3.2. Acquisitions

On January 25, 2008, the Company acquired, for R$ 5,531, all shares in J.A.C. Indústria Metalúrgica Ltda. (“JAC”). JAC is a traditional manufacturer of plastic blowers with headquarters and operations in the city of Americana, state of São Paulo, and its acquisition is in line with the Company’s strategy to expand its line of products and its activities related to production and sale of plastic processing machines, which until then were concentrated in the injection segment.

The transaction was approved by the Company’s Board of Directors at the meeting held on January 25, 2008, and its approval by the Shareholders’ Meeting was waived according to Article 256 of Law No. 6404/76.

The Company made a preliminary estimate of the fair value of assets acquired and liabilities assumed as follows:

Net assets (liabilities) acquired	
Current assets	1,605
Noncurrent assets	6,053
Goodwill	1,496
Current liabilities	(3,330)
Noncurrent liabilities	(293)
Total	5,531
Total purchase price	5,531

4. RECONCILIATION BETWEEN IFRS AND BRGAAP

The company filed the Information Quarterly or consolidated, prepared in accordance with accounting practices adopted in Brazil (BRGAAP) and therefore below presents the reconciliation of the main differences between the IFRS and BRGAAP that affect the Company’s shareholders equity as of Jun 30,2008. Regarding the result of the semester ended as of this date is not presented because there are no differences between the IFRS and BRGAAP:

SHAREHOLDERS’ EQUITY RECONCILIATION - BRGAAP X IFRS AS OF JUNE 30, 2008

Shareholders’ equity under BRGAAP		660,465
Adjustments under IFRS:		
Reversal of negative goodwill of subsidiary Rominor	(a)	4,199
Deferred income and social contribution taxes on reversal of negative goodwill of subsidiary Rominor	(a)	(1,404)
Shareholders’ equity (excluding minority interest) under IFRS		663,260
Minority interest		2,270
Shareholders’ equity		665,530

(a) Negative goodwill on business acquisition: Under IFRS 3, differently from BRGAAP, there is no provision for maintenance of the negative goodwill arising from the acquisition of its subsidiary Rominor in 1992, in view of the investment acquisition value being lower than the book value. Therefore, such amount was adjusted, net of taxes, to the shareholders’ equity as of January 1, 2006.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, banks and short-term, highly liquid investments with original maturities of 90 days or less and low risk of variation in market value.

	06/30/2008	12/31/2007
Cash and banks	6,539	16,174
Temporary cash investments	212,473	172,836
	219,012	189,010

6. TRADE ACCOUNTS RECEIVABLE

	06/30/2008	12/31/2007
Current assets:		
Domestic customers	49,650	44,182
Foreign customers	17,228	21,681
Allowance for doubtful accounts	(2,495)	(1,619)
	64,383	64,244
Noncurrent assets:		
Domestic customers	-	889
Foreign customers	2,313	1,247
	2,313	2,136

The Company's maximum exposure to credit risk is the amount shown above, net of allowance for doubtful accounts.

The credit risk of trade receivables arises from the possibility that the Company does not receive the amounts resulting from sales transactions. To mitigate this risk, the Company adopts the procedure of analyzing in detail the financial position of its customers, establishing a credit limit and constantly monitoring their balances. The allowance for doubtful accounts is calculated based on a risk assessment, which considers historical losses, customers' financial position and the financial position of the economic group to which they belong, guarantees and legal counsel's opinion, and is considered sufficient to cover any losses on accounts receivable.

The Company has R$ 8,223 as of June 30, 2008 (R$ 2,017 as of December 31, 2007) 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 from domestic customers as of June 30, 2008 and December 31, 2007 is as follows:

	06/30/2008	12/31/2007
Current	36,456	35,004
Past-due:		
1 to 30 days	6,197	5,667
31 to 60 days	2,266	1,765
61 to 90 days	1,020	33
91 to 180 days	2,094	712
181 to 360 days	702	545
Over 360 days	915	456
Total past-due	13,194	9,178
Total trade accounts receivable	49,650	44,182

The balance of trade accounts receivable from foreign customers as of June 30, 2008 and December 31, 2007 is as follows:

	06/30/2008	12/31/2007
Current	13,763	16,012
Past-due:		
1 to 30 days	2,127	3,742
31 to 60 days	387	900
61 to 90 days	332	619
91 to 180 days	483	381
181 to 360 days	196	27
Total past-due	3,525	5,669
Total trade accounts receivable	17,228	21,681

7. ONLENDING OF FINAME MANUFACTURER FINANCING

		06/30/2008	12/31/2007
Current assets:			
FINAME falling due		230,378	200,726
FINAME awaiting release	(a)	13,578	10,551
FINAME past-due	(b)	16,103	11,944
		260,059	223,221
Noncurrent assets:			
FINAME awaiting release	(a)	67,618	63,304
FINAME falling due		385,141	346,592
		452,759	409,896
Total		712,818	633,117

Onlending of FINAME manufacturer financing arises from sales to customers that will be financed by funds obtained by the Company from FINAME (National Equipment Financing Authority) (see note 12).

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 5.8% per year + TJLP (Brazilian long-term interest rate), and these terms and conditions are established by BNDES (National Bank for Economic and Social Development), according to the customer's characteristics. After identifying the customer and the sale and defining the customer's eligibility under BNDES Circular No. 195, of July 28, 2006, BNDES, through a financial institution, releases the funds, under an agreement in the name of the Company and acceptance by the customer that will receive the financing. The amounts, terms and interest of the financing are fully reflected in the amounts receivable to be transferred to the financial institution. The Company has retention of title to the financed equipment.

Onlending 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 sales invoice, and delivery of products to the customer. As of the financial statement dates, the financial institution had not deposited the related funds in the Company's checking account because of the usual operating times of the financial institution.

b) FINAME past-due: Refers to receivables not settled by the customers by the due date, considering the financial statement 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). The Company believes that in case of customer's default the value of the machinery would be sufficient to cover the total amount due by the customer.

As of June 30, 2008 and December 31, 2007, the Company and consolidated balances of "Onlending of FINAME manufacturer financing" are as follows:

	06/30/2008	12/31/2007
Past-due:		
1 to 30 days	3,261	2,846
31 to 60 days	1,675	1,248
61 to 90 days	1,469	1,092
91 to 180 days	2,918	1,940
181 to 360 days	3,177	2,624
Over 360 days	3,603	2,194
Total past-due	16,103	11,944
Current:		
2008	121,521	211,277
2009	122,345	-
Total current	260,059	223,221
Noncurrent:		
2009	113,065	191,434
2010	188,954	151,163
2011	106,467	62,666
After 2011	44,273	4,633
Total noncurrent	452,759	409,896
Total	712,818	633,117

8. INVENTORIES

	06/30/2008	12/31/2007
Finished products	61,985	55,014
Work in process	76,457	71,404
Raw materials and components	81,696	65,273
Imports in transit	2,582	1,606
Provision for inventory losses	(11,478)	(10,253)
	211,242	183,044

The amount of the provision for inventory losses refers to slow-moving materials and components with remote likelihood of sale or use.

9. RECOVERABLE TAXES

	06/30/2008	12/31/2007
Current assets:		
IRRF (withholding income tax) on temporary cash investments	2,422	2,354
IPI (federal VAT), PIS and COFINS (taxes on revenue)	5,331	3,915
ICMS (state VAT) on property, plant and equipment items	3,812	3,019
PIS and COFINS on property, plant and equipment items	2,612	2,172
Other	308	77
Total	14,485	11,537
Noncurrent assets:		
PIS and COFINS on property, plant and equipment items	3,245	2,675
ICMS on property, plant and equipment items	3,086	2,716
Total	6,331	5,391

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

The expected realization of long-term tax credits is as follows:

	2008
2009	2,813
2010	2,574
2011	845
After 2011	99
	6,331

10. PROPERTY, PLANT AND EQUIPMENT

a) Changes in consolidated property, plant and equipment are as follows:

Cost of gross property, plant and equipment	Land	Buildings and yards	Machinery and equipment	Furniture and fixtures	Vehicles	Information technology	Construction in progress (a)	Advances	Total
Balance as of January 1, 2007	23,999	34,387	121,977	6,494	1,771	11,260	22,668	5,380	227,936
Additions	3,205	1,776	19,903	415	313	1,187	6,002	(5,085)	27,716
Sales	(2,347)	(388)	(1,674)	(160)	(132)	(539)	(46)	-	(5,286)
Transfers	-	23,258	2,636	1,012	30	36	(26,972)	-	-
Balance as of December 31, 2007	24,857	59,033	142,842	7,761	1,982	11,944	1,652	295	250,366
Additions	43	-	5,225	245	55	4.520	15,389	5,743	31,220
Acquisition of subsidiary [a]	1,567	-	433	7	93	100	900	-	3,100
Sales	(93)	(62)	(977)	(400)	(109)	(319)	(11)	-	(1,971)
Balance as of June 30, 2008	26,374	58,971	147,523	7,613	2,021	16,245	17,930	6,038	282,715
Accumulated depreciation:									
Balance as of January 1, 2007	-	22,740	73,544	4,733	1,365	8,260	-	-	110,642
Depreciation	-	1,623	8,596	376	181	1,079	-	-	11,855
Sales	-	(29)	(954)	(158)	(131)	(525)	-	-	(1,797)
Balance as of December 31, 2007	-	24,334	81,186	4,951	1,415	8,814	-	-	120,700
Depreciation	-	914	5,185	199	95	608	-	-	7,002
Sales	-	(63)	(972)	(311)	(97)	(342)	-	-	(1,785)
Balance as of June 30, 2008	-	25,185	85,399	4,839	1,413	9,080	-	-	125,917
Property, plant and equipment, net:									
Balance as of January 1, 2007	23,999	11,647	48,433	1,761	406	3,000	22,668	5,380	117,294
Balance as of December 31, 2007	24,857	34,699	61,656	2,810	567	3,130	1,652	295	129,666
Balance as of June 30, 2008	26,,374	33,786	62,124	2,774	608	7,165	17,930	6,038	156,799

[a] Refers to the acquisition mentioned in note 3.2.

(a) This quarter the Company started to invest in the construction of new casting and machining plants with investments estimated at R$ 110 million and R$ 120 million, respectively, to be funded by the Company and new financing. The project will be implemented in two stages between 2008 and 2011. The new plants will be built in an area near the current industrial facilities of the Company in Santa Bárbara d'Oeste and each plant will have an additional production capacity of 40,000 tons per year.

In view of the financing agreements with BNDES and other Institutions for investment in property, plant and equipment, approximately R$ 53,907 as of June 30, 2008 (R$ 15,974 as of December, 31 of 2007) of property, plant and equipment items is pledged as collateral. These items are represented by machinery and equipment, buildings and land.

In the year ended June 30, 2008, the Company capitalized interest in the amount of R$ 415, recorded under the caption construction in progress.

(b) Depreciation rates

The Company depreciates property, plant and equipment items under the straight-line method using the following depreciation rates:

	Depreciation rate (%)
Buildings	4
Machinery and equipment	10
Furniture and fixtures	10
Information technology	20
Vehicles	20
Yards	10

11. LOANS AND FINANCING

	Current		Noncurrent		Maturity	Amortization	Financial charges	Guarantees
	06/30/2008	12/31/2007	06/30/2008	12/31/2007			2008	
Import financing - US$	-	14,906	-	-	04/06/2008	Annual	Interest of 0.13% to 0.40% per year + LIBOR + exchange variation	Promissory note/surety
Export financing - US$	5,782	4,859	7,960	13,285	09/02/2010	Semiannual	0.80% per year + LIBOR + exchange variation	Promissory note/surety
Working capital - local currency	938	3,648	-	-	21/08/2008	Monthly beginning 09/21/2007	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	4,014	1,557	42,026	27,672	15/09/2014	Monthly beginning 06/15/2008	Interest of 2% per year + TJLP, paid quarterly through May 2008 and monthly thereafter.	Financed machinery, with book value of R$ 53,907, and property mortgage
FINAME sundry	4,358	4,489	6,528	8,187	16/07/2012	Monthly	Interest of 1.3% to 12.5% per year + TJLP, paid monthly together with amortization of principal	Financed machinery
Refinanced drafts	3,032	1,356	1,472	987	01/11/2010	Monthly	LIBOR + 1% spread	Customer collateral
Romi Machine Tools, Ltd. - Working capital - US$	37	39	127	162	30/06/2012	Semiannual	Interest of 6.31% to 6.39% per year + exchange variation	Promissory note/surety
Total	18,161	30,854	58,113	50,293				

As of June 30, 2008, as collateral for the financing the Company pledged machinery and equipment with book value of R$ 53,907 (see note 10).

The maturities of financing recorded in noncurrent liabilities as of June 30, 2008 are as follows:

	2008
2009	11,094
2010	15,868
2011	9,566
2012	8,812
After 2012	12,773
Total	58,113

12. FINAME MANUFACTURER FINANCING

	06/30/2008	12/31/2007
Current liabilities:		
FINAME manufacturer financing	222,734	192,884
Noncurrent liabilities:		
FINAME manufacturer financing	384,345	348,710

FINAME manufacturer financing agreements are collateralized 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 "Onlending of FINAME manufacturer financing" (see note 7), considering that financing transactions are directly linked to sales to specific customers. The amounts, charges and periods of the financing are fully transferred to the customers receiving the financing, and monthly receipts arising from the caption "Onlending 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 5.8% per year + TJLP (Brazilian long-term interest rate), and these terms and conditions are established by BNDES, according to the customer's characteristics. The balances of FINAME manufacturer financing and, consequently, the balances of Onlending of FINAME manufacturer financing (see note 7) as of June 30, 2008 and December 31, 2007 were monetarily adjusted through the financial statement date. The difference of R$ 105,739 as of June 30, 2008 (R$ 91,523 as of December 31, 2007) between the balance of Onlending of FINAME manufacturer financing and the balance of FINAME manufacturer financing refers to past-due trade notes, renegotiations in progress for past-due accounts and FINAME transactions not yet released by the financial institution. Management believes that there are no collection risks associated with these receivables because they are collateralized by the financed machinery.

The maturities of FINAME manufacturer financing recorded in noncurrent liabilities as of June 30, 2008 are as follows:

	2008
2009	100,673
2010	174,921
2011	82,288
2012	14,666
After 2012	1,798
Total	384,345

13. FINANCIAL INSTRUMENTS

a) Significant accounting policies: The Company and its subsidiaries enter into transactions with financial instruments whose risks are managed by means of financial position strategies and exposure limit controls. Details on the significant accounting policies, including the recognition and measurement criteria related to each category of financial asset and liability are disclosed in note 2.

b) Categories of financial instruments

Financial assets	06/30/2008	12/31/2007
Held for trading:		
Temporary cash investments	63,329	111,512
Loans and receivables (including cash and cash equivalents):		
Cash and cash equivalents	219,012	189,010
Trade accounts receivable	64,383	64,244
Onlending of FINAME manufacturer financing	260,059	223,221
Noncurrent assets:		
Receivables from onlending of FINAME manufacturer financing	452,759	409.826

Financial liabilities	06/30/2008	12/31/2007
Other financial liabilities:		
Loans and financing	18,161	30,854
FINAME manufacturer financing	222,734	192,884
Noncurrent financial liabilities:		
Loans and financing	58,113	50,293
FINAME manufacturer financing	384,345	348,710

c) Risk factors that could affect the Company’s and its subsidiaries’ business:

Interest rate risk: this risk arises from the possibility of losses (or gains) due to fluctuations in interest rates applicable to the assets/investments and liabilities of the Company and its subsidiaries. In order to minimize possible impacts resulting from interest rate fluctuations, the Company and its subsidiaries have alternated between fixed rates and variable rates, such as Libor and CDI (interbank deposit rate) and periodically renegotiated their contracts to adjust them to the market.

Exchange rate risk: this risk arises from the possibility of fluctuations in exchange rates affecting financial expenses or income and the liability or asset balance of contracts denominated in a foreign currency. In addition to trade receivables arising from exports from Brazil and investments abroad, which form a natural hedge against currency fluctuations, the Company and its subsidiaries assess their exchange exposure.

Credit risk: this risk arises from the possibility of the Company's subsidiaries not receiving amounts arising from sales or investments at financial institutions. To mitigate this risk, the Company's subsidiaries adopt the procedure of analyzing in detail the financial position of their customers, establishing a credit limit and constantly monitoring their balances. Additionally, all FINAME manufacturing financing transactions require collateral from the customers.

In relation to cash investments, the Company and its subsidiaries invest solely in prime institutions with low credit risk. Additionally, each institution has a maximum investment limit and balance, determined by the Company's Management. The Company's cash investments are represented basically by investments backed by CDBs, linked to the CDI (interbank deposit rate), maintained with prime financial institutions and with high liquidity, and shares of exclusive investment funds with an indefinite duration and not subject to taxes, resulting in benefits to its shareholder.

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

Capital management risk: arises from the Company's option to adopt a financing structure for its operations. The Company manages its equity structure, which consists of a ratio between financial debts and equity (shareholders' equity, retained earnings and profit reserves), based on internal policies and benchmarks.

14. PAYROLL AND RELATED CHARGES

	06/30/2008	12/31/2007
Salaries	3,037	3,295
Accrued vacation, 13th salary and related charges	15,296	11,325
Payroll charges	5,332	6,102
Provision for profit sharing	7,935	15,212
Total	31,600	35,934

Employee profit sharing was recorded in the statements of income for the six-month period ended June 30, 2008, under the captions "cost of sales and services", "selling expenses", and "general and administrative expenses", according to the cost center of each employee.

15. TAXES PAYABLE

	06/30/2008	12/31/2007
COFINS (tax on revenue)	1,540	3,221
PIS (tax on revenue)	335	700
ICMS (state VAT)	1,196	2,814
Income and social contribution taxes on net income	6,947	1,208
Other taxes	221	70
Total	10,239	8,013

16. 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 - amounts as of June 30, 2008			Recorded reserve	
	Remote	Possible	Probable	06/30/2008	12/31/2007
Tax	7,318	3,633	10,886	10,886	7,683
Civil	1,850	518	250	250	168
Labor	2,895	1,055	969	969	895
Total	12,063	5,206	12,105	12,105	8,746

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 period ended March 31, 2008 are shown below:

	12/31/2007	Additions	Uses/ reversals	Monetary adjustment	06/30/2008
Tax	7,683	3,203	-	-	10,886
Civil	168	82	-	-	250
Labor	895	201	(174)	47	969
	8,746	3,486	(174)	47	12,105

The subsidiaries are not parties to any ongoing lawsuit and have no contingencies that should be considered, according to Management and legal counsel.

As of June 30, 2008, 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$ 1,731 (R$ 1,280 as of December 31, 2007) and R$ 7,971 (R$ 5,897 as of December 31, 2007), respectively, and INSS (social security contribution) on services provided by cooperatives in the amount of R$ 506 (R$ 506 as of December 31, 2007). The Company is depositing in escrow PIS and COFINS on ICMS on sales.

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.

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 will not result in disbursements higher than those recognized in the reserve.

17. SHAREHOLDERS' EQUITY

Subscribed and paid-up capital as of June 30, 2008 and December 31, 2007 is represented by 78,557,547 registered common shares, without par value, all with the same rights and advantages.

Issuance of shares

In the second half of 2007 the Company raised funds in the capital market through a stock public offering, whose funding cost, represented by commissions paid to financial institutions, attorneys' fees, independent auditors, publications and other related expenses, amounted to R$ 12,963, which was recorded in shareholders' equity. The main events related to the public offering were as follows:

- Conversion of shares - According to the minutes of the Extraordinary Shareholders' Meeting on February 15, 2007, the shareholders approved the conversion of all preferred shares issued by the Company into common shares, in the proportion of 10 preferred shares to 9 common shares, upon prior approval of shareholders representing more than half the preferred shares, at a special meeting held on the same date, in conformity with article 136, paragraph 1, Law No. 6404/76. As a result, the Company's capital is represented by 62,361,828 common shares without par value, all of which carrying the same rights and advantages;

- Capital increase through public offering - According to the minutes of the Board of Directors' Meeting on April 11, 2007 and April 25, 2007, the Board approved a capital increase in the Company in the amounts of R$ 180,000 and R$ 62,936, totaling R$ 242,936 (R$ 229,973, net of issuance costs) and, as a result, capital was increased from R$ 275,791 to R$ 505,764, through issuance for public subscription of 16,195,719 new common shares, which were paid up on April 17, 2007 and April 25, 2007, respectively, at R$ 15.00 per share. After the capital increase, as of December 31, 2007 capital is represented by 78,557,547 registered book-entry common shares without par value.

Interest on capital

- On March 18, 2008, through the minutes of the Board of Directors' Meeting, the Company's Executive Board was authorized to pay interest on capital to the shareholders pursuant to applicable legislation, at the gross value of R$ 0.12 per share, in the amount of R$ 9,427 (R$ 8,300, net of taxes). The related amounts shall be credited on March 31, 2008 and paid on April 18, 2008, based on the equity position of March 19, 2008;

- On June 10, 2008, through the minutes of the Board of Directors' Meeting, the Company's Executive Board was authorized to pay interest on capital to the shareholders pursuant to applicable legislation, at the gross value of R$ 0.13 per share, in the amount of R$ 9,961 (R$ 8,748, net of taxes). The related amounts shall be credited on June 30, 2008 and paid on July 18, 2008, based on the equity position of June 11, 2008.

Cumulative foreign currency translation adjustments

The Company recognizes under this caption the cumulative effect from the translation of financial statements of its subsidiaries that maintain accounting records in a currency different from the reporting currency. These effects are recognized after the IFRS implementation date.

The cumulative effect will be reversed to income as a gain or loss in the event of sale or write-off of the investment.

18. EARNINGS PER SHARE

a) Changes in the number of shares

Shares issued	Common	Preferred	Total
Shares as of December 31, 2005	3,452,589	3,092,882	6,545,471
Shares as of December 31, 2006	3,452,589	3,092,882	6,545,471
1-for-10 stock split on March 23, 2007	34,525,890	30,928,820	65,454,710
Conversion of 10 preferred shares into 9 common shares on March 23, 2007	27,835,938	(30,928,820)	(3,092,882)
Issue of shares through public offering	16,195,719	-	16,195,719
Shares as of December 31, 2007	78,557,547	-	78,557,547
Shares as of March 31,2008	78,557,547	-	78,557,547
Shares as of June 30, 2008	78,557,547	-	78,557,547

For earning per share calculation purposes, the stock split and the conversion of preferred shares into common shares on March 23, 2007 were adjusted as if they had been carried out on January 1, 2006.

b) Earnings per share

In compliance with IAS No. 33, Earnings per Share, the following tables reconcile the net income with the amounts used to calculate the basic and diluted earnings per share.

	06/30/2008	06/30/2007
Net income	58,280	54,373
Weighted average of shares issued (in thousands)	78,557	69,277
Basic and diluted earnings per share	0,742	0,785

19. INCOME AND SOCIAL CONTRIBUTION TAXES

a) The table below shows the reconciliation of tax charges between effective and statutory rates.

	06/30/2008	06/30/2007
Income before income and social contribution taxes	73,191	65,411
Statutory rate (income and social contribution taxes)	34%	34%
Expected income and social contribution tax charges at statutory rate	24,885	22,240
Reconciliation to the effective rate:		
Interest on capital	(6,592)	(4,407)
Other additions (deductions), net	(3,781)	(7,015)
Income and social contribution tax charges	14,512	10,818
Provision for income and social contribution taxes	14,512	10,818
Effective income and social contribution tax rate	20%	17%

b) Deferred income and social contribution taxes

	06/30/2008				12/31/2007	
Assets	Temporary differences	Income tax	Social contribution tax	Total	Temporary differences	Deferred taxes
Adjustments to market value or other:						
Provision for inventory losses	11,478	2,861	1,033	3,894	10.253	3,476
Repossession of machinery	1,215	303	109	412	766	260
Investments	451	112	40	152	451	152
Adjustments to present value: trade accounts receivable and payable	1,048	261	94	355	649	220
Reserve for contingencies	6,386	1,591	575	2,166	4,419	1,499
Commissions	779	194	71	265	666	226
Suspended taxes	10,381	2,588	-	2,588	7,178	1,787
Management profit sharing	2,577	-	232	232	4,400	396
Deferred income and social contribution taxes, net	34,315	7,910	2,154	10,064	28,782	8,016
Liabilities						
Write off of negative goodwill on acquisition of subsidiary	4,199	1,026	378	1,404	4,199	1,404

i) The recorded asset is limited to amounts whose utilization 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, selection of exchange rates, sales volume and price, 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 income, 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 profits of the Company and its subsidiaries.

ii) Income and social contribution tax liabilities refer to the write-off of negative goodwill arising from acquisition of a subsidiary as part of the application of the IFRS. Tax payable on gain arising from the write-off of negative goodwill will be deferred when the negative goodwill is realized, which will occur when the investment is sold or impaired.

As of June 30, 2008, the expected realization of deferred income and social contribution taxes, recorded in noncurrent assets, is as follows:

	06/30/2008		
	Income tax	Social contribution tax	Total
2008	877	433	1,310
2009	4,302	890	5,192
2010	1,121	405	1,526
2011	1,098	396	1,494
2012	488	21	509
2013	24	9	33
	7,910	2,154	10,064

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 as of June 30, 2008 amounted to R$ 2,491 (R$ 1,475 in 2007).

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 assessment by specialized consultants. As of June 30, 2008, insurance coverage is as follows:

Coverage	Effective period	Coverage amount
Fire, windstorm, and electrical damage:		
Buildings	01/01 to 12/31/08	23,100
Machinery and equipment	01/01 to 12/31/08	53,332
Inventories	01/01 to 12/31/08	35,402

22. SEGMENT REPORTING

In order to manage its business the Company is organized into three business units. These business units are the basis on which the Company reports its primary information by segment according to IAS 14, Segment Reporting. The main segments are as follows: machine tools, plastic injection machines, and cast and machined products. Segment reporting on these business units is as follows:

	06/30/2008				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Gross operating revenue	253,444	68,659	77,764	-	399,867
Taxes on sales	(41,800)	(12,183)	(15,765)	-	(69,748)
Net operating revenue	211,644	56,476	61,999	-	330,119
Cost of sales	(112,631)	(26,064)	(56,674)	-	(195,369)
Transfers remitted	12,322	-	17,711	(30,033)	-
Transfers received	(14,141)	(10,278)	(5,614)	30,033	-
Gross profit	97,194	20,134	17,422	-	134,750
Operating income (expenses):					
Selling expenses	(19,903)	(7,013)	(3,286)	-	(30,202)
General and administrative expenses	(17,549)	(3,413)	(3,999)	-	(24,961)
Research and development expenses	(11,415)	(2,330)	-	-	(13,745)
Management profit sharing and compensation	(5,316)	(934)	(1,181)	-	(7,431)
Tax expenses	(783)	(199)	(211)	-	(1,193)
Other income	786	-	-	-	786
Income from operations before financial income (expenses)	43,014	6,245	8,745	-	58,004
Financial income					17,627
Financial expenses					(2,850)
Exchange gains					2,908
Exchange losses					(2,498)
Total financial income					15,187
Income before income and social contribution taxes					73,191
Income and social contribution taxes					(14,512)
Net income					58,679
Attributed to:					
Controlling shareholders' interest	-	-	-	-	58,280
Minority interest	-	-	-	-	399

	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	(34,147)	(9,124)	(12,914)	-	(56,185)
Net operating revenue	180,310	45,954	52,380	-	278,644
Cost of sales	(97,810)	(18,129)	(42,648)	-	(158,587)
Transfers remitted	9,896	-	13,675	(23,571)	-
Transfers received	(9,862)	(7,926)	(5,783)	23,571	-
Gross profit	82,534	19,899	17,624		120,057
Operating income (expenses):					
Selling expenses	(18,742)	(5,544)	(3,025)	-	(27,311)
General and administrative expenses	(13,614)	(3,254)	(3,785)	-	(20,653)
Research and development expenses	(9,914)	(2,303)	-	-	(12,217)
Management profit sharing and compensation	(2,844)	(374)	(409)	-	(3,627)
Tax expenses	(3,362)	(379)	(192)	-	(3,933)
Other income	570	-	-	-	570
Income from operations before financial income (expenses)	34,628	8,045	10,213	-	52,886
Financial income					13,341
Financial expenses					(2,424)
Exchange gains					3,679
Exchange losses					(2,071)
Total financial income					12,525
Income before income and social contribution taxes					65,411
Income and social contribution taxes					(10,818)
Net income					54,593
Attributed to:					
Controlling shareholders' interest					54,373
Minority interest					220

Sales to outside customers, based on the geographic location of such customers, for each geographic segment do not exceed 10% of the Company's total sales. Additionally, the related assets by geographic location are substantially located in Brazil.

23. FUTURE COMMITMENTS

On May 1, 2007, the Company entered into an electric power supply agreement with the concessionaire Centrais Elétricas Cachoeira Dourada S.A. - CDSA, which belongs to the Endesa Group, effective between January 1, 2008 and December 31, 2012, under the "free consumer" system. This agreement is annually adjusted based on the IGP-M (general market price index) and distributed as follows:

Year of supply	Amount
2008	5,613
2009	8,268
2010	9,010
2011	9,858
2012	10,309
Total	43,058

Management estimates that this agreement is consistent with the required electric power consumption for the agreement period.

24. EXPENSES BY NATURE

The Company elected to report the Consolidated Statement of Income by function. As required by IFRS, we present below the Consolidated Statement of Income detailed by nature:

	06/30/2008	06/30/2007
Depreciation and amortization	6,145	5,502
Personnel expenses	94,240	75,333
Raw material and consumable supplies	148,941	117,935
Freight	6,608	5,124
Other expenses	16,181	21,864
Total	272,115	225,758

	06/30/2008	06/30/2007
Classified as:		
Cost of sales	195,369	158,587
Selling expenses	30,202	27,311
General and administrative expenses	24,175	20,083
Research and development expenses	13,745	12,217
Management profit sharing and compensation	7,431	3,627
Tax expenses	1,193	3,933
Total	272,115	225,758