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

Indústrias Romi S.A.

Interim Financial Statements for the Quarter and Nine-Month Period Ended September 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 September 30, 2007, the related statements of income for the quarter and nine-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 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 for the nine-month periods ended September 30, 2007 and 2006, for purposes of additional analysis and are not a required part of the basic interim financial statements. Such information has been prepared under the responsibility of the management of the Company and its subsidiaries and 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 for it to be fairly stated, in all material respects, in relation to the interim financial statements taken as a whole.

5. We had previously reviewed the individual and consolidated balance sheets as of June 30, 2007 and the individual and consolidated statements of income for the quarter and nine-month periods ended September 30, 2006, presented for comparative purposes, and issued review reports thereon, dated July 19, 2007 and October 20, 2006, respectively.

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

Campinas, October 30, 2007

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Walbert Antonio dos Santos
Engagement Partner

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

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

ASSETS	Note	Company 09/30/2007	Company 06/30/2007	Consolidated 09/30/2007	Consolidated 06/30/2007
CURRENT ASSETS					
Cash and cash equivalents		6,337	5,262	6,900	6,494
Temporary cash investments	4	257,284	262,062	278,334	277,938
Trade accounts receivable	5	49,524	43,747	53,548	47,051
One lending of FINAME manufacturer financing	6	201,690	189,484	201,690	189,484
Intercompany receivables	10	14,037	14,452	-	-
Inventories	7	178,576	169,288	191,596	182,562
Recoverable taxes	8	8,871	8,279	9,227	8,724
Deferred income and social contribution taxes	20	2,501	3,175	2,501	3,175
Other receivables		3,265	7,129	3,420	7,319
Total current assets		722,085	702,878	747,216	722,747
NONCURRENT ASSETS					
Long-term assets:					
Trade accounts receivable	5	1,305	1,333	1,305	1,333
One lending of FINAME manufacturer financing	6	356,723	317,923	356,723	317,923
Recoverable taxes	8	7,380	7,471	7,380	7,471
Deferred income and social contribution taxes	20	5,512	5,525	5,512	5,525
Other receivables		2,852	850	2,852	850
Investments in subsidiaries, goodwill and negative goodwill	9	26,041	23,256	-	9
Property, plant and equipment, net	11	154,901	151,327	162,276	161,115
Total noncurrent assets		554,714	507,685	536,048	494,226
TOTAL ASSETS		1,276,799	1,210,563	1,283,264	1,216,973

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Company 09/30/2007	Company 06/30/2007	Consolidated 09/30/2007	Consolidated 06/30/2007
CURRENT LIABILITIES					
Loans and financing	12	30,354	25,313	30,394	25,354
Finame manufacturer financing	13	175,385	166,746	175,385	166,746
Trade accounts payable		21,321	22,727	21,674	23,055
Payroll and related charges	14	32,125	25,390	32,133	25,397
Taxes payable	15	10,657	5,500	10,918	5,849
Advances from customers		6,948	8,634	7,124	8,925
Dividends, interest on capital and profit sharing	17	14,664	13,503	14,664	13,504
Other payables		3,693	3,477	3,848	4,075
Intercompany payables	10	748	1,284	-	-
Total current liabilities		295,895	272,574	296,140	272,905
NONCURRENT LIABILITIES					
Long-term liabilities:					
Loans and financing	12	34,344	41,788	34,523	41,986
FINAME manufacturer financing	13	303,060	275,485	303,060	275,485
Deferred income and social contribution taxes on revaluation reserve	11	6,780	6,987	6,780	6,987
Taxes payable		1,531	596	1,531	596
Reserve for contingencies	16	1,630	1,642	1,630	1,642
Total noncurrent liabilities		347,345	326,498	347,524	326,696
Negative goodwill in subsidiaries	9	-	-	4,199	4,199
MINORITY INTEREST		-	-	1,842	1,682
SHAREHOLDERS’ EQUITY					
Capital	17	502,936	502,936	502,936	502,936
Capital reserve	17	2,052	2,052	2,052	2,052
Revaluation reserve	17	29,223	29,625	29,223	29,625
Profit reserve	17	99,348	76,878	99,348	76,878
		633,559	611,491	633,559	611,491
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,276,799	1,210,563	1,283,264	1,216,973

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

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

STATEMENTS OF INCOME PARENT COMPANY FOR THE QUARTERS AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(In thousands of Brazilian reais - R$, except earnings per share)

		Nine-Month Period Ended		Three-Month Period Ended	
	Note	09/30/2007	09/30/2006	09/30/2007	09/30/2006
GROSS OPERATING REVENUE					
Domestic market		468,455	428,117	177,029	165,135
Foreign market		61,119	42,727	18,706	18,493
		529,574	470,844	195,735	183,628
Taxes on sales		(90,478)	(83,780)	(34,443)	(30,916)
NET OPERATING REVENUE		439,096	387,064	161,292	152,712
Cost of sales and services		(255,596)	(225,772)	(92,297)	(85,804)
GROSS PROFIT		183,500	161,292	68,995	66,908
OPERATING INCOME (EXPENSES)					
Selling expenses		(45,533)	(45,077)	(15,607)	(16,492)
General and administrative expenses		(29,857)	(29,117)	(10,676)	(10,538)
Research and development expenses		(19,308)	(15,751)	(7,091)	(5,693)
Management compensation		(4,100)	(3,557)	(1,539)	(1,231)
Tax expenses		(4,878)	(3,612)	(1,256)	(1,376)
Equity in subsidiaries	9	6,566	1,469	2,941	831
Total operating expenses		(97,110)	(95,645)	(33,228)	(34,499)
INCOME FROM OPERATIONS BEFORE PUBLIC STOCK OFFERING EXPENSES		86,390	65,647	35,767	32,409
Public stock offering expenses	17	(12,963)	-	(18)	-
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		73,427	65,647	35,749	32,409
FINANCIAL INCOME (EXPENSES)					
Financial income		20,633	8,273	7,544	2,870
Financial expenses		(3,668)	(1,655)	(1,241)	(591)
Exchange gains		(3,146)	(1,239)	(1,075)	30
Exchange losses		4,948	927	1,269	62
Exchange variation on foreign investments	9	(579)	319	(147)	15
Total financial income		18,188	6,625	6,350	2,386
INCOME FROM OPERATIONS		91,615	72,272	42,099	34,795
NONOPERATING INCOME (EXPENSES), NET		870	(63)	301	12
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		92,485	72,209	42,400	34,807
INCOME AND SOCIAL CONTRIBUTION TAXES					
Current	20 b)	(17,971)	(18,065)	(5,506)	(9,162)
Deferred	20 b)	1,911	1,390	(685)	(1,248)
NET INCOME		76,425	55,534	36,209	24,397
Earnings per share at the end of the quarters and nine-month periods ended September 30, 2007 and 2006 - R$		0.97	8.48		

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

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

STATEMENTS OF INCOME CONSOLIDATED FOR THE QUARTERS AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(In thousands of Brazilian reais - R$, except earnings per share)

		Nine-Month Period Ended		Three-Month Period Ended	
	Note	09/30/2007	09/30/2006	09/30/2007	09/30/2006
GROSS OPERATING REVENUE					
Domestic market		474,175	430,251	179,199	166,164
Foreign market		59,700	46,896	19,847	17,959
		533,875	477,147	199,046	184,123
Taxes on sales		(90,717)	(83,887)	(34,532)	(30,964)
NET OPERATING REVENUE		443,158	393,260	164,514	153,159
Cost of sales and services		(251,520)	(228,284)	(91,933)	(85,219)
GROSS PROFIT		191,638	164,976	72,581	67,940
OPERATING INCOME (EXPENSES)					
Selling expenses		(42,317)	(43,028)	(15,006)	(15,319)
General and administrative expenses		(33,538)	(33,516)	(11,692)	(11,755)
Research and development expenses		(19,308)	(15,751)	(7,091)	(5,693)
Management compensation		(4,182)	(3,902)	(1,566)	(1,260)
Tax expenses		(5,191)	(3,632)	(1,258)	(1,375)
Total operating expenses		(104,536)	(99,829)	(36,613)	(35,402)
EXPENSES		87,102	65,147	35,968	32,538
Public stock offering expenses	17	(12,963)	-	(18)	-
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		74,139	65,147	35,950	32,538
FINANCIAL INCOME (EXPENSES)					
Financial income		21,153	9,417	7,812	3,261
Financial expenses		(3,554)	(1,902)	(1,130)	(652)
Exchange gains		(3,146)	(1,239)	(1,075)	30
Exchange losses		4,948	927	1,269	62
Total financial income		19,401	7,203	6,876	2,701
INCOME FROM OPERATIONS		93,540	72,350	42,826	35,239
NONOPERATING INCOME (EXPENSES), NET		291	303	153	25
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		93,831	72,653	42,979	35,264
INCOME AND SOCIAL CONTRIBUTION TAXES					
Current	20 b)	(18,937)	(18,791)	(5,925)	(9,431)
Deferred	20 b)	1,911	1,390	(685)	(1,248)
INCOME BEFORE MINORITY INTEREST		76,805	55,252	36,369	24,585
Minority interest		(380)	(170)	(160)	(85)
NET INCOME		76,425	55,082	36,209	24,500

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

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH
PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
	Note	2007	2006	2007	2006
Cash flows from operating activities:					
Net income		76,425	55,534	76,425	55,082
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation		10,167	8,269	10,400	8,554
Allowance for doubtful accounts		246	350	246	350
Equity in subsidiaries and exchange variation on foreign investments, net of dividends received from subsidiaries		(5,987)	(1,638)	-	-
Loss (gain) on sale of property, plant and equipment		(497)	835	(464)	1,085
Interest and exchange variation on related-party transactions, trade accounts receivable, trade accounts payable and loans and financing		(34,282)	(19,440)	(34,284)	(21,063)
Deferred income and social contribution taxes	20 b)	(1,911)	(1,390)	(1,911)	(1,390)
Income and social contribution taxes on realization of revaluation reserve		(609)	(620)	(609)	(620)
Reserve for contingencies, net		(2,799)	(1,768)	(2,799)	(1,768)
Minority interest		-	-	380	143
Increase (decrease) in assets:					
Cash investments redeemable after 90 days		(5,520)	-	(6,210)	-
Trade accounts receivable		(10,654)	21,193	(8,132)	26,899
Intercompany payables		10	2,641	-	-
One lending of FINAME manufacturer financing		(127,927)	(144,313)	(127,927)	(144,313)
Inventories		(18,030)	(21,869)	(21,806)	(21,526)
Recoverable taxes, net		(2,524)	(1,018)	(2,470)	(1,129)
Other receivables		20	616	(1,002)	1,367
Increase (decrease) in liabilities:					
Trade accounts payable		3,398	(873)	3,301	(746)
Payroll and related charges		6,256	8,613	6,253	8,621
Taxes payable		3,601	(984)	3,565	(743)
Advances from customers		2,476	(5,400)	2,496	(5,227)
Other payables		1,454	1,360	1,511	(216)
Intercompany payables		(1,624)	(501)	-	-
Net cash used in operating activities		(108,311)	(100,403)	(103,037)	(96,640)
Cash flows from investing activities:					
Purchases of property, plant and equipment		(19,367)	(29,565)	(19,787)	(29,621)
Sale of property, plant and equipment		1,250	83	3,590	203
Investments in subsidiaries		-	(16)	-	-
Goodwill on acquisition of shares in Rominor		9	(10)	9	(10)
Net cash used in investing activities		(18,108)	(29,508)	(16,188)	(29,428)
Cash flows from financing activities:					
Interest on capital and dividends paid		(96,779)	(15,911)	(97,768)	(15,911)
Borrowings		41,829	5,702	42,056	5,702
Repayment of loans and financing		(5,709)	(13,274)	(5,735)	(14,296)
Increase in FINAME to manufacturer		217,401	211,920	217,401	211,920
Repayment of FINAME to manufacturer		(87,563)	(65,567)	(87,563)	(65,567)
Net cash provided by financing activities		69,179	122,870	68,391	121,848
Capital increase with issue of new shares		242,936	-	242,936	-
Increase (decrease) in cash and banks and temporary cash investments		185,696	(7,041)	192,102	(4,220)
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		258,101	60,322	279,024	73,978
Supplemental information:					
Income and social contribution taxes paid		14,722	14,689	15,688	15,388
Interest paid in the period		2,359	1,574	2,491	1,787
Payables to suppliers for purchase of property, plant and equipment items		602	275	602	275

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

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2007, COMPARED TO JUNE 30, 2007 AND SEPTEMBER 30, 2006
(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. OPERATIONS

Indústrias Romi S.A. (the "Company") is engaged in the manufacture and sale of machine tools, metal cutting machines, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts in general, IT equipment and peripherals, systems analysis and development of data processing software related to the production, sale, and use of machine tools and plastic injectors, manufacturing and sale of rough cast parts and machined cast parts, export and import, representation on own account or for the account of third parties, and provision of related services, as well as holding interests in other commercial or civil companies, as partner or shareholder, and the management of own and/or third-party assets. The Company's industrial facilities consist of 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 March 23, 2007, the Company adhered to the corporate governance practices established by the New Market listing segment of the São Paulo Stock Exchange (Bovespa).

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 the individual and consolidated statements of cash flows for the nine-month periods ended September 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 September 30, 2007 and 2006 include the accounts of the Company and the following subsidiaries:

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(dormant)
Romi Europa GmbH ("Romi Europa")	Germany	Technical assistance and support to dealers in Europe, Asia, Africa, and Oceania
Favel S.A. ("Favel")	Uruguay	Sales representation for Latin America

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

	Rominor		Romi Machine Tools	
	09/30/2007	06/30/2007	09/30/2007	06/30/2007
Assets				
Current assets	20,083	15,494	15,578	16,710
Noncurrent assets	6,766	9,125	408	454
Total assets	26,849	24,619	15,986	17,164
Liabilities				
Current liabilities	266	351	14,432	15,301
Noncurrent liabilities	-	-	179	198
Shareholders' equity	26,583	24,268	1,375	1,665
Total liabilities and shareholders' equity	26,849	24,619	15,986	17,164
	09/30/2007	09/30/2006	09/30/2007	09/30/2006
Net operating revenue	6,317	2,828	12,615	13,858
Gross profit	6,444	2,636	2,131	2,403
Income (loss) from operations	6,444	3,104	(350)	(942)
Income (loss) before taxes	6,444	3,143	(350)	(942)
Net income (loss)	5,478	2,444	(350)	(969)

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

The financial statements of foreign subsidiaries for the nine-month periods ended September 30, 2007 and 2006, prepared as of the same dates as the Company's financial statements, 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 individual and consolidated balances of net income and shareholders' equity for the nine-month period ended September 30, 2007 and shareholders' equity for the six-month period ended June 30, 2007, included in these interim financial statements for comparative purposes, do not show differences.

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

	Net income for the nine-month period ended 09/30/2006
Company	55,534
Elimination of unrealized profits arising from Company sales to its subsidiaries, net of income and social contribution taxes	(452)
Consolidated	55,082

4. TEMPORARY CASH INVESTMENTS

	Company		Consolidated	
	09/30/2007	06/30/2007	09/30/2007	06/30/2007
Cash investments				
Bank certificates of deposit (CDB)	57,051	128,345	64,309	134,661
Cash investments backed by debentures	65,706	79,041	73,145	83,071
Treasury bills (LFT)	1,501	17,804	5,756	21,959
Investment fund shares - balanced fund	127,435	-	127,435	-
Other	71	68	1,479	927
Total	251,764	225,258	272,124	240,618
Cash investments redeemable after 90 days				
Bank certificates of deposit (CDB)	5,520	15,744	5,520	15,744
Cash investments backed by debentures	-	21,060	690	21,576
Total	5,520	36,804	6,210	37,320
Total temporary cash investments	257,284	262,062	278,334	277,938

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

The Company owns all shares of the open exclusive investment fund shares - balanced fund that has an indefinite duration and is not subject to taxes, resulting in benefits to shareholders. The investment in the exclusive investment fund is highly liquid. The exclusive investment fund portfolio is managed by outside managers who follow the investment policies established by the Company. Based on the exclusive fund’s financial statements prepared in accordance with the rules of the Central Bank of Brazil, this investment is classified as trading securities stated at fair value, whose yield is included in financial income.

5. TRADE NOTES RECEIVABLE

	Company		Consolidated	
	09/30/2007	06/30/2007	09/30/2007	06/30/2007
Current assets				
Domestic customers	40,112	36,003	40,121	36,013
Foreign customers	11,769	10,444	15,784	13,738
Allowance for doubtful accounts	(1,456)	(1,420)	(1,456)	(1,420)
Refinanced drafts	(901)	(1,280)	(901)	(1,280)
	49,524	43,747	53,548	47,051
Noncurrent assets				
Domestic customers	1,305	1,333	1,305	1,333

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

The Company has R$ 3,071 as of September 30, 2007 (R$ 4,061 as of June 30, 2007) related to 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 financial institution is transferred to the Company.

6. ONE LENDING OF FINAME MANUFACTURER FINANCING

	Company and consolidated	
	09/30/2007	06/30/2007
Current assets		
FINAME falling due	181,296	171,856
FINAME awaiting release (a)	9,082	7,363
FINAME past-due (b)	11,312	10,265
	201,690	189,484
Noncurrent assets		
FINAME awaiting release (a)	54,295	44,177
FINAME falling due	302,428	273,746
	356,723	317,923

One Lending of FINAME manufacturer financing consists of amounts linked to financing agreements - FINAME manufacturer financing (see Note 13), 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.

After identifying the customer and the sale and defining the customer's eligibility under BNDES Circular No. 195, of July 28, 2006, the 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, with retention of title to the financed equipment by the Company.

One lending 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 interim 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 interim 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).

7. INVENTORIES

	Company		Consolidated	
	09/30/2007	06/30/2007	09/30/2007	06/30/2007
Finished products	46,136	48,427	59,156	61,701
Work in process	74,336	71,647	74,336	71,647
Raw materials and components	66,310	59,809	66,310	59,809
Imports in transit	2,283	1,387	2,283	1,387
Provision for inventory losses	(10,489)	(11,982)	(10,489)	(11,982)
	178,576	169,288	191,596	182,562

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

8. RECOVERABLE TAXES

	09/30/2007	06/30/2007
Current assets		
IRRF (withholding income tax) on temporary cash investments	1,459	1,293
IPI (federal VAT), PIS and COFINS (taxes on revenue)	4,213	4,023
ICMS on property, plant and equipment	1,986	1,735
PIS and COFINS on property, plant and equipment	1,213	1,228
Company	8,871	8,279
Recoverable taxes in subsidiaries	356	445
Consolidated	9,227	8,724
Noncurrent assets		
PIS and COFINS on property, plant and equipment	3,641	3,683
ICMS on property, plant and equipment	3,739	3,788
Company and Consolidated	7,380	7,471

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

	September 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	2,149	26,583	1,375	24	1,951	32,082
Opening balance of investment	884	19,643	2,007	26	1,693	24,253
Exchange variation on foreign investments	(61)	-	(282)	-	(236)	(579)
Equity in subsidiaries	1,326	5,098	(350)	(2)	494	6,566
Net book value - closing balance	2,149	24,741	1,375	24	1,951	30,240
Negative goodwill - Rominor						(4,199)
Investments in subsidiaries						26,041

	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
Opening balance of investment	884	19,643	2,007	26	1,693	24,253
Exchange variation on foreign investments	(66)	-	(199)	-	(167)	(432)
Equity in subsidiaries	468	2,943	(143)	(2)	359	3,625
Net 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

Negative goodwill results from the acquisition in 1992 of another company by the subsidiary Rominor with book value higher than acquisition value. Rominor was merged into this acquired company, which adopted the corporate name of the former, and the negative goodwill remained with the resulting company. Because the negative goodwill is based on economic reasons other than asset appreciation and future profitability, it is not being amortized and will just be realized at the time of the sales or perishment of the investment which gave rise to it, 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

The balances as of September 30, 2007 and June 30, 2007 and transactions with related parties as of September 30, 2007 and 2006 are as follows:

	Company - Balances							
	Intercompany receivables		Intercompany payables		Loans receivable		Loans payable	
	09/30/2007	06/30/2007	09/30/2007	06/30/2007	09/30/2007	06/30/2007	09/30/2007	06/30/2007
Rominor	-	-	92	92	-	-	-	-
Romi Machine Tools	10,140	11,756	-	77	3,897	2,696	-	-
Favel	-	-	75	94	-	-	581	1,021
	10,140	11,756	167	263	3,897	2,696	581	1,021

	Company - Transactions							
	Sales		Selling expenses		Financial income		Financial expenses	
	09/30/2007	09/30/2006	09/30/2007	09/30/2006	09/30/2007	09/30/2006	09/30/2007	09/30/2006
Romi Europa	337	62	2,128	1,636	-	-	-	-
Rominor	6	-	830	801	-	-	-	-
Romi Machine Tools	14,704	9,377	167	-	135	-	-	-
Favel	-	-	567	327	-	-	21	-
	15,047	9,439	3,692	2,764	135	-	21	-

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 September 30, 2007, the Company had R$ 3,897 (R$ 2,696 as of June 30, 2007) receivable from Romi Machine Tools, with a maturity for December 31, 2007. The balance payable of R$ 581 as of September 30, 2007 (R$ 1,021 as of June 30, 2007) refers to intercompany loan agreements entered into by the Company and Favel for the primary purpose of paying expenses related to international trade shows 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 and the guarantee is collateralized by promissory notes and sureties (see Note 13).

The Company has no transactions with related parties of any kind other than those specified above. The decisions relating to transactions between the Company and its subsidiaries are made by the Management.

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11. PROPERTY, PLANT AND EQUIPMENT

		Company				Consolidated			
		09/30/2007			06/30/2007	09/30/2007			06/30/2007
	Depreciation rate - %	Cost	Accumulated depreciation	Net	Net	Cost	Accumulated depreciation	Net	Net
Buildings	4	111,014	(57,774)	53,240	53,384	115,553	(60,902)	54,651	54,816
Machinery and equipment	10	196,301	(136,569)	59,732	58,490	196,722	(136,695)	60,027	58,811
Furniture and fixtures	10	7,289	(4,548)	2,741	2,625	7,408	(4,633)	2,775	2,662
Information technology	20	11,315	(8,219)	3,096	2,791	11,974	(8,682)	3,292	3,001
Vehicles	20	1,714	(1,172)	542	490	1,915	(1,350)	565	522
Yards and paths	10	2,488	(2,452)	36	38	2,488	(2,452)	36	38
		330,121	(210,734)	119,387	117,818	336,060	(214,714)	121,346	119,850
Land		33,136	-	33,136	30,743	38,552	-	38,552	38,499
Construction in progress		1,400	-	1,400	1,477	1,400	-	1,400	1,477
Advance to supplier		978	-	978	1,289	978	-	978	1,289
		365,635	(210,734)	154,901	151,327	376,990	(214,714)	162,276	161,115

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 period ended September 30, 2007, realization through depreciation and write-off of revalued assets was R$ 1,182 (R$ 1,204 in 2006), net of taxes. The Company did not perform a review of the recorded revaluations, based on CVM Resolution No. 183/95 (applicable for revaluation recorded beginning on July 01, 2005).

Taxes on revaluation reserves are recorded as follows:

	Company and consolidated	
	09/30/2007	06/30/2007
Current liabilities (taxes payable)	803	803
Noncurrent liabilities	6,780	6,987
Total	7,583	7,790

As of September 30, 2007, the Company had approximately R$ 13,685 and R$ 11,196 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, approximately R$ 15,974 as of September 30, 2007 (R$ 15,974 as of June 30, 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 interest in the quarter and nine-month period ended September 30, 2007 because investments were substantially made with the Company's own funds.

12. FINANCING

	Current		Noncurrent		2007			
	09/30/2007	06/30/2007	09/30/2007	06/30/2007	Maturity	Amortization	Financial charges	Guarantees
Working capital - foreign currency								
Import financing - US$	15,242	15,722	-	-	06/04/2008	Annual	Interest of 0.25% to 0.80% per year + LIBOR + exchange variation	Promissory note/surety
Export financing - US$	4,759	468	13,792	19,262	02/09/2010	Semiannual	0.80% per year + LIBOR+ exchange variation	Promissory note/surety
Working capital - local currency	4,928	4,414	-	882	08/21/2008	Monthly beginning September 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	919	326	12,252	12,836	11/18/2013	Monthly beginning June 15, 2008	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	4,506	4,383	8,300	8,808	07/16/2012	Monthly	Interest of 2% to 4% per year + TJLP, paid monthly together with amortization of principal	Financed machinery
Company	30,354	25,313	34,344	41,788				
Romi Machine Tools, Ltd, working capital - US$	40	41	179	198	06/30/2012	Semiannual	Interest of 6.31% to 6.39% per year + exchange variation	Promissory note/surety
Consolidated	30,394	25,354	34,523	41,986				

13. FINAME MANUFACTURER FINANCING

	Company and consolidated	
	09/30/2007	06/30/2007
Current		
FINAME manufacturer financing	175,385	166,746
Noncurrent assets		
FINAME manufacturer financing	303,060	275,485

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 “One lending of FINAME manufacturer financing” (see Note 6), 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 “One lending 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 a 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 one lending of FINAME manufacturer financing (see Note 6) as of September 30, 2007 and June 30, 2007 were monetarily adjusted through the interim financial statement date. The difference of R$ 79,968 as of September 30, 2007 (R$ 65,176 as of June 30, 2007) between the balance of One lending 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.

14. PAYROLL AND RELATED CHARGES

	09/30/2007	06/30/2007
Salaries payable	2,674	2,487
Accrued vacation and related charges	15,781	12,469
Payroll charges	7,765	4,426
Provision for profit sharing (Law No. 10,101/2000)	5,905	6,008
Total Company	32,125	25,390
Salaries payable in subsidiaries	8	7
Total consolidated	32,133	25,397

15. TAXES PAYABLE

	09/30/2007	06/30/2007
COFINS (tax on revenue)	2,662	967
PIS (tax on revenue)	579	208
ICMS (state VAT)	2,134	999
Income and social contribution taxes on net income	4,327	2,356
Deferred income and social contribution taxes on revaluation reserve	803	803
Other taxes	152	167
Total Company	10,657	5,500
Taxes payable in subsidiaries	261	349
Total consolidated	10,918	5,849

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 (Company and consolidated):

	Classification of lawsuits - amounts as of September 30, 2007			Reserve recognized	
	Remote	Possible	Probable	09/30/2007	06/30/2007
Tax	7,275	3,253	5,881	5,881	4,253
Civil	1,455	639	173	173	297
Labor	3,136	601	887	887	836
Escrow deposits	-	-	(5,311)	(5,311)	(3,744)
Total	11,866	4,493	1,630	1,630	1,642

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 September 30, 2007 are shown below:

	Company and consolidated				
	06/30/2007	Additions	Uses/reversals	Monetary adjustment	09/30/2007
Tax	4,253	1,628	-	-	5,881
Civil	297	-	(124)	-	173
Labor	836	82	(55)	24	887
	5,386	1,710	(179)	24	6,941
(-) Escrow deposits	(3,744)	(1,567)	-	-	(5,311)
Total	1,642	143	(179)	24	1,630

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

As of September 30, 2007, the main lawsuits, which were assessed by Management as probable loss based on the opinion of its legal counsel and, therefore, were included in the reserve for contingencies, are as follows:

a) Tax lawsuits

Refer to PIS and COFINS (taxes on revenue) on ICMS (state VAT) on sales in the amounts of R$ 959 (R$ 668 as of June 30, 2007) and R$ 4,416 (R$ 3,079 as of June 30, 2007), respectively, and INSS (social security contribution) on services provided by cooperatives in the amount of R$ 506 (R$ 506 as of June 30, 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 the 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 this reserve.

17. SHAREHOLDERS’ EQUITY

During the period, the Company raised funds through a public stock offering, the cost of which, comprised of commissions, legal and audit fees, publications, and other related expenses, totaled R$ 12,963. This amount was fully accounted for as operating expense in a separate caption of the statement of income for the period ended September 30, 2007. The main events for the nine months period and related to the public stock offering were as follows:

- 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 9 common shares for 10 preferred shares, upon the prior approval of the shareholders holding more than half of the preferred shares, 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 but with the same rights and benefits.

- Capital Increase through Public Offering - Pursuant to the Minutes of the Board of Directors' meetings 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 paid up on April 17, 2007 and April 25, 2007, respectively, at the price of R$ 15.00 per share. As a result of these capital increases, the Company's capital as of September and June 30, 2007 is represented by 78,557,547 registered common shares without par value.

  Interest on net equity

  On October 18, 2007, the Company paid interest on capital in the amount of R$ 14,140 (R$ 12,432 net of taxes), according to the minutes of the board of directors' meeting hold on September 5, 2007 which approved the payment of interest on capital effected on September 30, 2007.

18. MANAGEMENT COMPENSATION

Management compensation expenses for the nine-month period ended September 30, 2007 were R$ 4,182 (R$ 3,902 in 2006) - Consolidated.

19. SUBSEQUENT EVENT

On October 30, 2007, the Board of Directors' Meeting of Indústrias Romi S.A. passed the following resolutions:

a. Payment of interest on capital in the gross amount of R$ 15,711,509.40, based on shareholding position as of October 31, 2007. The amounts must be credited on November 30, 2007 and paid on December 18, 2007.

b. Investment plan for the construction of a new casting plant and a new cast machining plant. The purpose is to provide the Company with a production capacity that allows it to increase its share in the domestic and foreign market of rough cast parts and machined cast parts, principally in the industrial and farm machines, medium-sized and heavy vehicles, electricity generation equipment, oil, mining, and ship building industries, among others. Investments in fixed assets are estimated at R$ 110 million in the casting plant and R$ 120 million in the cast machining plant, which will be funded by the Company and new borrowings. The project will be implemented by stages from 2008 to 2011, at a place to be established, dependent upon studies in progress. The estimated production capacity of each plant is 40,000 tons/year. Considering that the current installed capacity of the Company for cast parts production is 40,000 tons a year, after the construction of the new casting plant, the installed capacity will increase to 80,000 tons a year.

20. INCOME AND SOCIAL CONTRIBUTION TAXES

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

	09/30/2007	09/30/2006
Book income before income and social contribution taxes	92,485	72,209
Statutory tax rate (income and social contribution taxes)	34%	34%
Income and social contribution taxes at statutory rate	31,445	24,551
Net effect of temporary differences	(15,385)	(7,876)
Income and social contribution tax expense	16,060	16,675
Provision for income and social contribution taxes - Company	16,060	16,675
Effective tax rate - Company	17%	23%
Income tax charges - subsidiaries	966	726
Provision for income and social contribution taxes - Consolidated	17,026	17,401
Effective income and social contribution tax rate - Consolidated	18%	24%

b) Income and social contribution tax benefits and charges:

	09/30/2007		09/30/2006	
	Company	Consolidated	Company	Consolidated
Current	17,971	18,937	18,065	18,791
Deferred	(1,911)	(1,911)	(1,390)	(1,390)
Total	16,060	17,026	16,675	17,401

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

	09/30/2007				09/30/2006	
Temporarily nondeductible differences on assets	Temporary differences	Income tax	Social contribution tax	Total	Temporary differences	Deferred taxes
Adjustments to market value or other:						
Provision for inventory losses	10,489	2,610	944	3,554	11,955	4,051
Repossession of machinery	709	177	64	241	412	139
Investments	736	183	66	249	246	83
Adjustments to present value: trade accounts receivable and payable	677	169	61	230	658	223
Total	12,611	3,139	1,135	4,274	13,271	4,496
Temporarily nondeductible differences on liabilities						
Reserve for contingencies	6,541	1,629	588	2,217	4,830	1,638
Commissions	540	134	49	183	515	174
Suspended taxes	5,375	1,339	-	1,339	1,647	558
	12,456	3,102	637	3,739	6,992	2,370
Deferred income and social contribution taxes, net	25,067	6,241	1,772	8,013	20,263	6,866
Current				2,501		3,634
Noncurrent				5,512		3,232

The recorded asset is limited to amounts whose offset is supported by future taxable income projections, approved by tax authorities. 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 profits of the Company and its subsidiaries.

21. 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 period were R$ 2,220 (R$ 2,169 in 2006).

22. 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 September 30, 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

23. FINANCIAL INSTRUMENTS AND OPERATING RISKS

As of September 30, 2007 and June 30, 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 September 30, 2007 and June 30, 2007, the Company has no derivative transactions.

Risk related to temporary cash investments: 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.

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.

Concentration of credit risk: Credit risk is minimized because of the diversification of the customer portfolio and the monitoring procedures established by Management.

Risk related to FINAME manufacturer financing transactions: Liabilities related to FINAME manufacturer financing transactions are backed by the balances of "One lending 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.

24. CHANGES IN SHAREHOLDERS' EQUITY FOR THE QUARTERS AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

				Profit reserves			
	Capital	Capital reserves	Revaluation reserves	Profit reserve	Legal reserve	Retained earnings	Total
Balances as of December 31, 2005	220,000	2,052	31,999	88,956	21,591		364,598
Realization of revaluation reserve			(391)			391	
Capital increase	40,000			(40,000)			
Net income						11,073	11,073
Balances as of March 31, 2006	260,000	2,052	31,608	48,956	21,591	11,464	375,671
Realization of revaluation reserve			(423)			423	
Interest on capital						(13,273)	(13,273)
Net income						20,065	20,065
Balances as of June 30, 2006	260,000	2,052	31,185	48,956	21,591	18,679	382,463
Realization of revaluation reserve			(390)			390	
Net income						24,396	24,396
Balances as of September 30, 2006	260,000	2,052	30,795	48,956	21,591	43,465	406,859
Balances as of December 31, 2006	260,000	2,052	30,405	23,107	25,737		341,301
Realization of revaluation reserve			(390)			390	
Net income						18,155	18,155
Balances as of March 31, 2007	260,000	2,052	30,015	23,107	25,737	18,545	359,456
Realization of revaluation reserve			(390)			390	
Interest on capital						(12,962)	(12,962)
Capital increase with issue of shares	242,936						242,936
Net income						22,061	22,061
Balances as of June 30, 2007	502,936	2,052	29,625	23,107	25,737	28,034	611,491
Realization of revaluation reserve			(402)			402	
Interest on capital						(14,141)	(14,141)
Net income						36,209	36,209
Balances as of September 30, 2007	502,936	2,052	29,223	23,107	25,737	50,504	633,559

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The profit reserves are recorded for the purpose of the capital budget approved at the Annual Shareholders' Meeting. SEGMENT REPORTING - COMPANY AND CONSOLIDATED

The reporting of segment information refers to the business of the Company and its subsidiaries and was based on 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 segment reporting is presented in accordance with Statements of Financial Accounting Standards, ("SFAS") 131, which introduced the "management approach" to report on the financial performance of operating segments, which must be based on what the decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The purpose of SFAS 131 is to present segment information as it is used by Management to make decisions. However, in cases in which there are differences between segment information 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:

	09/30/2007				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Gross operating revenue	344,545	86,728	102,602		533,875
Taxes on sales	(55,149)	(14,776)	(20,792)		(90,717)
Net operating revenue	289,396	71,952	81,810		443,158
Cost of products and services	(157,030)	(28,525)	(65,965)		(251,520)
Transfers remitted	15,939		22,049	(37,988)	
Transfers received	(15,786)	(13,550)	(8,652)	37,988	
Gross profit	132,519	29,877	29,242		191,638
Operating expenses:					
Selling	(29,246)	(8,622)	(4,449)		(42,317)
General and administrative	(22,867)	(5,017)	(5,654)		(33,538)
Research and development	(15,882)	(3,426)			(19,308)
Management compensation	(3,160)	(480)	(542)		(4,182)
Taxes	(3,975)	(572)	(644)		(5,191)
Income from operations before public stock offering expenses	57,389	11,760	17,953		87,102
Public stock offering					(12,963)
Income from operations before financial income (expenses)					74,139
Inventories	151,923	25,932	13,741		191,596
Depreciation	6,916	441	3,043		10,400
Property, plant and equipment, net	118,255	2,276	41,745		162,276

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

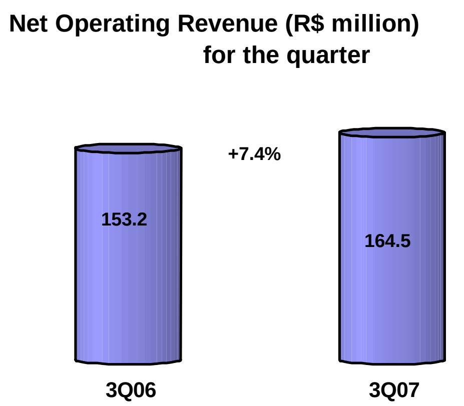
	09/30/2006				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Gross operating revenue	319,059	77,535	80,553		477,147
Taxes on sales	(53,935)	(13,791)	(16,161)		(83,887)
Net operating revenue	265,124	63,744	64,392		393,260
Cost of products and services	(136,354)	(34,859)	(57,071)		(228,284)
Transfers remitted	9,339	-	21,431	(30,770)	
Transfers received	(14,384)	(8,047)	(8,339)	30,770	
Gross profit	123,725	20,838	20,413		164,976
Operating expenses:					
Selling	(31,370)	(8,526)	(3,132)		(43,028)
General and administrative	(24,929)	(4,112)	(4,475)		(33,516)
Research and development	(12,427)	(3,324)			(15,751)
Management compensation	(2,866)	(560)	(476)		(3,902)
Taxes	(2,579)	(569)	(484)		(3,632)
Income from operations before financial income (expenses)	49,554	3,747	11,846		65,147
	153,815	19,509	12,861		186,185
Inventories	5,441	458	2,655		8,554
Depreciation	93,571	2,512	40,946		137,029
Property, plant and equipment, net	(31,370)	(8,526)	(3,132)		(43,028)

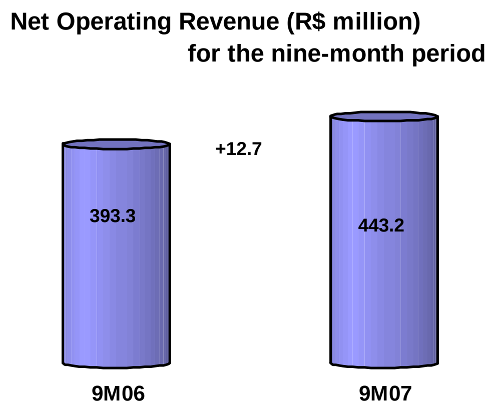
08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

General Overview

As occurred in 2Q2007, in 3Q2007 there were no significant changes in the key variables of the country's macroeconomic scenario. The only exception was the interruption in reduction of Central Bank interest rate, which was maintained at 11.25% per year by a recent resolution of Copom (Monetary Policy Committee). The economy is expected to grow by 4.5% to 5% of the GDP and the dollar rate continues to decline, whereas the Brazilian real appreciated 14% until September 30, 2007.

However, considering international economic developments, this quarter was impacted in August by the US real estate crisis. This crisis caused strong instability in the world capital markets but there have been no significant impacts on other business activities.



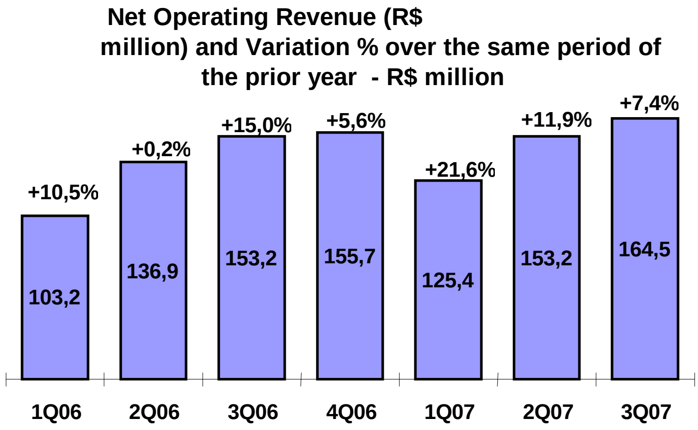


General Operational Performance

Net operating revenue in 3Q2007 was R$ 164.5 million, a growth of 7.4% in relation to the same period of 2006 and the same growth as compared with 2Q2007, a performance within expectations and considered good by the Company's management.

Net operating revenue in the first nine months was R$ 443.2 million, an increase of 12.7% over the net operating revenue in the same period of 2006.

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER



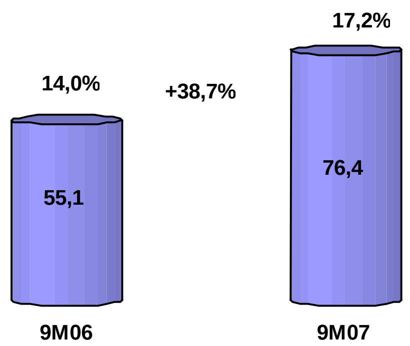
In the prior quarter the Company raised funds in the capital market through a Public Stock Offering, the cost of which, consisting of commissions, legal and audit fees, publications and other related expenses, was R$ 13.0 million. Said amount was fully recorded as operating expense in the statement of income, so as to allow for an adequate analysis of the operating margins of the Company and its business units.

Gross margin in 3Q2007 was similar to that for 3Q2006, at about 44%. Operating margin in 3Q2007 was slightly higher than that for 3Q2006. Net income for 3Q2007 was R$ 36.2 million, substantially higher than net income for 3Q2006, an increase of 47.8%. The 2 main factors that contributed to this excellent result were higher financial income resulting from a greater volume of temporary cash investments with funds raised through the public stock offering and not yet used in new investments, and the average reduction of income and social contribution tax burden this quarter as a result of the deductibility of the second payment of interest on capital for fiscal 2007; a fact that did not occur in 3Q2006.

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

The margins in 3Q2007, which as a whole are better than the 2006 margins, allowed the results for the nine months of 2007 to show also better margins. Gross margin for the first nine months of 2007 is 1.2 percentage points higher than gross margin for the same period of 2006, resulting in a 16.2% increase in gross profit for the first nine months of 2007 compared to 2006. As already analyzed in the financial statements for the prior quarter, the margin improvement reflects principally a reduction in the cost of imported components used in the Company's products and services due to a fall in exchange rates, and budget savings resulting from a rigorous operating cost/expense management model. Operating margin for 2007 before public stock offering expenses also showed a significant improvement of 3.1 percentage points, allowing an increase of 33.7% in operating margin in the first nine months of 2007 compared to the same period of 2006. In addition to the aforementioned factors, higher net operating revenue is less impacted by fixed operating expenses.

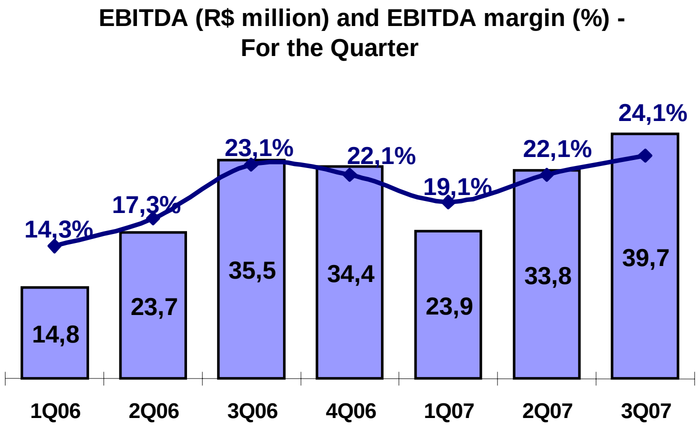
Net Income (R$ million) and Net Margin (%)

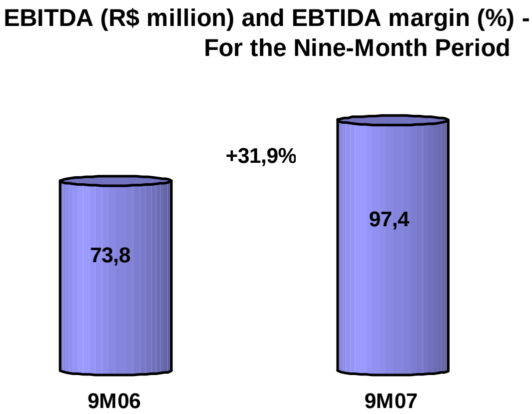


Net income for the first nine months of 2007 was R$ 76.4 million, an increase of 38.7% in relation to the same period of the prior year, reflecting the Company's adequate performance management policies, in terms of both operating and financial results and tax planning and profit distribution.

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

EBITDA also improved both in the quarter and in the nine-month period. EBITDA margin in 3Q2007 was 24.1%, an increase of 1 percentage point compared to 23.1% in 3Q2006. EBITA margin for the first nine months of 2007 was 22%, up from the 18.8% in 2006. EBITDA until September 2007, already excluding public stock offering expenses, was R$ 97.4 million, an increase of 31.9% over the result for the same period of 2006.





R$ million

Reconciliation of net income to EBITDA	3Q06	3Q07	9M06	9M07
Net income	24.5	36.2	55.1	76.4
Financial expense, net	(2.7)	(6.8)	(7.2)	(19.4)
Income and social contribution taxes	10.7	6.6	17.4	17.0
Depreciation and amortization	2.9	3.7	8.5	10.4
EBITDA	**35.4**	**39.7**	**73.8**	**84.4**
Public stock offering expenses				13.0
Adjusted EBITDA [1]	**35.4**	**39.7**	**73.8**	**97.4**
Adjusted EBITD margin	**23.1%**	**24.1%**	**18.8%**	**22.0%**

[1] Adjusted EBITDA is the EBITDA adjusted for public stock offering expenses. Such expenses were fully recorded as operating expenses in the statements of income for the quarter and six-month period ended June 30, 2007. The Company segregated this amount from the EBITDA statement to allow for an adequate analysis of operating margins, since it understands that such expenses are not recurring and should not be used to measure operational performance.

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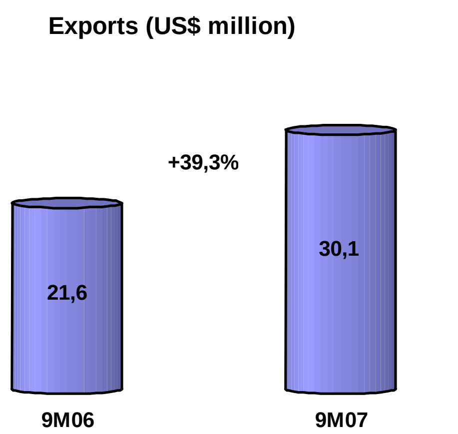
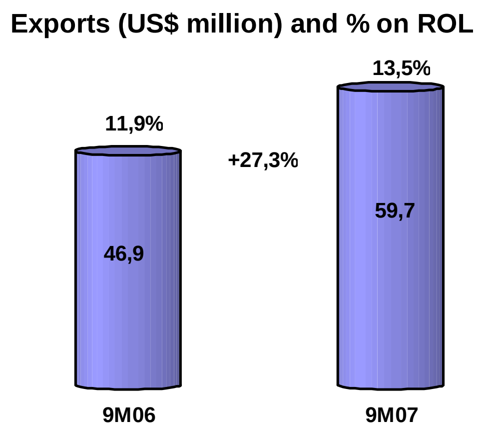
Markets

The Company continues to apply its foreign sales policy despite the difficulties arising from the appreciation of the Brazilian real. Until September 2007 the Company exported US$ 30.0 million against US$ 21.6 million in the same period of 2006, an increase of 39.3%. The increase in Brazilian reais was 27.3%, as a result of lower exchange rates, and exports in 2007 represented 13.5% of the Company's net operating revenue. The increase in exports in 2007 was one of the contributing factors to prevent an increase in the Company's total net operating revenue.





The Rough Cast Parts and Machined Cast Parts Unit accounted for 31.2% of exports for the first nine months of 2007, against 37.5% in the same period of the prior year. The Machine Tools Unit accounts for the remaining sales to the foreign market, with a small share of the Plastic Injectors Unit in 2007. The United States continue to be the largest importer of our products, absorbing a little more than half of our exports, followed by Europe and South America countries.

Business Units' Performance - Financial Statements in Note 25

(The analysis of the Business Units' profit margins does not consider public stock offering expenses).

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

The best performance in terms of net operating revenue in 3Q2007 was that of the Rough Cast Parts and Machined Cast Parts Unit, with an increase of 22.6% compared to the same quarter of 2006, continuing the processing of utilizing the installed capacity expanded in 2005. The major buyer segments in the quarter, as compared to the prior quarter, were the truck and vehicle, electricity and agricultural segments. The second best performance was that of the Plastic Injectors Unit, with an increase of 10.2% comparing 3Q2007 with 3Q2006. In 3Q2007 as compared to the prior quarter, the buyer segments that showed significant increases are the packaging material, white goods, service provision, electrical and electronic products and civil construction segments.

The Machine Tools Unit posted an increase of 3.3% comparing the quarters. This performance was impacted because said Business Unit accounts for the highest export levels. In the domestic market, the buyer segments with the best proportionate performance in 3Q2007 were the machinery and equipment, and aviation segments. The performance of the largest buyer segments for machine tools, and the automotive and service industry customers remained at the prior quarter level.

Net Operating Revenue (R$ thousand)	3Q06	3Q07	var.%
Machine tool	105,563	109,085	3.3
Plastic injectors	23,588	25,999	10.2
Rough cast parts and machined cast parts	24,008	29,430	22.6
Total	**153,159**	**164,514**	**7.4**

Net Operating Revenue (R$ thousand)	9M06	9M07	var.%
Machine tool	265,124	289,396	9.2
Plastic injectors	63,744	71,952	12.9
Rough cast parts and machined cast parts	64,392	81,810	27.0
Total	**393,260**	**443,158**	**12.7**

Considering the data until September 2007, the best performance achieved by order is as follows: the Rough Cast Parts and Machined Cast Parts Unit, the Plastic Injector Unit and the Machine Tools Unit, which had an increase in net operating revenue for 2007, compared to 2006, of 27.0%, 12.9%, and 9.2%, respectively. This performance is in line with the Company’s general planned results.

Gross Margin (%)	3Q06	3Q07	9M06	9M07
Machine tool	47.6	46.7	46.7	45.8
Plasctic injectors	35.9	38.4	32.7	41.5
Rough cast parts and machined cast parts	38.5	39.5	31.7	35.7
Total	**44.4**	**44.1**	**42.0**	**43.2**

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As already noted in the analysis of the Company's overall results, gross and operating margins for 2007 of all Business Units were better than in 2006, especially the margins of the Plastic Injectors Unit, where gross margin until September 2007 was 41.5% against 32.7% in 2006, and operating margin in 2007 was 16.3% against 5.9% in 2006.

Operating Margin (%)	3Q06	3Q07	9M06	9M07
Machine tool	22.5	22.5	18.7	19.8
Plasctic injectors	11.6	14.3	5.9	16.3
Rough cast parts and machined cast parts	25.2	26.3	18.4	21.9
Total	**21.2**	**21.9**	**16.6**	**19.7**

Distribution of profits

On October 18, 2007, the Company paid interest on capital in the amount of R$ 14,140 (R$ 12,432, net of taxes), at a gross value of R$ 0.18 per share, by resolution of the Board of Directors at the meeting held on September 5, 2007, which approved the payment of interest on capital made on September 28, 2007.

Investments and Outlook

The Company's investments in property, plant and equipment until September 2007 were R$ 19.3 million, primarily in the projects for expansion of the heavy machine assembly facilities (R$ 6.2 million), casting and machining of products (R$ 3.5 million), machining equipment for a new line of heavy machines (R$ 3.4 million), and acquisition of an additional plot of land (R$ 2.4 million) related to the operations centralization project for the plant located at Highway SP 304, km 141.5.

The Company's outlook for the yearend is based on the Brazilian economy stability, inflation control, possible continuity of appreciation of the Brazilian real, and no other effects of the world financial crisis that occurred in August 2007, thus allowing the general business performance to be in line with the general growth obtained in the first nine months of 2007.

Awards

On October 30, 2007 the Company was elected by the IBGC (Brazilian Institute of Corporate Governance) the first company in the Corporate Governance Evolution category. Another important award was given by the Brazilian Institute of Economics (IBRE) of Fundação Getúlio Vargas, through the magazine *Conjuntura Econômica*, which included the Company in the list of the Brazil's 5 largest companies in the machinery and equipment segment, ranking among the top 20 positions on the magazine's list of the 500 largest companies.

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For the fourth consecutive time the Company received the PPR/2007 award, Top Injection Machine and Equipment category, granted by the magazine *Plásticos em Revista*, confirming again the excellence of our quality services.

Corporate Governance

As part of a series of actions to strengthen the Company's corporate governance practices, including the adhesion to and start of listing of its common shares in the Bovespa New Market, occurred on March 23, 2007, the Board of Directors, at a meeting held on August 16, 2007, elected Mr. Livaldo Aguiar dos Santos for the position of CEO, which before was cumulatively held by Mr. Américo Emílio Romi Neto, who remained in the position of Chairman of the Board of Directors.

The Board of Directors