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

Indústrias Romi S.A.

Condensed Consolidated Financial Statements for the Third Quarter Ended September 30, 2009 and Independent Accountants' Review Report

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte.

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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 reviewed the interim condensed consolidated financial statements of Romi S.A. ("Company") and subsidiaries for the nine-month period ended September 30, 2009, all expressed in Brazilian reais and prepared under the responsibility of the Company's management, comprising the condensed consolidated balance sheet as of September 30, 2009, the condensed consolidated statements of comprehensive income for the quarters and nine-month periods ended September 30, 2009 and 2008, the condensed statements of changes in shareholders' equity and the condensed consolidated statements of cash flows for nine-month periods then ended, and the related notes and Management report.

2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Company and its subsidiaries who have responsibility for accounting, financial and operating matters about the main criteria adopted in the preparation of the interim condensed consolidated financial statements; and (b) review of the information and subsequent events that had or might have had material effects on the financial position and results of operations of the Company and its subsidiaries.

3. Based on our special review, we are not aware of any material modifications that should be made to the accounting information included in the interim condensed consolidated financial statements referred to in paragraph 1 for them to be in conformity with International Accounting Standard (IAS) 34, Interim Financial Statements, issued by the International Accounting Standards Board (IASB).

4. Brazilian accounting practices differ, in certain material respects, from IFRSs 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 condensed consolidated interim financial statements.

5. We had previously audited the consolidated balance sheet as of December 31, 2008, prepared under the international financial reporting standards issued by IASB, and issued an unqualified report thereon, dated February 17, 2009.

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

Campinas, October 27, 2009

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

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2009 AND DECEMBER 31, 2008
(In thousands of Brazilian reais - R$)

ASSETS	Note	2009	2008
CURRENT ASSETS			
Cash and cash equivalents	5	77,914	135,224
Temporary cash investments:			
Trading securities	5	-	53,721
Trade accounts receivable	6	43,779	79,591
Onlending of FINAME manufacturer financing	7	360,716	306,892
Inventories	8	273,981	285,344
Recoverable taxes	9	14,882	17,742
Other receivables		7,348	7,247
Total current assets		778,620	885,761
NONCURRENT ASSETS			
Long-term assets:			
Trade accounts receivable	6	3,321	3,700
Onlending of FINAME manufacturer financing	7	429,760	479,371
Recoverable taxes	9	17,071	18,245
Deferred income and social contribution taxes	19	16,792	12,731
Escrow deposits	16	16,658	13,803
Other receivables		6,591	6,634
Property, plant and equipment, net	10	280,934	256,340
Intangible assets		4,348	2,843
Goodwill		2,017	1,496
Total noncurrent assets		777,492	795,163
TOTAL ASSETS		1,556,112	1,680,924

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2009	2008
CURRENT LIABILITIES			
Loans and financing	11	27,074	28,503
FINAME manufacturer financing	12	290,197	270,028
Trade accounts payable		27,670	31,136
Payroll and related charges	14	27,411	33,845
Taxes payable	15	5,104	7,357
Advances from customers		7,541	14,082
Dividends interest on capital		234	16,277
Profit sharing		900	-
Other payables		12,162	15,160
Total current liabilities		398,293	416,388
NONCURRENT LIABILITIES			
Loans and financing	11	78,045	70,957
FINAME manufacturer financing	12	367,811	453,323
Reserve for contingencies	19	8,850	15,876
Deferred income and social contribution taxes on negative goodwill	16	3,578	7,947
Taxes payable		18,762	3,578
Other payables		2,909	9,626
Total noncurrent liabilities		479,955	561,307
SHAREHOLDERS' EQUITY			
Capital		505,764	505,764
Capital reserve		2,209	2,209
Profit reserve		171,894	187,071
Cumulative translation adjustments		(4,015)	5,649
Shareholders' equity of controlling		675,852	700,693
NON-CONTROLLING INTEREST		2,012	2,536
TOTAL SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS		677,864	703,229
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,556,112	1,680,924

(Reviewed by independent accountants to the extent described in the report dated October 27, 2009)
The accompanying notes are an integral part of these condensed consolidated financial statements.

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATION FOR THE QUARTERS AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008
(In thousands of Brazilian reais - R$)

		Nine-months ended		Quarters ended	
	Note	2009	2008	2009	2008
NET OPERATING REVENUE		301,850	529,955	122,005	199,836
COST OF SALES	24	(208,345)	(311,716)	(85,005)	(116,347)
GROSS PROFIT		93,505	218,239	37,000	83,489
OPERATING INCOME (EXPENSES)					
Selling expenses	24	(40,866)	(47,331)	(13,554)	(17,129)
General and administrative expenses	24	(43,232)	(41,030)	(12,718)	(16,069)
Research and development expenses	24	(16,738)	(21,195)	(4,992)	(7,450)
Management profit sharing and compensation	24	(5,298)	(11,830)	(2,202)	(4,399)
Tax expenses	24	(1,294)	(1,887)	(229)	(694)
Other operating income	25	5,490	20,763	198	19,977
Total		(101,938)	(102,510)	(33,497)	(25,764)
(LOSS) INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME		(8,433)	115,729	3,503	57,725
Financial income	26	11,687	28,394	3,009	10,767
Financial expenses	26	(4,020)	(4,161)	(1,847)	(1,311)
Changes in foreign exchange rates, net		(5,250)	893	(1,664)	483
		2,417	25,126	(502)	9,939
(LOSS) INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		(6,016)	140,855	3,001	67,664
INCOME AND SOCIAL CONTRIBUTION TAXES	19	1,743	(32,073)	59	(17,561)
Current		(1,889)	(36,569)	(550)	(20,009)
Deferred		3,632	4,496	609	2,448
NET (LOSS) INCOME		(4,273)	108,782	3,060	50,103
COMPREHENSIVE (LOSS) INCOME					
Currency translation of foreign investments		(9,664)	1,992	(2,489)	1,876
NET COMPREHENSIVE (LOSS) INCOME		(13,937)	110,774	571	51,979
NET (LOSS) INCOME ATTRIBUTED TO:					
Owners of the parent		(4,983)	108,151	2,848	49,871
Non-controlling interests		710	631	212	232
		(4,273)	108,782	3,060	50,103
NET COMPREHENSIVE (LOSS) INCOME ATTRIBUTED TO:					
Owners of the parent		(14,647)	110,143	359	51,747
Non-controlling interests		710	631	212	232
		(13,937)	110,774	571	51,979
Basic and diluted (loss) earnings per share - R$	18	(0.066)	1.377	0.038	0.635

(Reviewed by independent accountants to the extent described in the report dated October 27, 2009)
The accompanying notes are an integral part of these condensed consolidated financial statements.

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INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE QUARTERS ENDED SEPTEMBER 30, 2009 AND 2008
(In thousands of Brazilian reais - R$)

		Attributable to shareholders' interest									
				Profit reserve							
	Note	Capital	Capital reserve	Profit reserve	Legal reserve	Total	Cumulative foreign currency translation adjustments	Retained earnings	Shareholders' equity of controlling	Non-controlling interests	Total
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		-	-	-	-	-	-	108,151	108,151	631	108,782
Foreign currency translation adjustments		-	-	-	-	-	1,992	-	1,992	-	1,992
Allocations:											
Interest on capital - Law 9249/95		-	-	-	-	-	-	(29,703)	(29,703)	-	(29,703)
BALANCES AS OF SEPTEMBER 30, 2008		505,764	2,209	86,062	31,185	117,247	1,024	78,448	704,692	2,502	707,194
BALANCES AS OF DECEMBER 31, 2008		505,764	2,209	150,238	36,833	187,071	5,649	-	700,693	2,536	703,229
Net income		-	-	-	-	-	-	(4,983)	(4,983)	710	(4,273)
Foreign currency translation adjustments		-	-	-	-	-	(9,664)	-	(9,664)	-	(9,664)
Repurchase of shares	18	-	-	(10,194)	-	(10,194)	-	-	(10,194)	-	(10,194)
Allocations:											
Interest on capital - Law No. 9249/95	18	-	-	-	-	-	-	-	-	(1,234)	(1,234)
BALANCES AS OF SEPTEMBER 30, 2009		505,764	2,209	140,044	36,833	176,877	(4,015)	(4,983)	675,852	2,012	677,864

(Reviewed by independent accountants to the extent described in the report dated October 27, 2009)
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INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008
(In thousands of Brazilian reais - R$)

	Note	2009	2008
Cash flows from operating activities:			
Net (loss) income		(4,273)	108,782
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Current and deferred income and social contribution taxes		(1,743)	32,073
Depreciation and amortization	19	14,652	10,711
Allowance for doubtful accounts and other receivables		2,498	1,322
Gain on sale of property, plant and equipment		(3,918)	(824)
Financial expenses and exchange rates		(1,162)	4,128
Provision for inventory losses		7,798	(2,621)
Reserve for contingencies, net		3,633	5,463
Gain from acquisition of Sandretto Subsidiaries		-	(19,316)
Increase (decrease) in assets:			
Temporary cash investments in trading securities		53,721	(7,766)
Trade accounts receivable		30,625	(7,736)
Onlending of FINAME manufacturer financing		49,418	(86,562)
Inventories		2,682	(51,695)
Recoverable taxes, net		144	(10,987)
Escrow deposits		(2,855)	(5,025)
Other receivables		(932)	(650)
Increase (decrease) in liabilities:			
Trade accounts payable		(2,508)	13,187
Payroll and related charges		(7,195)	4,356
Taxes payable		1,261	(5,680)
Advances from customers		(6,513)	8,628
Other payables		(11,179)	3,987
Cash provided by (used in) operating activities		124,154	(6,225)
Income taxes paid		(1,786)	(14,075)
Interests paid		(5,371)	(5,974)
Net cash provided by (used in) operating activities		116,997	(26,274)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(47,288)	(70,147)
Sale of property, plant and equipment		3,861	1,041
Increase in intangible assets		567	(1,653)
Acquisition of investment in subsidiary, net of cash balance acquired		-	(1,683)
Net cash provided by (used in) investing activities		(42,860)	(72,442)
Cash flows from financing activities:			
Interest on capital and dividends paid		(12,892)	(26,308)
New loans and financing		27,796	31,157
Payments of loans and financing		(19,816)	(27,407)
Increase in FINAME manufacturer financing	12	124,597	269,159
Payment of FINAME manufacturer financing	12	(243,571)	(201,114)
Repurchase of shares	17	(10,194)	-
Net cash provided by (used in) financing activities		(134,080)	45,487
Decrease in cash and cash equivalents and temporary cash investments		(59,943)	(53,229)
Exchange variation on cash balance of foreign subsidiaries		2,633	981
Cash and cash equivalents and temporary cash investments - beginning of period		135,224	189,010
Cash and cash equivalents and temporary cash investments - end of period		77,914	136,762

(Reviewed by independent accountants to the extent described in the report dated October 27, 2009)
The accompanying notes are an integral part of these condensed consolidated financial statements.

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 eleven plants divided into three units located in the city of Santa Bárbara d'Oeste, in the State of São Paulo and two in Turin, Italy. The Company also holds equity interests in subsidiaries in Brazil and abroad, as described in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

The condensed consolidated interim financial statements for the nine-month period ended September 30, 2009 have been prepared in conformity with to International Accounting Standard (IAS) 34, Interim Financial Statements. The condensed consolidated interim financial statements should be read together with the consolidated interim financial statements for the year ended December 31, 2008, which have been prepared in conformity with the international financial reporting standards issued by the International Accounting Standards Board (IASB).

Except as explained below, the accounting policies adopted for the condensed consolidated interim financial statements are consistent with the accounting practices adopted and disclosed in the consolidated financial statements for the year ended December 31, 2008.

The following new standards and amendments thereto are mandatory for the first time for periods starting January 1, 2009:

- IAS 1 (revised), Presentation of Financial Statements. The revised standard forbids the presentation of income and expense items (changes in shareholders' equity not attributed to owners) in the statement of changes in equity; such items are to be reported in separate component from changes in shareholders' equity not attributed to owners.

Entities may elect one of two forms of presentation - a comprehensive income statement or an income statement.

The Company elected to present a comprehensive income (loss) statement. The condensed consolidated interim financial statements for the nine-month period have been prepared according to the revised disclosure requirements.

- International Financial Reporting Standard (IFRS 8), Operating Segments. An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. The operating segments presented are consistent with the financial information and reporting reviewed by the chief executive officer or group of executive responsible for the entities operating decision-making on the resources to allocate to the segment and assess its performance.

The adoption of IFRS 8 did not result in changes in the operating segments reported in the past under IAS 14.

The following new standards, amendments or interpretations, not yet material for the Company, are mandatory for the first time for annual reporting periods starting on or after January 1, 2009:

- IAS 16 (amended), Property, Plant and Equipment;
- IAS 19 (amended), Employee Benefits;
- IAS 20 (amended), Government Grants;
- IAS 29 (amended), Hyperinflationary Economies;
- IAS 32 (amended), Financial Instruments: Presentation;
- IAS 38 (amended), Intangible Assets;
- IAS 39 (amended), Financial Instruments: Recognition and Measurement;
- IAS 40 (amended), Investment Property;
- IAS 41 (amended), Agriculture;
- IFRS 1 (amended), First-time Adoption of International Financial Reporting Standards;
- IFRS 2 (amended), Share based Payment;
- IAS 23 (amended), Borrowing Costs;
- IFRS 5, Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 7, Financial Instruments: Disclosures;
- IFRIC 13, Customer Loyalty Programmes;
- IFRIC 15, Agreements for the Construction of Real Estate;
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation.

The following new pronouncements, amendments and interpretations were issued but are not effective for the annual reporting periods starting on or after January 1, 2009 and have been adopted early by the Company.

- IFRS 1 (amended). 'First-time Adoption' effective for annual reporting periods starting on or after January 1, 2011. Currently, this interpretation does not apply to the Company;

- IFRS 2 (amended), Share based Payment. Effective for annual reporting periods starting on or after July1, 2009 and January 1, 2010. Currently, this interpretation does not apply to the Company;

- IFRS 5 (amended), Non-current Assets Held for Sale and Discontinued Operations. Effective for annual reporting periods starting on or after July1, 2009 and January 1, 2010. Currently, this interpretation does not apply to the Company;

- IFRS 7 (amended), Financial Instruments: Disclosures; Effective for annual reporting periods starting on or after January 1, 2011. Currently, this interpretation does not apply to the Company;

- IAS 1 (amended), Presentation of Financial Statements; Effective for annual reporting periods starting on or after January 1, 2010 and 2011. Currently, this interpretation does not apply to the Company;

- IAS 7 (amended), Statement of Cash Flows. Effective for annual reporting periods starting on or after January 1, 2010. Currently, this interpretation does not apply to the Company;

- IAS 17 (amended), Leases. Effective for annual reporting periods starting on or after January 1, 2010. Currently, this interpretation does not apply to the Company;

- IAS 36 (amended), Impairment of Assets. Effective for annual reporting periods starting on or after January 1, 2010. Currently, this interpretation does not apply to the Company;

- IAS 34 (amended), Interim Financial Reporting, effective for annual reporting periods starting on or after January 1, 2011. Currently, this interpretation does not apply to the Company;

- IAS 39 (amended), Financial Instruments: Recognition and Measurement. Effective for annual reporting periods starting on or after January 1, 2010. Currently, this interpretation does not apply to the Company;

- IAS 40 (amended), Investment Property, effective for annual reporting periods starting on or after January 1, 2011. Currently, this interpretation does not apply to the Company;

- IFRS 3 (amended), Business Combinations, and consequent amendments to IAS 27, Consolidated and Separate Financial Statements, IAS 28, Investments in Associates, and IAS 31, Interest in Joint Ventures, effective for business combinations whose acquisition date occurred on or after the beginning of the first annual reporting period starting on or after July 1, 2009, July 1, 2010, and January 1, 2011. The Company's management is analyzing the impact of the new requirements related to the recognition of acquisitions, consolidation and associates in the Group and the impairment of investments in subsidiaries;

- IFRIC 13, Customer Loyalty Programmers, effective for annual reporting periods starting on or after July 1, 2009; Currently, this interpretation does not apply to the Company;

- IFRIC 17, Distributions of Non-cash Assets to Owners. Effective for annual reporting periods starting on or after July 1, 2009. Currently, this interpretation does not apply to the Company;

- IFRIC 18, Transfers of Assets from Customers. Effective for annual reporting periods starting on or after July 1, 2009. Currently, this interpretation does not apply to the Company.

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.

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
Romi Europa GmbH ("Romi Europe")		Germany	Technical assistance and support to dealers in Europe, Asia, Africa, and Oceania
Romi Itália S.R.l. (Romi Italy)	(*)	Italy	Development, design, production and sale, distribution, import and export of machinery and equipment for processing of plastic raw materials
Subsidiaries of Romi Italy	(*)		
Sandretto UK Ltd.		United Kingdom	Distribution of plastic molding machines and spare part services
Sandretto Industries S.A.S.		France	
Metalmecanica Plast B.V.		Netherlands	
Italprensas Sandretto S.A.		Spain	

(*) On July 24, 2008 Romi Italia acquired, through its parent at the time Romi Europa, from Sandretto Industrie S.r.l. ("Sandretto Italia") the ownership interests in the subsidiaries above and the corporate group consisting of the assets and rights and two plants located in the region of Turin, Italy.

The acquisition of ownership interests from Sandretto Italia generated a gain of € 7,822,000 (equivalent to R$ 19,316 as translated at the buy exchange rate of the acquisition date) because the amount paid was lower that the fair value of the subsidiaries' acquired assets and assumed liabilities, according to the effect presented in note 4 from the reconciliation of BR GAAP shareholders' equity and IFRS shareholders' equity.

As of September 30, 2009, the Company records under line account "Other payables", in current and noncurrent liabilities, the remaining balance of € 2,250,000 (equivalent to R$ 5,849), related to the acquisition price that will be paid in three semiannual installments of € 1,125,000 (equivalent to R$ 2,925), with the next installment falling due in January 2010. This balance is adjusted at the rate of 3% p.a., as determined in the agreement.

The Company completed the measurement to fair value of the assets and assumed liabilities and concluded that there are no paid amount allocation in addition to the ones previously made.

Net revenue and loss of this subsidiary considered in the condensed consolidated statement of income for the period ended September 30, 2009 are R$ 20,790 and R$ (9,851), respectively.

The table below shows the main captions of the balance sheets as of September 30,2009 and December 31, 2008 and statements of operations for the nine months period ended September 30, 2009 and 2008 of the consolidated operating subsidiaries. The financial statements of the subsidiaries Interocean, Favel, Romi Europa and Romi Machine Tools are not presented because of the immateriality of the balances:

	Romi Europe and Subsidiaries		Rominor	
	9/30/2009	12/31/2008	9/30/2009	12/31/2008
Assets				
Current	51,196	57,348	23,062	34,044
Noncurrent	16,286	20,317	6,428	6,461
Total assets	67,482	77,665	29,490	40,505
Liabilities				
Current	35,404	28,111	449	3,922
Noncurrent	6,876	45,512	-	-
Shareholders' equity	25,202	4,042	29,041	36,583
Total liabilities and shareholders' equity	67,482	77,665	29,490	40,505
	9/30/2009	9/30/2008 (*)	9/30/2009	9/30/2008
Net operating revenue	20,790	5,686	10,518	9,033
Gross profit	6,062	2,730	10,464	8,979
Income (loss) from operations	(9,807)	17,571	12,085	10,747
Income (loss) before taxes	(9,807)	18,030	12,085	10,915
Net income (loss)	(9,851)	11,306	10,240	9,108

(*) Amounts related to the period July 24, 2008 (acquisition date) to September 30, 2008.

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.

4. RECONCILIATION BETWEEN IFRS AND BR GAAP

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 BR GAAP that affect the Company's shareholders equity for the nine months period ended September 30, 2009 and December 31, 2008. The statements operations for the nine months period ended September 30, 2009 and 2008 do not show any differences between IFRS and BR GAAP.

Shareholders' Equity Reconciliation - Br Gaap X Ifrs As Of September 30, 2009

		9/30/2009	12/31/2008
Shareholders' equity under BR GAAP		659,511	679,243
Adjustments under IFRS:			
Reversal of negative goodwill of subsidiary Rominor	(a)	4,199	4,199
Recognition in net income of the gain obtained in a foreign subsidiary as a result of the acquisition of subsidiaries	(b)	19,316	19,316
Deferred income tax and social contribution on adjustments above	(a) (b)	(7,947)	(7,947)
Amortization for IFRS purposes of intangibles, arising from acquisition of JAC Indústria Metalúrgica Ltda. ("JAC"), less deferred taxes		(126)	-
Foreign currency translation adjustments	(b)	899	5,882
Participation of owners of the Parent		675,852	700,693
Non Controlling interests		2,012	2,536
Shareholders' equity		677,864	703,229

(a) Negative goodwill on business acquisition: Under IFRS 3, differently from BR GAAP, 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.

(b) Refers to gain on preliminarily determined fair value in excess of book value of assets acquired and liabilities assumed in relation to the purchase price.

Reconciliation of net income (loss) for the period - BR GAAP vs. IFRS

	9/30/2009	9/30/2008
BR GAAP net income (loss)	(4,857)	95,378
Adjustments under IFRS:		
Recognition in net income (loss) of the gain obtained in a foreign subsidiary as a result of the acquisition of subsidiaries	-	19,316
Deferred income tax and social contribution on the adjustment above (c)	-	(6,543)
Amortization for IFRS purposes of intangibles, arising from acquisition of JAC Indústria Metalúrgica Ltda. ("JAC"), less deferred taxes	(126)	-
Net income (loss) attributed to controlling shareholders	(4,983)	108,151
(-) Non-controlling interests	710	631
IFRS net income (loss)	(4,273)	108,782

c) Refers to the effect of income tax and social contribution on adjustments(a) and (b).

5. CASH AND CASH EQUIVALENTS AND TITLES HELD FOR TRADING

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.

		9/30/2009	12/31/2008
Cash		9,761	15,635
Bank certificates of deposits (CDB)		48,943	75,891
Short-term investments backed by debentures		17,707	39,242
Treasury bills (LFT)		-	2,818
Other		1,503	1,638
Cash and cash equivalents	(a)	77,914	135,224
Bank certificates of deposits (CDB)		-	46,055
Short-term investments backed by debentures		-	7,666
Total titles held for trading	(b)	-	53,721

a) Short-term investments are conducted with prime financial institutions to minimize credit risk; this policy was adopted by the Company for the management of these financial assets. Profitability of these assets is substantially related to CDI (interbank deposit rate).

b) Short-term investments recorded as titles held for trading are conducted with prime financial institutions to minimize credit risk; this policy was adopted by the Company to manage these financial assets. Profitability of these assets is substantially related to CDI (interbank deposit rate), with a grace period of 120 days.

6. TRADE ACCOUNTS RECEIVABLE

	9/30/2009	12/31/2008
Current assets:		
Domestic customers	30,718	38,168
Foreign customers	17,598	44,075
Allowance for doubtful accounts	(4,537)	(2,652)
	43,779	79,591
Noncurrent assets:		
Domestic customers	1,809	1,233
Foreign customers	1,512	2,467
	3,321	3,700

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

An allowance for doubtful accounts is recorded, based on an analysis of trade notes receivable, in an amount considered sufficient by Management to cover potential losses on the realization of receivables, according to criteria defined by Management, as follows: (i) amounts up to R$ 5, past-due for more than 180 days; (ii) amounts from R$ 6 to R$ 30 (without court-ordered collection) past-due for more than 360 days, and (iii) amounts over R$ 30 (with court-ordered collection) past-due for more than 360 days. An allowance is recognized for the full amount of past-due receivables in all these cases.

The Company has R$ 10,729 as of September 30, 2009 (R$ 11,983 as of December 31, 2008) in sale financing transactions with its customers. In these transactions the Company is jointly liable for the financing repayment. In the event of the customer's default, the Company is liable for the payment and the equipment pledged to the financial institution is transferred to the Company. The balance of trade accounts receivable is presented net of sale financing transactions.

The balance of trade accounts receivable from domestic customers as of September 30, 2009 and December 31, 2008 is as follows:

	9/30/2009	12/31/2008
Current	25,379	22,294
Past-due:		
1 to 30 days	1,576	8,097
31 to 60 days	215	2,264
61 to 90 days	598	411
91 to 180 days	653	571
181 to 360 days	1,466	3,895
Over 360 days	831	636
Total past-due	5,339	15,874
Total trade accounts receivable	30,718	38,168

The balance of trade accounts receivable from foreign customers as of September 30, 2009 and December 31, 2008 is as follows:

	09/30/2009	12/31/2008
Current	14,836	36,226
Past-due:		
1 to 30 days	924	4,756
31 to 60 days	206	424
61 to 90 days	297	664
91 to 180 days	172	1,173
181 to 360 days	411	482
Over 360 days	752	350
Total past-due	2,762	7,849
Total trade accounts receivable	17,598	44,075

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

Balance as of December 31, 2008	2,652
Receivables accrued in the year	2,485
Receivables definitively written off	(600)
Balance as of September 30, 2009	4,537

7. ONLENDING OF FINAME MANUFACTURER FINANCING

		09/30/2009	12/31/2008
Current assets:			
FINAME falling due		295,283	279,968
FINAME awaiting release	(a)	10,633	4,427
FINAME past-due	(b)	54,800	22,497
		360,716	306,892
Noncurrent assets:			
FINAME awaiting release	(a)	365,961	452,807
FINAME falling due		63,799	26,564
		429,760	479,371
Total		790,476	786,263

Onlending of FINAME manufacturer financing arises from sales to customers that will be financed by funds obtained by the Company from the FINAME (National Equipment Financing Authority) (see note 13).

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: (a) 4% to 5.8% per year + TJLP (Brazilian long-term interest rate); and (b) 4.5% per year fixed set forth in Circular Letter 79, of July 10, 2009, for transactions made from July 27 to November 30, 2009 when the conventional operating system was used, and from July 27, 2009 to March 31, 2010 when the simplified operating system was used 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 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 by the Company to be transferred to the financial institution. The Company had 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 the sales invoice, and delivery of the 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.

On February 20, 2009, BNDES, through letter SUP/AC 002/2009 SUP/AOI 016/2009, approved by letter SUP/AC 005/2009 SUP/AOI 071/2009 of May 25, 2009, allowed FINAME financing agreements to be renegotiated between the manufacturer and financial agents (financial institutions), thus increasing the payment term to 36 months for micro and small-sized companies and 12 months for medium-sized companies, including a six-month grace period from the refinancing date. BNDES also established that the refinancing may include not only falling due installments but also the four last past-due installments, from the date the refinancing request is submitted to BNDES. These installments will be adjusted for inflation and returned to the manufacturer (Company). As of September 30, 2009, 1,107 Company's customer agreements were under renegotiation, with past-due installments for the last four months totaling approximately R$ 21,000. Out of such amount, the Company received approximately R$ 9,914 until September 30, 2009 and the additional amount of R$ 3,796 in October 31, 2009, totaling R$ 13,710. The Company expects to receive the remaining amount in the next months.

As of September 30, 2009 and December 31, 2008, the individual and consolidated balances of "Onlending of FINAME manufacturer financing" are as follows:

	9/30/2009	12/31/2008
Current	305,916	284,394
Past-due:		
1 to 30 days	5,644	5,536
31 to 60 days	5,171	2,941
61 to 90 days	5,016	2,339
91 to 180 days	16,022	4,250
181 to 360 days	15,345	3,815
Over 360 days	7,602	3,617
	54,800	22,498
Total Current	360,716	306,892
2010	64,733	121,679
2011	200,413	197,769
2012	112,293	109,575
2013	47,053	41,870
2013 thereafter	5,268	8,478
Total noncurrent	429,760	479,371

8. INVENTORIES

	9/30/2009	12/31/2008
Finished products	120,554	93,274
Work in process	83,643	92,996
Raw materials and components	68,019	91,336
Imports in transit	1,765	7,738
	273,981	285,344

Inventory balance is net of the amount of R$ 23,282 (R$ 15,484 as of December 31, 2008) of the provision for the realization of inventories of slow-moving materials and components with remote probability of being realized through sale or use.

Changes in the allowance for inventory losses and the adjustment to net realizable value, Company and consolidated, are as follows:

Balance as of December 31, 2008	15,484
Inventories permanently written off	(2,908)
Allowance recognized	11,826
Reversal	(1,120)
Balance as of September 30, 2009	23,282

9. RECOVERABLE TAXES

	9/30/2009	12/31/2008
Current assets:		
IRRF (withholding income tax) on temporary cash investments	2,441	1,303
IPI (federal VAT), PIS and COFINS (taxes on revenue)	2,534	4,025
ICMS (state VAT) on property, plant and equipment items	3,829	5,545
PIS and COFINS on property, plant and equipment items	4,793	4,978
Other	1,285	1,891
Total	14,882	17,742
Noncurrent assets:		
PIS and COFINS on property, plant and equipment items	7,854	8,176
ICMS on property, plant and equipment items	5,453	6,006
Taxes on recoverable income of subsidiaries	3,764	4,063
Total	17,071	18,245

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.

Expected realization of noncurrent receivables as of September 30, 2009, Company and consolidated, is as follows:

2010	3,398
2011	5,713
2012	3,996
2013	2,061
2014 and therefore	1,903
Total	17,071

10. PROPERTY, PLANT AND EQUIPMENT

	9/30/2009			31/12/2008
	Cost	Accumulated Depreciation	Net	Net
Buildings and yards	168,095	(28,864)	139,231	69,882
Machinery and equipment	191,147	(97,073)	94,074	68,781
Furniture and fixtures	8,606	(5,742)	2,864	3,232
Information technology	19,386	(12,145)	7,241	7,473
Vehicles	3,378	(2,112)	1,266	808
Land	27,377	-	27,377	28,754
Constructions in progress	7,530	-	7,530	73,623
Advances to suppliers	1,351	-	1,351	3,787
Total	426,870	(145,936)	280,934	256,340

In view of the financing agreements with the BNDES for investment in property, plant and equipment, approximately R$ 53,968 as of September 30, 2009 (R$ 60,959 as of December 31, 2008) of property, plant and equipment items is pledged as collateral. These items are fully represented by machinery and equipment.

During the first quarter of 2009, the Company capitalized financial charges in the amount of R$ 2,090 (R$ 1,145 during the nine months period ended September 30, 2008), recorded under the caption construction in progress.

a) 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
	9/30/2009	12/31/2008	9/30/2009	12/31/2008			2009	
Export financing - US$	3,102	6,197	-	5,842	02/09/2010	Semiannual	0.80% per year + LIBOR + exchange variation	Promissory note/surety
Property, plant and equipment - local currency	12,646	10,185	64,630	54,909	05/15/2016	Monthly	Interest of 2% per year + TJLP, paid quarterly through May 2008 and monthly thereafter.	Financed machinery, with book value of R$ 50,756, and property mortgage
FINAME sundry	5,880	5,014	11,761	7,777	05/15/2013	Monthly	Interest of 2% to 4% per year + TJLP, paid monthly together with repayment of principal	Financed machinery
Refinanced drafts	1,995	2,128	1,350	2,013	11/01/2010	Monthly	LIBOR + 1% spread	Customer collateral
Romi Machine Tools, Ltd. - Working capital - US$	46	56	85	158	06/30/2012	Semiannual	Interest of 6.31% to 6.39% per year + exchange variation	Promissory note/surety
Romi Europe and subsidiaries - Working capital - €	3,405	4,923	219	258	11/30/2012	Monthly	Interest over the base rate	Property, plant and equipment
Total	27,074	28,503	78,045	70,957				

As of September 30, 2009, as collateral for the financing the Company pledged machinery and equipment with book value of R$ 53,068 (R$ 60,959 as of December 31, 2008) see note 10.

The maturities of financing recorded in noncurrent liabilities as of September 30, 2009 are as follows:

2010	5,769
2011	18,844
2012	19,430
2013	18,435
2014 and therefore	15,567
Total	78,045

On April 13, 2009, the Company entered into a financing agreement with the National Bank for Economic and Social Development (BNDES), totaling R$ 25,500, of which approximately R$ 18,780 had been released by September 30, 2009. Financing will be repaid in 60 monthly, successive installments, starting May 2011. This financing bears contractual interest on 1.36% above the Long-term Interest Rate (TJLP). The Company is required to meet the financial ratios described below, which will be calculated annually based on the financial statements audited by independent auditors. Otherwise, the Company must provide collateral of 130% of its debt to BNDES. The ratios to be complied with are as follows: (a) capital ratio, calculated as consolidated shareholders' equity to total consolidated assets, equal to or higher than 0.35; and (b) net income distribution ratio, calculated as dividends plus interest on capital to consolidated net income, equal to or higher than 0.40.

12. FINAME MANUFACTURER FINANCING

	9/30/2009	12/31/2008
Current liabilities:		
FINAME manufacturer financing	290,197	270,028
Noncurrent liabilities:		
FINAME manufacturer financing	367,811	453,323

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 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 “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 a 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 the 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 6) as of September 30, 2009 were monetarily adjusted through the financial statement date. The difference of R$ 132,468 as of September 30, 2009 (R$ 62,912 as of December 31, 2008) 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 September 30, 2009 are as follows:

	Company and Consolidated
2010 (three months)	61,826
2011	183,675
2012	91,595
2013	28,842
2014	1,873
Total	367,811

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. All financial instruments are recorded in the accounting books and consist mainly of:

- Cash and cash equivalent and short-term investments: recognized at amortization cost plus income earned through the balance sheet date, which approximate their fair values;

- Trade accounts receivable: commented and presented in notes 6 and 7;
- Loans and financing: commented and presented in notes 11 and 12.

The Company believes that the other financial instruments, such as payables to related parties for the acquisition of subsidiaries, which are recognized in the consolidated financial statements at their carrying amounts, are substantially similar to those that would be obtained if they were traded in the market. However, because there is no active market for these instruments, differences could exist if they were settled in advance.

b) Risk factors that could affect the Company's business:

Price risk: this risk is related to the possibility of price fluctuations of products sold by the Company or raw materials and other inputs used in the production process. Sales revenues and the cost of sales affected by changes in the international prices of its products or raw materials may change. In order to minimize this risk, the Company constantly monitors price fluctuations in the domestic and international markets.

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. In order to minimize possible impacts resulting from interest rate fluctuations, the Company has alternated between fixed rates and variable rates, such as *Libor* and the interbank deposit rate (CDI) 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 assesses its exchange exposure.

The Company has financial instruments indexed to the US dollar and the euro. Instruments exposed to exchange rate changes are represented by trade notes receivable, import and export financing, trade accounts payable and loan agreements with subsidiaries located in the United States and Europe. The Company's net exposure to the market risk factor and foreign exchange rate at the moment is as follows:

	Carrying amount		Fair value	
	09/30/09	31/12/08	09/30/09	31/12/08
Liabilities in foreign currency:				
Financing	(6,857)	(21,576)	(6,857)	(21,576)
Foreign suppliers	(12,901)	(5,731)	(12,901)	(5,731)
Payables (acquisition of subsidiaries)	(5,849)	(14,772)	(5,849)	(14,772)
Assets in foreign currency:				
Trade accounts receivables	19,110	44,075	19,110	44,075
Other	-	2,056	-	2,056
Net exposure	(6,497)	4,052	(6,497)	4,052

The fair value of all elements was measured under the discounted cash flow method based on the Central Bank Overnight Rate (Selic), considering the expected offsetting or realization of liabilities and assets and the market rates in effect on the date information was collected.

Credit risk: this risk arises from the possibility of the Company and its subsidiaries not receiving amounts arising from sales or investments at financial institutions. To mitigate this risk, the Company and its subsidiaries adopt the procedure of analyzing in detail the financial position of their customers, establishing a credit limit and constantly monitoring their balances. In addition, for all transactions of Finame Manufacturer a collateral is required from customers.

Short-term investments are made solely in prime financial institutions with low credit risk. Additionally, each financial institution has a maximum investment limit and balance, determined by the Company's management.

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.

Risks associated with short-term investments: The Company's financial investments are basically those backed by CDBs, linked to the CDI, maintained with prime financial institutions and with high liquidity and market circulation.

Interest rate risk: this risk arises from the possibility that the Company incurs losses because of interest rate fluctuations that increase its interest expenses on loans and financing.

Foreign currency sensitivity analysis:

Exchange rate fluctuations may have positive or adverse effects arising from the increase or decrease in trade accounts payable to suppliers of imported materials, in trade accounts receivable from export customers, and in loans and financing, denominated in foreign currency, in particular the US dollar.

As of September 30, 2009, the balances denominated in foreign currency were subject to exchange rate changes. We estimate that a ten percent appreciation or depreciation in the exchange rate in relation to the local currency would have resulted in an expense or income of R$ 649. As of December 31, 2008, based on the same assumption, a ten percent appreciation or depreciation in the exchange rate in relation to the local currency would have resulted in an income or expense of R$ 405.

Interest rate sensitivity analysis:

Income from short-term investments and financial expenses arising from the Company's loans and financing are impacted by interest rate variations, such as TJLP and CDI. As of September 30, 2009, an estimated ten percent increase or decrease in interest rates would increase or decrease financial income by R$ 259, (R$ 1,667 as of December 31, 2008). This amount was calculated considering the impact of hypothetical increases or decreases in interest rates on outstanding short-term investments and financing.

As the FINAME manufacturer financing is specially related to sales transactions (Trade accounts receivable - FINAME manufacturer financing) due to us, but whose interest rates, according to the rules of FINAME manufacturer financing, must be transferred to our customers, we understand that there is no financial impact on income arising from fluctuations in this financing interest rate.

c) Financial instruments per category

All asset financial instruments are classified as "available for sale".

All liability financial instruments are classified as "other financial liabilities".

Financial assets	9/30/2009	12/31/2008
Fair value:		
Titles held for trading	-	53,721
Loans and receivables:		
Cash and cash equivalents and short-term investments	77,914	135,224
Trade accounts receivables	43,779	79,591
Onlending of FINAME manufacturer financing	360,716	306,892
Trade accounts receivable - non current	3,321	3,700
Onlending FINAME manufacturer financing - non current	429,760	479,371
Escrow deposits	16,658	13,803

Financial liabilities	9/30/2009	12/31/2008
Other liabilities		
Financing	27,074	28,503
FINAME manufacturer financing	290,197	270,028
Trade accounts payable	27,670	31,136
Other payables	12,162	15,160
Financing - non current	78,045	70,957
FINAME manufacturer financing - non current	367,811	453,323
Other payables - non current	2,909	9,626

14. PAYROLL AND RELATED CHARGES

	9/30/2009	12/31/2008
Salaries	3,057	4,204
Accrued vacation, 13th salary and related charges	17,245	8,863
Payroll charges	5,934	7,762
Provision for profit sharing	1,175	13,016
Total	27,411	33,845

Employee profit sharing was recorded in the statements of income for the six-month period ended September 30, 2009 and 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

	9/30/2009	12/31/2007
COFINS (tax on revenue)	1,917	1,600
PIS (tax on revenue)	417	349
ICMS (state VAT)	1,667	1,953
Income and social contribution taxes on net income	530	2,424
Other taxes	573	1,031
Total	5,104	7,357
Non current:		
Others	3,578	3,578

The balance of taxes payable recorded in noncurrent liabilities as of September 30, 2009 matures as follows:

2010	524
2011	717
2012	952
2013	648
2014	465
2015	272
Total	3,578

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 September 30, 2009			Recognized reserve	
	Remote	Possible	Probable	9/30/2009	12/31/2008
Tax	379	4,120	16,968	16,968	14,153
Civil	1,607	1,368	303	303	285
Labor	3,498	1,103	2,536	2,536	1,736
Total	5,484	6,591	19,807	19,807	16,174
Current balance	-	-	-	18,762	15,876
Noncurrent balance	-	-	-	1,045	298

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

	12/31/2008	Additions	Uses/ reversals	Inflation adjustment	9/30/2009
Tax	14,153	2,815	-	-	16,968
Civil	285	-	(8)	26	303
Labor	1,736	977	(875)	698	2,536
	16,174	3,792	(883)	724	19,807

As of September 30, 2009, 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$ 2,936 (R$ 2,434 as of December 31, 2008) and R$ 13,526 (R$ 11,213 as of December 31, 2008), respectively, and INSS (social security contribution) on services provided by cooperatives in the amount of R$ 506 (R$ 506 as of December 31, 2008). The Company is depositing in escrow PIS and COFINS on ICMS on sales, the amount recorded is R$ 16,192 (R$ 13,803 as of December 31, 2008).

b) Civil lawsuits

Refer to contractual review claims filed in courts by customers.

c) Labor lawsuits

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

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

17. SHAREHOLDERS' EQUITY

Capital

Subscribed and paid-up capital as of June 30, 2009 and March 31, 2009, adjusted for inflation as required by IAS 29, is represented by 78,557,547 registered common shares, without par value, all with the same rights and advantages.

Legal reserve

As provided for in article 193 of Law 6404/76, 5% of net income for the year must be used to recognize a legal reserve, which cannot exceed 20% of capital.

Profit reserve

The amount of retained earnings plus the profit reserve will be used to cover working capital requirements and enable investments to increase and modernize production capacity, introduce new products and invest in subsidiaries, according to the investment plan approved by Management to be submitted to the Annual Shareholders' Meeting.

Share buyback plan

The Board of Directors, in a meeting held on October 21, 2008, approved the common share buyback plan (the "Plan"), for shares to be held in treasury and subsequently cancelled or sold, without capital reduction, pursuant to its By-laws, CVM Instructions 10/80 and 268/97, and other prevailing laws.

With this plan, the Company's purpose is to maximize shareholders' value by investing part of its funds available in the total amount of the profit and capital reserves.

As the budgeted number of shares was reached, on March 4, 2009 the Board of Directors approved the termination of the Program. During its effectiveness, the Company bought back 3,800,000 common shares, for a total amount of R$ 25,743, at the average price per share of R$ 6.77. The Extraordinary Shareholders' Meeting held on April 7, 2009 approved the cancelation of the share above. After the cancelation, the total number of shares is 74,757,547.

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 parent's 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	Total
Shares as of December 31,2008	78,557,547	78,557,547
Shares as of September 30,2009	74.757.547	74.757.547

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.

	9/30/2009	9/30/2008
Net income	(4,983)	108,151
Weighted average of shares issued (in thousands)	75,472	78,557
Basic and diluted earnings per share	(0.07)	1.377

19. INCOME AND SOCIAL CONTRIBUTION TAXES

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

The table below shows a reconciliation of taxes on income before income tax and social contribution by applying the prevailing tax rates as of September 30, 2009 and 2008.

	9/30/2009	9/30/2008
(Loss) income before income and social contribution taxes	(6,016)	140,855
Statutory rate (income and social contribution taxes)	34%	34%
Expected income and social contribution tax charges at statutory rate	2,045	(47,890)
Reconciliation to the effective rate:		
Interest on capital	-	10,099
Other additions (deductions), net	(302)	5,718
Income and social contribution tax charges	1,743	(32,073)
Provision for income and social contribution taxes	1,743	(32,073)
Effective income and social contribution tax rate	-	23%

a) Deferred income and social contribution taxes

	9/30/2009				12/31/2008			
	Temporary differences	Income tax	Social contribution tax	Total	Temporary differences	Income tax	Social contribution tax	Total
Assets:								
Adjustments to market value or other:								
Provision for inventory losses	23,102	5,765	2,079	7,844	15,684	3,912	1,393	5,305
Repossession of machinery	2,966	740	267	1,007	1,621	404	146	550
Investments	636	159	57	216	437	109	39	148
Adjustments to present value: trade accounts receivable and payable	487	122	44	166	321	80	29	109
Tax losses carryforwards	-	-	-	-	-	-	-	-
Commissions	179	45	16	61	780	194	70	264
Reserve for contingencies	19,807	4,942	301	5,243	16,174	4,034	228	4,262
Other temporary differences	5,199	1,290	465	1,755		1.241	447	1,688
Management profit sharing	900	-	81	81	4,500	-	405	405
Goodwill arising on the acquisition of JAC	1,232	308	111	419	-	-	-	-
Deferred income and social contribution taxes, net	54,478	13,371	3,421	16,792	44,491	9,974	2,757	12,731
Liabilities:								
Write off of negative goodwill on acquisition of subsidiary	23,515	5,831	2,116	7,947	23,515	5,831	2,116	7,947
Goodwill arising on the acquisition of JAC	2,655	664	239	903	-	-	-	-
	26,170	6,495	2,355	8,850	23,515	5,831	2,116	7,947

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 September 30, 2009, the expected realization of deferred income and social contribution taxes, recorded in noncurrent assets, is as follow:

	9/30/2009		
	Income Taxes	Social Contribution	Total
2010 (three months)	7,414	1,190	8,604
2011	2,212	798	3,010
2012	2,143	773	2,916
2013	1,343	484	1,827
2014	320	115	435
Total	13,432	3,360	16,792

b) Breakdown and changes in deferred income tax and social contribution:

	Balance at 12/31/2008	Impact on net income (loss)	Impact on goodwill	Balance at 9/30/2009
Provision for inventory losses	5,305	2,539	-	7,844
Repossession of machinery	550	457	-	1,007
Investments	148	68	-	216
Adjustments to present value: trade accounts receivable and payable	109	57	-	166
Other temporary differences	1,688	67	-	1,755
Commissions	264	(203)	-	61
Reserve for contingencies	4,262	981	-	5,243
Management profit sharing	405	(324)	-	81
Income tax and social contribution on goodwill	-	-	419	419
Deferred income tax and social contribution assets	12,731	3,632	419	16,792
Gain on acquisition of subsidiaries	(7,947)	-	-	(7,947)
Income tax and social contribution on goodwill	-	-	(903)	(903)
Income tax and social contribution liabilities	(7,947)	-	(903)	(8,850)

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 September 30, 2009 amounted to R$ 2,081 (R$ 3,051 in nine months period ended as of September 30, 2008).

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 September 30, 2009, insurance coverage is as follows:

Coverage	Effective period	Coverage amount
Fire, windstorm, and electrical damage:		
Buildings	01/01 to 12/31/09	20,375
Machinery and equipment	01/01 to 12/31/09	76,705
Inventories	01/01 to 12/31/09	22,772

22. SEGMENT REPORTING

The Company adopted IFRS 8, Operating Segments, effective starting January 1, 2009. IFRS 8 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. The definition of operating segment to comply with IFRS 8 does not differ from the one used in IAS 14. The main segments are machine tools, plastic injectors and cast and machined products. Segment reporting for the quarters and the nine-month periods ended September 30, 2009 and 2008 are as follows:

	9/30/2009				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Operating revenue	192,662	76,323	32,865	-	301,850
Cost of sales	(120,027)	(43,100)	(45,218)	-	(208,345)
Transfers remitted	9,168	-	10,585	(19,753)	-
Transfers received	(7,230)	(8,511)	(4,012)	19,753	-
Gross profit	74,573	24,712	(5,780)	-	93,505
Operating income (expenses):					
Selling expenses	(26,110)	(12,384)	(2,372)	-	(40,866)
General and administrative expenses	(25,446)	(15,477)	(2,309)	-	(43,232)
Research and development expenses	(12,494)	(4,244)	-	-	(16,738)
Management profit sharing and compensation	(3,470)	(1,474)	(354)	-	(5,298)
Tax expenses	(828)	(388)	(78)	-	(1,294)
Other income	5,660	(170)	-	-	5,490
(Loss) income from operations before financial income (expenses)	11,885	(9,425)	(10,893)	-	(8,433)
Financial income	-	-	-	-	11,687
Financial expenses	-	-	-	-	(4,020)
Foreign exchange loss, net	-	-	-	-	(5,250)
Total financial income	-	-	-	-	2,417
Income before income and social contribution taxes	-	-	-	-	(6,016)
Income and social contribution taxes	-	-	-	-	1,743
Net (loss) income	-	-	-	-	(4,273)

	9/30/2009				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Attributed to:					
Owners of the parent	-	-	-	-	(4,983)
Non controlling interests	-	-	-	-	710
Inventories	186,722	72,860	14,399	-	273,981
Depreciation	9,993	1,766	2,893	-	14,652
Property, plant and equipment, net	157,615	15,122	108,197	-	280,934
Intangible assets	-	1,496	-	-	1,496
Goodwill	-	4,312	-	-	4,312

	Europe	North America	Latin America	Africa and Asia	Total
Net operating (loss) income per geographical region	25,959	13,885	261,704	302	301,850

	9/30/2008				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Operating revenue	337,300	94,064	98,591	-	529,955
Cost of sales	(179,620)	(43,609)	(88,487)	-	(311,716)
Transfers remitted	18,257	-	27,585	(45,842)	-
Transfers received	(22,053)	(15,241)	(8,548)	45,842	-
Gross profit	153,884	35,214	29,141	-	218,239
Operating income (expenses):					
Selling expenses	(30,685)	(11,143)	(5,503)	-	(47,331)
General and administrative expenses	(25,602)	(9,161)	(6,267)	-	(41,030)
Research and development expenses	(17,447)	(3,748)	-	-	(21,195)

	9/30/2008				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Management profit sharing and compensation	(8,242)	(1,632)	(1,956)	-	(11,830)
Tax expenses	(1,174)	(381)	(332)	-	(1,887)
Other income	903	19,860	-	-	20,763
Income from operations before financial income (expenses)	71,637	29,009	15,083	-	115,729
Financial income					28,394
Financial expenses	-	-	-	-	(4,161)
Foreign exchange loss, net	-	-	-	-	893
Total financial income	-	-	-	-	25,126
Income before income and social contribution taxes	-	-	-	-	140,855
Income and social contribution taxes	-	-	-	-	(32,073)
Net income	-	-	-	-	108,782
Attributed to:					
Owners of the parent	-	-	-	-	108,151
Non controlling interests	-	-	-	-	631
Inventories	186,797	51,669	18,316	-	256,782
Depreciation	7,417	344	2,950	-	10,711
Property, plant and equipment, net	139,884	15,368	46,995	-	202,247
Intangible assets	-	-	-	-	-
Goodwill	-	-	-	-	-

	Europe	North America	Latin America	Africa and Asia	Total
Net operating income per geographical region	23,318	33,387	71,660	1,590	529,955

	Second quarter period ended 9/30/2009				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Operating revenue	77,698	32,057	12,250	-	122,005
Cost of sales	(46,838)	(20,508)	(17,659)	-	(85,005)
Transfers remitted	3,392	-	4,611	(8,003)	-
Transfers received	(2,848)	(3,344)	(1,811)	8,003	-
Gross profit	31,404	8,205	(2,609)	-	37,000
Operating income (expenses):					
Selling expenses	(9,203)	(3,799)	(552)	-	(13,554)
General and administrative expenses	(6,833)	(5,064)	(821)	-	(12,718)
Research and development expenses	(3,622)	(1,370)	-	-	(4,992)
Management profit sharing and compensation	(1,181)	(873)	(148)	-	(2,202)
Tax expenses	(114)	(97)	(18)		(229)
Other income	(33)	231	-	-	198
(Loss) income from operations before financial income (expenses)	10,418	(2,767)	(4,148)	-	3,503
Financial income	-	-	-	-	3,009
Financial expenses	-	-	-	-	(1,847)
Foreign exchange loss, net	-	-	-	-	(1,664)
Total financial income	-	-	-	-	(502)
Income before income and social contribution taxes	-	-	-	-	3,001
Income and social contribution taxes	-	-	-	-	59
Net income	-	-	-	-	3,060
Attributed to:					
Owners of the parent	-	-	-	-	2,848
Non controlling interests	-	-	-	-	212

	Second quarter period ended 9/30/2009				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Inventories	186,722	72,860	14,399	-	273,981
Depreciation	3,632	716	1,052	-	5,400
Property, plant and equipment, net	157,615	15,122	108,197	-	280,934
Intangible assets	-	1,496	-	-	1,496
Goodwill	-	4,312	-	-	4,312

	Europe	North America	Latin America	Africa and Asia	Total
Net operating income per geographical region	8,540	3,416	110,049	-	122,005

	Second quarter period ended 9/30/2008				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Operating revenue	125,656	37,588	36,592	-	199,836
Cost of sales	(66,989)	(17,545)	(31,813)	-	(116,347)
Transfers remitted	5,935	-	9,874	(15,809)	-
Transfers received	(7,912)	(4,963)	(2,934)	15,809	-
Gross profit	56,690	15,080	11,719	-	83,489
Operating income (expenses):					
Selling expenses	(10,782)	(4,130)	(2,217)	-	(17,129)
General and administrative expenses	(8,053)	(5,748)	(2,268)	-	(16,069)
Research and development expenses	(6,032)	(1,418)	-	-	(7,450)
Management profit sharing and compensation	(2,926)	(698)	(775)	-	(4,399)
Tax expenses	(391)	(182)	(121)	-	(694)
Other income	117	19,860	-	-	19,977
Income from operations before financial income (expenses)	28,623	22,764	6,338	-	57,725

	Second quarter period ended 9/30/2008				
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Consolidated
Financial income	-	-	-	-	10,767
Financial expenses	-	-	-	-	(1,311)
Foreign exchange loss, net	-	-	-	-	483
Total financial income	-	-	-	-	9,939
Income before income and social contribution taxes	-	-	-	-	67,664
Income and social contribution taxes	-	-	-	-	(17,561)
Net income	-	-	-	-	50,103
Attributed to:					
Owners of the parent	-	-	-	-	49,871
Non controlling interests	-	-	-	-	232
Inventories	186,797	51,669	18,316	-	256,782
Depreciation	2,568	119	1,022	-	3,709
Property, plant and equipment, net	139,884	17,602	46,995	-	204,481
Intangible assets					
Goodwill					

	Europe	North America	Latin America	Africa and Asia	Total
Net operating income per geographical region	11,790	13,989	173,657	400	199,936

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
2009	2,427
2010	10,579
2011	11,574
2012	12,105
Total	36,685

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 the IFRS, we present below the Consolidated Statement of Income detailed by nature:

	Nine-month period ended	
	9/30/2009	9/30/2008
Depreciation and amortization	14,652	10,711
Personal expenses	132,317	146,023
Raw material and consumable supplies	146,460	247,865
Freight	6,235	10,340
Other expenses	16,109	20,050
Total	315,773	434,989
Classified as:		
Cost of sales	208,345	311,716
Selling expenses	40,866	47,331
General and administrative expenses	43,232	41,030
Research and development expenses	16,738	21,195
Management profit sharing compensation	5,298	11,830
Tax expenses	1,294	1,887
Total	315,773	434,989

	Quarter period ended	
	9/30/2009	9/30/2008
Depreciation and amortization	5,400	4,566
Personal expenses	42,340	51,783
Raw material and consumable supplies	76,573	98,924
Freight	1,965	3,732
Other expenses	(7,578)	3,083
Total	118,700	162,088
Classified as:		
Cost of sales	85,005	116,347
Selling expenses	13,554	17,129
General and administrative expenses	12,718	16,069
Research and development expenses	4,992	7,450
Management profit sharing compensation	2,202	4,399
Tax expenses	229	694
Total	118,700	162,088

25. OTHER OPERATING INCOME (EXPENSES), NET

	Nine-month period ended	
	9/30/2009	9/30/2008
Gain on sale of assets (*)	5,882	1,447
Gain on acquisition of subsidiaries (see note 3)	-	19,316
Other operating income	(392)	-
Total	5,490	20,763

(*) Refers basically to the same of property, plant and equipment, technology, intellectual and industrial property of the high-precision tools of the business unit called Romicron. Please refer to the material fact disclosed on May 7, 2009 for further information.

26. FINANCIAL INCOME AND EXPENSE

	Nine-month period ended:		Quarter period ended	
	9/30/2009	9/30/2008	9/30/2009	9/30/2008
Financial Income:				
Interest on short-term investments	7,729	22,647	1,703	7,691
Interest on trade notes receivables	3,958	5,747	1,306	3,076
Total	11,687	28,394	3,009	10,767
Financial Expenses:				
Interest on financing	(4,020)	(4,161)	(1,847)	(1,311)

27. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Company’s Board of Directors on October 27, 2009.