

# **Indústrias Romi S.A.**

**Quarterly Information (ITR) at  
June 30, 2017**

**and reporting on review of quarterly information**

**A free translation from Portuguese into English of Independent Auditor's Review Report on quarterly financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB**

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## **Independent auditor's review report on quarterly financial information**

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Indústrias Romi S.A. as at June 30, 2017, comprising the statement of financial position as at June 30, 2017 and the related statements of profit or loss and of comprehensive income for the three and six-month periods then ended, and the statements of changes in equity and of cash flows for the six-month period then ended, including explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting, issued by the Brazilian Financial Accounting Standards Board (CPC), and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this financial information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly financial information referred to above was not fairly prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of quarterly information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission.



## Other matters

### Statements of value added

We have also reviewed the individual and consolidated statement of value added (SVA) for the six-month period ended June 30, 2017, whose preparation is the responsibility of the Company management and whose presentation in the interim financial information is required by rules issued by CVM applicable to the preparation of Quarterly Financial Information (ITR), and considered as supplementary information by IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall accompanying interim financial information.

### Audit and review of corresponding figures

The individual and consolidated statements of financial position at December 31, 2016, the individual and consolidated statements of profit or loss and of comprehensive income for the three and six-month period ended June 30, 2016, and the statements of changes in equity, of cash flows and of value added for the six-month period ended June 30, 2016, were audited and reviewed, respectively, by another independent auditor, who issued an unmodified audit opinion dated February 7, 2017, and a review report on quarterly information dated July 26, 2016, with an unmodified conclusion.

Campinas, July 25, 2017

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP015199/F-6

  
Luís Alexandre Marini  
Accountant CRC-1SP182975/O-5

**INDÚSTRIAS ROMI S.A.**

**BALANCE SHEET**

In thousands of reais unless otherwise stated

ASSETS	Note	Company		Consolidated		LIABILITIES AND EQUITY	Note	Company		Consolidated	
		June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016			June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
<b>CURRENT</b>						<b>CURRENT</b>					
Cash and cash equivalents	3	91.320	60.671	122.566	101.510	Borrowings	12	93.047	96.221	94.443	99.435
Financial Investments	3	14.697	20.831	14.697	20.831	FINAME manufacturer financing	13	57.386	67.177	57.386	67.177
Trade accounts receivable	4	77.488	60.227	117.128	94.216	Trade accounts payable		25.991	28.165	35.284	34.482
Onlending of FINAME manufacturer financing	5	88.619	102.356	88.619	102.356	Payroll and related taxes		20.460	15.548	27.305	19.013
Inventories	6	156.323	182.215	257.042	264.587	Taxes payable		1.269	1.172	2.461	2.596
Related parties	8	41.444	36.566	-	-	Advances from customers		9.983	8.318	59.673	53.787
Taxes recoverable		11.097	21.980	14.872	24.402	Dividends and interes on capital		667	158	667	158
Other receivables		12.291	12.852	15.971	14.472	Other payables		5.697	5.713	16.715	14.241
						Provision for net capital deficiency - subsidiary	8	678	758	-	-
		<u>493.279</u>	<u>497.698</u>	<u>630.895</u>	<u>622.374</u>			<u>215.178</u>	<u>223.230</u>	<u>293.934</u>	<u>290.889</u>
<b>NON-CURRENT</b>						<b>NON-CURRENT</b>					
Trade accounts receivable	4	10.992	11.996	10.992	11.996	Borrowings	12	76.148	87.761	88.910	100.338
Onlending of FINAME manufacturer financing	5	61.727	67.323	61.727	67.323	FINAME manufacturer financing	13	53.509	62.953	53.509	62.953
Taxes recoverable		584	777	584	777	Taxes payable		539	539	539	539
Deferred income tax and social contribution	15	54.140	56.232	56.257	58.053	Provision for tax, labor and divil risks	14	385	713	1.310	1.920
Judicial deposits	14	2.082	2.115	2.082	2.115	Other payables		13	-	119	96
Other receivables		12.518	8.806	12.793	9.065	Deferred income tax and social contribution	15	-	-	28.042	25.853
		<u>142.043</u>	<u>147.249</u>	<u>144.435</u>	<u>149.329</u>			<u>130.594</u>	<u>151.966</u>	<u>172.429</u>	<u>191.699</u>
Investment in subsidiary and associated companies	7	129.032	122.505	-	-	<b>TOTAL LIABILITIES</b>		<u>345.772</u>	<u>375.196</u>	<u>466.363</u>	<u>482.588</u>
Property, plant and equipment	10	188.883	193.721	250.008	252.033	<b>EQUITY</b>					
Investment properties	9	13.227	13.227	18.329	17.538	Capital	16	492.025	492.025	492.025	492.025
Intangible assets	11	1.263	758	46.324	42.846	Profit reserve	16	90.243	90.243	90.243	90.243
						Profit for the period	16	13.764	-	13.764	-
		<u>474.448</u>	<u>477.460</u>	<u>459.096</u>	<u>461.746</u>	Cumulative translation adjustments	16	25.923	17.694	25.923	17.694
								<u>621.955</u>	<u>599.962</u>	<u>621.955</u>	<u>599.962</u>
<b>TOTAL ASSETS</b>		<u><u>967.727</u></u>	<u><u>975.158</u></u>	<u><u>1.089.991</u></u>	<u><u>1.084.120</u></u>	<b>NON CONTROLLING INTEREST</b>		<u>-</u>	<u>-</u>	<u>1.673</u>	<u>1.570</u>
						<b>TOTAL EQUITY</b>		<u><u>621.955</u></u>	<u><u>599.962</u></u>	<u><u>623.628</u></u>	<u><u>601.532</u></u>
						<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>967.727</u></u>	<u><u>975.158</u></u>	<u><u>1.089.991</u></u>	<u><u>1.084.120</u></u>

The accompanying notes are an integral part of these Interim financial statements

INDÚSTRIAS ROMI S.A.

STATEMENT OF INCOME  
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE

In thousands of reais unless otherwise stated

	Note	Company			
		Current quarter 04/01/2017 to 06/30/2017	Accumulated for current year 01/01/2017 to 06/30/2017	Current quarter 04/01/2016 to 06/30/2016	Accumulated for current year 01/01/2016 to 06/30/2016
<b>Operations</b>					
Net Operating revenue		121.733	229.803	112.171	207.505
Cost of sales and services		(86.636)	(170.054)	(89.788)	(166.286)
<b>Gross profit</b>		<b>35.097</b>	<b>59.749</b>	<b>22.383</b>	<b>41.219</b>
<b>Operation income (expenses)</b>					
Selling		(10.052)	(18.191)	(11.232)	(20.265)
General and administrative		(7.629)	(14.548)	(7.053)	(16.255)
Research and development		(4.422)	(8.474)	(4.514)	(8.648)
Management profit sharing and fees	8	(1.748)	(3.178)	(1.327)	(2.490)
Equity in subsidiaries	7	780	(174)	(2.465)	(9.094)
Other operating income, net		326	477	479	1.175
		(22.745)	(44.088)	(26.112)	(55.577)
<b>Operating profit (loss)</b>		<b>12.352</b>	<b>15.661</b>	<b>(3.729)</b>	<b>(14.358)</b>
<b>Financial income (expenses)</b>					
Financial income		4.097	7.861	4.876	8.791
Financial expenses		(3.324)	(7.037)	(4.157)	(7.776)
Foreign exchange gains, net		3.122	2.384	(2.710)	(4.125)
		3.895	3.208	(1.991)	(3.110)
<b>Profit (loss) before taxation</b>		<b>16.247</b>	<b>18.869</b>	<b>(5.720)</b>	<b>(17.468)</b>
<b>Income tax and social contribution</b>		<b>(4.499)</b>	<b>(5.105)</b>	<b>862</b>	<b>2.644</b>
<b>Profit (loss) for the period</b>		<b>11.748</b>	<b>13.764</b>	<b>(4.858)</b>	<b>(14.824)</b>
Basic and diluted earnings (loss) per share (R\$)	16	0,19	0,22	(0,07)	(0,23)

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INDÚSTRIAS ROMI S.A.

STATEMENT OF INCOME  
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE

In thousands of reais unless otherwise stated

	Note	Consolidated			
		Current quarter 04/01/2017 to 06/30/2017	Accumulated for current year 0101/2017 to 06/30/2017	Current quarter 04/01/2016 to 06/30/2016	Accumulated for current year 0101/2016 to 06/30/2016
<b>Operations</b>					
Net Operating revenue		163.775	310.300	150.063	279.873
Cost of sales and services		(116.401)	(226.682)	(114.917)	(218.499)
<b>Gross profit</b>		<b>47.374</b>	<b>83.618</b>	<b>35.146</b>	<b>61.374</b>
<b>Operation income (expenses)</b>					
Selling		(17.552)	(32.211)	(17.973)	(32.951)
General and administrative		(13.523)	(26.429)	(14.787)	(33.949)
Research and development		(4.422)	(8.474)	(4.514)	(8.648)
Management profit sharing and fees	8	(1.775)	(3.228)	(1.353)	(2.539)
Other operating income, net		2.199	2.342	463	1.123
		(35.073)	(68.000)	(38.164)	(76.964)
<b>Operating profit (loss)</b>		<b>12.301</b>	<b>15.618</b>	<b>(3.018)</b>	<b>(15.590)</b>
<b>Financial income (expenses)</b>					
Financial income		4.444	8.729	5.930	10.122
Financial expenses		(3.638)	(7.705)	(5.598)	(9.339)
Foreign exchange gains, net		3.131	2.396	(2.720)	(4.497)
		3.937	3.420	(2.388)	(3.714)
<b>Profit (loss) before taxation</b>		<b>16.238</b>	<b>19.038</b>	<b>(5.406)</b>	<b>(19.304)</b>
<b>Income tax and social contribution</b>		<b>(4.322)</b>	<b>(5.057)</b>	<b>606</b>	<b>4.594</b>
<b>Profit (loss) for the period</b>		<b>11.916</b>	<b>13.981</b>	<b>(4.800)</b>	<b>(14.710)</b>
<b>Attributable to:</b>					
Controlling interests		11.748	13.764	(4.858)	(14.824)
Non-controlling interests		168	217	58	114
		11.916	13.981	(4.800)	(14.710)

The accompanying notes are an integral part of these Interim financial statements

**INDÚSTRIAS ROMI S.A.**

**STATEMENT OF INCOME  
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE**

In thousands of reais unless otherwise stated

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	<b>Company</b>			
	<b>Current quarter 04/01/2017 to</b>	<b>Accumulated for current year 0101/2017 to</b>	<b>Current quarter 04/01/2016 to</b>	<b>Accumulated for current year 0101/2016 to</b>
<b>Profit (loss) for the period</b>	11.748	13.764	(4.858)	(14.824)
Foreign currency translation effects	9.781	8.229	(15.675)	(22.728)
<b>Comprehensive profit (loss) for the period</b>	<u>21.529</u>	<u>21.993</u>	<u>(20.533)</u>	<u>(37.552)</u>

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**INDÚSTRIAS ROMI S.A.****STATEMENT OF INCOME  
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE**

In thousands of reais unless otherwise stated

	<b>Current quarter 04/01/2017 to</b>	<b>Accumulated for current year 01/01/2017 to</b>	<b>Current quarter 04/01/2016 to</b>	<b>Consolidated Accumulated for current year 01/01/2016 to</b>
<b>Profit (loss) for the period</b>	11.916	13.981	(4.800)	(14.710)
Foreign currency translation effects	9.781	8.229	(15.675)	(22.728)
<b>Comprehensive profit (loss) for the period</b>	<u>21.697</u>	<u>22.210</u>	<u>20.475</u>	<u>(37.438)</u>
<b>Attributable to:</b>				
Controlling interests	21.529	21.993	(20.533)	(37.552)
Non-controlling interests	168	217	58	114
	<u>21.697</u>	<u>22.210</u>	<u>(20.475)</u>	<u>(37.438)</u>

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INDÚSTRIAS ROMI S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

In thousands of reais unless otherwise stated

	Attributable to the controlling interests									
	Capital	Theasury shares	Reitained earning	Legal reserve	Profit reserve Total	Other comprehensive income	Reitained earnings profit (loss) accumulated	Total	Non-controlling interests	Total
<b>At January 1, 2016</b>	<b>492.025</b>	<b>(5.078)</b>	<b>98.966</b>	<b>41.755</b>	<b>140.721</b>	<b>43.051</b>	<b>-</b>	<b>670.719</b>	<b>2.276</b>	<b>672.995</b>
Profit (loss) for the period	-	-	-	-	-	-	(14.824)	(14.824)	114	(14.710)
Foreign currency translation effects	-	-	-	-	-	(22.728)	-	(22.728)	-	(22.728)
Total comprehensive income for the period	-	-	-	-	-	(22.728)	(14.824)	(37.552)	114	(37.438)
Purchase of theasury shares	-	(5.705)	-	-	-	-	-	(5.705)	-	(5.705)
Cancelation of theasury shares	-	5.600	(5.600)	-	(5.600)	-	-	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	(819)	(819)
Total contributions by and distributions to controlling interest	-	(105)	(5.600)	-	(5.600)	-	-	(5.705)	(819)	(6.524)
<b>At June 30, 2016</b>	<b>492.025</b>	<b>(5.183)</b>	<b>93.366</b>	<b>41.755</b>	<b>135.121</b>	<b>20.323</b>	<b>(14.824)</b>	<b>627.462</b>	<b>1.571</b>	<b>629.033</b>
<b>At January 1, 2017</b>	<b>492.025</b>	<b>-</b>	<b>48.488</b>	<b>41.755</b>	<b>90.243</b>	<b>17.694</b>	<b>-</b>	<b>599.962</b>	<b>1.570</b>	<b>601.532</b>
Profit for the period	-	-	-	-	-	-	13.764	13.764	217	13.981
Foreign currency translation effects	-	-	-	-	-	8.229	-	8.229	-	8.229
Total comprehensive income for the period	-	-	-	-	-	8.229	13.764	21.993	217	22.210
Proposed dividends	-	-	-	-	-	-	-	-	(114)	(114)
Total contributions by and distributions to controlling interest	-	-	-	-	-	-	-	-	(114)	(114)
<b>At June 30, 2017</b>	<b>492.025</b>	<b>-</b>	<b>48.488</b>	<b>41.755</b>	<b>90.243</b>	<b>25.923</b>	<b>13.764</b>	<b>621.955</b>	<b>1.673</b>	<b>623.628</b>

The accompanying notes are an integral part of these Interim financial statements

## INDÚSTRIAS ROMI S.A.

**STATEMENT OF CASH FLOW**  
**FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE**

In thousands of reais unless otherwise stated

	Company		Consolidated	
	2017	2016	2017	2016
<b>Cash flows operating activities</b>				
<b>Profit (loss) before taxation</b>	<b>18.869</b>	<b>(17.468)</b>	<b>19.038</b>	<b>(19.304)</b>
Adjustments from:				
(Revenue), finance expenses and exchange rate	646	9.616	2.174	4.858
Depreciation and amortization	12.022	13.828	15.077	17.619
Allowance for doubtful accounts and for other receivables	2.243	(762)	517	801
Provision for inventory losses	(5.415)	224	(4.901)	(3.176)
Cost of property, plant and equipment and disposals of intangible assets	(963)	(355)	(2.904)	(86)
Equity in subsidiaries, net of dividends received	174	9.094	-	-
Provision for contingent liabilities	(1.377)	(653)	(2.232)	158
Changes in operating assets and liabilities				
Financial investments	6.134	(17.005)	6.134	(17.005)
Trade accounts receivables	(11.116)	(16.574)	(15.041)	13.265
Releted parties (assets and liabilities)	(5.013)	5.944	-	-
Onlending of FINAME manufacturer financing	17.607	26.481	17.607	26.481
Inventories	31.307	(7.670)	12.448	4.107
Taxes recovables	8.076	533	11.519	(2.527)
Judicial deposits	(1.381)	(7)	(1.381)	(7)
Others credits	1.562	6.780	(514)	5.977
Trade accounts payables	(2.376)	14.299	600	13.016
Payroll and related taxes	6.484	5.399	9.864	6.587
Taxes payable	690	(553)	(1.963)	(3.452)
Advances from customers	1.665	(2.996)	5.886	(3.055)
Others payables	1.582	(934)	4.579	(8.445)
Cash provided by operations	81.420	27.221	76.507	35.812
Income tax and social contribution paid	(593)	-	(1.040)	(702)
<b>Cash provided by operating activities</b>	<b>80.827</b>	<b>27.221</b>	<b>75.467</b>	<b>35.110</b>
<b>Cash flow investments activities</b>				
Purchase of property, plant and equipment	(7.351)	(7.041)	(8.234)	(8.335)
Intangible increase	(638)	-	(696)	-
Disposal of property, plant and equipment	1.263	793	3.613	794
Dividends received	1.528	11.002	-	-
Capital increase	-	(50)	-	-
<b>Net cash provided (used) by investments activities</b>	<b>(5.198)</b>	<b>4.704</b>	<b>(5.317)</b>	<b>(7.541)</b>
<b>Cash flow from financing activities</b>				
Interests on capital and dividends paid	-	(1.487)	(114)	(2.306)
Purchase of treasury shares	-	(5.705)	-	(5.705)
New borrowing	5.214	17.955	5.214	29.177
Finance payment	(21.062)	(19.433)	(23.145)	(30.354)
Interests paid	(5.822)	(6.469)	(6.868)	(7.318)
New FINAME - manufacturer financing	17.601	20.744	17.601	20.744
Payment of FINAME - manufacturer financing	(37.333)	(46.171)	(37.333)	(46.171)
Interest paid FINAME - manufacturer financing	(3.578)	(3.871)	(3.578)	(3.871)
<b>Net cash used in financing activities</b>	<b>(44.980)</b>	<b>(44.437)</b>	<b>(48.223)</b>	<b>(45.804)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>30.649</b>	<b>(12.512)</b>	<b>21.927</b>	<b>(18.235)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60.671</b>	<b>99.967</b>	<b>101.510</b>	<b>141.968</b>
<b>Foreign exchange losses of cash equivalents of foreign subsidiaries</b>	<b>-</b>	<b>-</b>	<b>(871)</b>	<b>(146)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>91.320</b>	<b>87.455</b>	<b>122.566</b>	<b>123.587</b>

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

**INDÚSTRIAS ROMI S.A.**

**STATEMENT OF VALUE ADDED**  
**PERIOD OF SIX MONTHS ENDED JUNE 30**  
 In thousands of reais unless otherwise stated

	<b>Company</b>		<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>				
Sales of products and services	265.213	238.397	345.742	310.991
Allowance for doubtful accounts and for the other receivables	(1.745)	570	(1.745)	570
	<u>263.468</u>	<u>238.967</u>	<u>343.997</u>	<u>311.561</u>
<b>Inputs acquired from third parties</b>				
Materials used	(136.791)	(107.960)	(166.546)	(131.946)
Others costs of products and services	(6.749)	(13.089)	(13.230)	(19.923)
Electricity, thir party services and other expenses	(14.511)	(14.724)	(18.260)	(18.566)
	<u>(158.051)</u>	<u>(135.773)</u>	<u>(198.036)</u>	<u>(170.435)</u>
<b>Gross value added</b>	105.417	103.194	145.961	141.126
Depreciation and amortization	(12.022)	(13.828)	(15.077)	(17.619)
<b>Net value added generated bt the Company</b>	<u>93.395</u>	<u>89.366</u>	<u>130.884</u>	<u>123.507</u>
<b>Value added received through transfers</b>				
Equity in the earnings of subsidiaries	(174)	(9.093)	-	-
Finance income and net foreign exchange gains	10.245	(3.111)	11.125	(3.714)
	<u>103.466</u>	<u>77.162</u>	<u>142.009</u>	<u>119.793</u>
<b>Total value added to distribute</b>				
<b>Distribution of value added</b>				
Employees				
Payroll and related changes	54.525	57.850	90.690	98.600
Sales commision	1.599	2.097	1.599	2.097
Managment profit sharing and fess	3.178	1.327	3.225	1.350
Pensions plans	352	229	352	229
Impostos, taxas e contribuições				
Federal	21.271	20.557	21.910	20.852
State	17	348	17	348
Municipal	582	480	582	480
Interests	7.037	7.776	8.729	9.339
Rentals	1.141	1.322	1.141	1.322
Non-controlling interests	-	-	(217)	(114)
<b>Profit (loss) for the period</b>	<u>13.764</u>	<u>(14.824)</u>	<u>13.981</u>	<u>(14.710)</u>
<b>Value added distributed</b>	<u>103.466</u>	<u>77.162</u>	<u>142.009</u>	<u>119.793</u>

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

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR) at June 30, 2017

In thousands of reais, unless otherwise stated

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### 1 General information

Indústrias Romi S.A. (Company) and its subsidiaries (together referred to as Consolidated), listed on the "New Market" of the São Paulo Stock Exchange (BM&FBOVESPA) since March 23, 2007, and headquartered in Santa Barbara d'Oeste, São Paulo, are engaged in the manufacture and sale of capital goods in general, including machine tools, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts, as well as providing system analysis and developing data processing software related to the production, sale, and use of machine tools and plastic injectors; the manufacture and sale of raw cast parts and machined cast parts; the export, import and representation on its own account or on behalf of third parties; and the provision of related services. It also holds interest in other companies as partner, shareholder or member in other civil or business entities, business ventures of any nature, in Brazil or abroad, as well as the management of its own and/or third party assets.

The Company's industrial facilities consist of 11 plants in three units located in the city of Santa Bárbara d'Oeste, in the State of São Paulo, and one located in the city of Reutlingen, Germany. The latter is a large high precision tooling machine manufacturer. The Company also holds investments in subsidiaries in Brazil and abroad.

This quarterly information was approved by the Company's Board of Directors and authorized for issue on July 25, 2017.

### 2 Basis of preparation and accounting practices

The Company's financial information for the quarter ended June 30, 2017 has been prepared in accordance with CVM Ruling No. 673, dated October 20, 2011, which approved accounting standard CPC 21 (R1) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The accounting practices adopted by the Company in the preparation of the Company and consolidated quarterly financial information are the same as those used in the preparation of the financial statements for the year ended December 31, 2016 and, therefore, should be read in conjunction with those financial statements.

The Company and consolidated quarterly financial information has been prepared in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by Brazil's FASB (CPC), as well as in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and contains all material information specific to the quarterly information, which is consistent with that used by management.

The Company management has reassessed its criteria for classification of financial instruments that are pledged as collateral for borrowing transactions and concluded that the best presentation of these assets would be as financial investments and no longer as cash and cash equivalents. Therefore, the amounts that meet the aforementioned criteria have been classified

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2017

In thousands of reais, unless otherwise stated

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as financial investments in the quarterly financial information and the comparative periods have been reclassified for a better comparability between them.

As there is no difference between the consolidated equity and consolidated profit or loss (P&L) attributable to Company shareholders, disclosed in the consolidated quarterly information prepared in accordance with IFRS and accounting practices adopted in Brazil, and the Company's equity and P&L disclosed in its individual quarterly financial information prepared in accordance with accounting practices adopted in Brazil, the Company elected to present Company and consolidated quarterly information in a single set of statements.

The purpose of the statement of value added is to disclose the wealth created by the Company and its distribution during a certain period, and is presented by the Company, as required by Brazilian Corporation Law, as an integral part of its individual quarterly information, and as supplementary information to the consolidated financial statements. That statement is not provided for, or required by IFRS.

**(a) Notes included in the financial statements as at December 31, 2016, not included in this quarterly information**

The quarterly information is presented in accordance with accounting pronouncements CPC 21 and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The preparation of this quarterly information involves judgment by the Company management on the materiality and changes that should be disclosed in the accompanying notes. Accordingly, this quarterly information includes selected notes and does not comprise all notes presented for the year ended December 31, 2016. As permitted by Circular Letter 03/2011 of the Brazilian Securities and Exchange Commission (CVM), the following notes are not presented:

- Basis of preparation and accounting practices (Note 2);
- Pension plan (Note 17);
- Insurance (Note 18);
- Financial instruments and operational risks (Note 19);
- Net operating revenue (Note 22);
- Expenses by nature (Note 23);
- Finance income (expenses) (Note 24); and
- Other operating income, net (Note 25).

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2017

In thousands of reais, unless otherwise stated

### 3 Cash and cash equivalents and financial investments

	Company		Consolidated	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Cash and banks	1,663	3,474	11,933	19,594
Bank deposit certificates ("CDBs") (a)	10,193	25,854	26,786	43,431
Short-term investments backed by debentures (a)	41,944	21,435	43,903	23,491
Investment funds DI and fixed income	36,245	7,913	38,653	7,913
Short-term investments in foreign currency - US\$ (Time deposit)	728	1,955	728	7,025
Other	101	40	117	56
<b>Total cash and cash equivalents</b>	<b>90,874</b>	<b>60,671</b>	<b>122,120</b>	<b>101,510</b>
Bank deposit certificates ("CDBs") (b)	15,143	17,841	15,143	17,841
Short-term investments backed by debentures (b)	-	2,990	-	2,990
<b>Total assets held for trading</b>	<b>15,143</b>	<b>20,831</b>	<b>15,143</b>	<b>20,831</b>

- (a) These investments are substantially pegged to the Interbank Deposit Certificate ("CDI") rate.
- (b) These investments are substantially pegged to the Interbank Deposit Certificate ("CDI") rate and are pledged as guarantee of commitments assumed.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2017

In thousands of reais, unless otherwise stated

#### 4 Trade notes receivable

	<u>Company</u>		<u>Consolidated</u>	
	<u>June</u>	<u>December</u>	<u>June</u>	<u>December</u>
	<u>30,</u>	<u>31,</u>	<u>30,</u>	<u>31,</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current				
Domestic customers (Brazil)	74,160	59,169	76,410	59,170
Foreign customers	5,098	3,601	45,582	40,473
Allowance for doubtful accounts	<u>(1,770)</u>	<u>(2,543)</u>	<u>(4,864)</u>	<u>(5,427)</u>
	<u>77,488</u>	<u>60,227</u>	<u>117,128</u>	<u>94,216</u>
Noncurrent				
Domestic customers (Brazil)	8,831	10,959	8,831	10,959
Foreign customers	2,224	1,268	2,224	1,268
Allowance for doubtful accounts	<u>(63)</u>	<u>(231)</u>	<u>(63)</u>	<u>(231)</u>
	<u>10,992</u>	<u>11,996</u>	<u>10,992</u>	<u>11,996</u>

The Company's maximum exposure to credit risk is the balance of trade notes receivable. The balance of current trade notes receivable as at June 30, 2017 and December 31, 2016, Company and consolidated, is distributed as follows:

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2017

In thousands of reais, unless otherwise stated

	Company		Consolidated	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Falling due	70,213	50,792	104,868	75,096
Past due:				
1 to 30 days	3,503	6,742	5,299	12,609
31 to 60 days	232	378	1,150	1,796
61 to 90 days	173	76	720	793
91 to 180 days	672	469	1,067	965
181 to 360 days	854	677	1,251	2,013
Over 360 days	3,611	3,636	7,637	6,371
	9,045	11,978	17,124	24,547
Total	79,258	62,770	121,992	99,643
Allowance for doubtful accounts	(1,770)	(2,543)	(4,864)	(5,427)
Total – current	77,488	60,227	117,128	94,216

The balance of noncurrent trade accounts receivable as at June 30, 2017, Company and consolidated, is distributed as follows:

	Company and consolidated
Falling due:	
2018 (6 months)	6,458
2019	4,081
2020	516
Allowance for doubtful accounts	(63)
Total - noncurrent	10,992

Changes in allowance for doubtful accounts, Company and consolidated, are as follows:



## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2017

In thousands of reais, unless otherwise stated

	<u>Company</u>	<u>Consolidated</u>
Balance at December 31, 2016	2,774	5,658
Allowance recognized for the period	390	394
Receivables written off	(1,331)	(1,399)
Foreign exchange difference	-	274
Balance at June 30, 2017	<u>1,833</u>	<u>4,927</u>

#### 5 Receivables - onward lending of FINAME manufacturer financing

	<u>Company and Consolidated</u>	
	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Current		
FINAME falling due	62,706	74,828
FINAME awaiting release (a)	1,709	339
FINAME past due (b)	38,465	39,622
	<u>102,880</u>	<u>114,789</u>
Allowance for doubtful accounts	<u>(14,261)</u>	<u>(12,433)</u>
	<u>88,619</u>	<u>102,356</u>
Noncurrent		
FINAME falling due	55,418	67,073
FINAME awaiting release (a)	6,835	1,357
	<u>62,253</u>	<u>68,430</u>
Allowance for doubtful accounts	<u>(526)</u>	<u>(1,107)</u>
	<u>61,727</u>	<u>67,323</u>
Total	<u>150,346</u>	<u>169,679</u>

The item "Receivables - onward lending of FINAME manufacturer financing" refers to sales to customers financed by funds from the Brazilian Development Bank ("BNDES") (Note 13).

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2017

In thousands of reais, unless otherwise stated

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The FINAME *manufacturer* credit line refers to financing specifically linked to sales transactions, with terms of up to 48 months, with grace periods of up to three months and estimated cost of 13.1% per year, in accordance with the terms defined by the BNDES at the time of the financing.

The financing terms are also based on a customer's characteristics. Funds are released by the BNDES on identification of a customer and sale, as well as checking that a customer has fulfilled the terms of Circular 195, dated July 28, 2006 issued by BNDES, through a financial agent, with the formalization of a financing agreement in the name of the Company and consent of the customer to be financed. The amounts, periods and charges of the transaction are fully reflected in the amounts to be received by the Company from the bank mediating the agreement to which the Company is the debtor. The Company retains title to the financed equipment until the final settlement of the obligation by the customer.

The difference between onward lending of FINAME *manufacturer* financing receivables and payables include:

- (a) FINAME transactions awaiting release: refers to FINAME manufacturer financing transactions that meet the specified terms and have been approved by all parties involved. The preparation of documentation, the issue of the sales invoice, and the delivery of the equipment to the customer have all taken place. The crediting of the related funds to the Company's account by the agent bank is pending at the end of the reporting period, in view of the normal operating terms of the agent.
  
- (b) FINAME past due: refers to amounts receivable not settled by customers on their due dates. The Company records provisions for possible losses on the realization of these balances, at the amount of the difference between the expected value of the sale of the collateral (machinery) recovered through enactment of covenant regarding reservation of title over the machinery sold (security interest) and the value of the receivables from defaulting customers. In instances in which the security interest cannot be located, a full loss provision is set up for balance of the receivable.

The machinery seized as part of the execution process are recorded at its carrying amount, not exceeding its fair value, under the category of "Other receivables", pending a final and unappealable court decision, after which it is repossessed and transferred to inventories. As at June 30, 2017, the balance of repossessed machinery, included under the line item of "Other receivables", Company and consolidated, amounted to R\$ 3,572 (R\$ 4,015 as at December 31, 2016) in current assets and R\$ 8,650 (R\$ 8,246 as at December 31, 2016) in noncurrent assets.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2017

In thousands of reais, unless otherwise stated

As at June 30, 2017 and December 31, 2016, the balances of "Receivables - onward lending of FINAME manufacturer financing", Company and consolidated, were as follows:

	<b>Company and Consolidated</b>	
	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Falling due	64,415	75,167
Past due:		
1 to 30 days	2,045	2,070
31 to 60 days	1,169	1,292
61 to 90 days	1,039	1,346
91 to 180 days	2,654	3,633
181 to 360 days	5,017	5,295
Over 360 days	26,541	25,986
	<u>38,465</u>	<u>39,622</u>
Total - current	<u>102,880</u>	<u>114,789</u>

The expected realization of noncurrent receivables relating to the onward lending of FINAME manufacturer financing, Company and consolidated, is as follows:

	<b>Company and consolidated</b>
Faling due:	
2018 (6 months)	36,846
2019	18,205
2020	7,042
2021	<u>160</u>
Total - Noncurrent	<u>62,253</u>

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2017

In thousands of reais, unless otherwise stated

Changes in allowance for doubtful accounts, Company and consolidated, are as follows:

	<u>Company and consolidated</u>
Balance at December 31, 2016	13,540
Allowance recognized (or written off) during the period	<u>1,247</u>
Balance at June 30, 2017	<u><u>14,787</u></u>

## 6 Inventory

	<u>Company</u>		<u>Consolidated</u>	
	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Finished products	32,856	38,077	67,705	70,462
Used machinery	17,676	22,939	17,676	22,939
Work in progress	51,699	62,146	98,544	94,964
Raw materials and components	51,547	57,487	70,572	74,656
Imports in transit	<u>2,545</u>	<u>1,566</u>	<u>2,545</u>	<u>1,566</u>
Total	<u><u>156,323</u></u>	<u><u>182,215</u></u>	<u><u>257,042</u></u>	<u><u>264,587</u></u>

The inventory balances, Company and Consolidated, as at June 30, 2017 are net of R\$ 37,680 and R\$ 41,614 (R\$ 43,095 Company and R\$ 46,515 Consolidated as at December 31, 2016), respectively, corresponding to the provision for slow-moving inventories and inventories posing a remote probability of being realized through sale or use.

Changes in provision to bring inventories to their net realizable value, Company and consolidated, are as follows:

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2017

In thousands of reais, unless otherwise stated

	<u>Company</u>	<u>Consolidated</u>
Balance at January 1, 2017	43,095	46,515
Inventory sold or written off	(13,021)	(13,082)
Provision set up	5,557	7,419
Foreign exchange difference	-	(1,288)
Transfer of provisions resulting from machinery repossessed during the period	<u>2,049</u>	<u>2,049</u>
Balance at June 30, 2017	<u><u>37,680</u></u>	<u><u>41,614</u></u>

Changes in provision for inventory losses by class of inventory are as follows:

	<u>Company</u>		<u>Consolidated</u>	
	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Finished products	3,090	2,894	7,024	6,314
Used machines	14,123	19,565	14,123	19,565
Work in progress	5,127	5,602	5,127	5,602
Raw materials and components	<u>15,340</u>	<u>15,034</u>	<u>15,340</u>	<u>15,034</u>
Total	<u><u>37,680</u></u>	<u><u>43,095</u></u>	<u><u>41,614</u></u>	<u><u>46,515</u></u>

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR) at June 30, 2017

In thousands of reais, unless otherwise stated

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### 7 Investments in subsidiaries and affiliates

Company investments in its subsidiaries are as follows:

	<b>Subsidiary</b>	<b>Country</b>	<b>Main activity</b>
1.	Romi Itália S.r.l. ("Romi Italy")	Italy	Sale of machine tools, spare parts and technical support.
1.1	Romi Machines UK Ltd. (indirect subsidiary – 100% interest)	United Kingdom	Sale of machinery for plastics and machine tools, spare parts and technical support.
1.2	Romi France SAS (indirect subsidiary – 100% interest)	France	Sale of machinery for plastics and machine tools, spare parts and technical support.
1.3	Romi Máquinas España S.A. (indirect subsidiary – 100% interest)	Spain	Sale of machinery for plastics and machine tools, spare parts and technical support.
2.	Romi Europa GmbH ("Romi Europe")	Germany	Distribution of machine tools, spare parts and technical support.
2.1	Burkhardt + Weber Fertigungssysteme GmbH ("B+W") (indirect subsidiary – 100% interest)	Germany	Production and sale of large tooling machinery with high technology, precision and productivity, as well as machinery for specialized applications.
2.1.1	Burkhardt + Weber / Romi (Shanghai) Co., Ltd (indirect subsidiary – 100% interest)	China	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
2.1.2	Burkhardt + Weber LLC	United States of America	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
3.	Rominor Comércio, Empreendimentos e Participações S.A. ("Rominor")	Brazil	Real estate activity, including purchases and sales, lease of company-owned properties, exploration of real estate rights, intermediation of real estate businesses, and provisions of sureties and guarantees.
4.	Romi Machine Tools, Ltd. ("Romi Machine Tools")	United States of America	Sale of machine tools, spare parts, technical support and cast and machined products in North America.
5.	Rominor Empreendimentos Imobiliários S.A. (formerly named Romi Empreendimentos).	Brazil	Interest in real estate ventures.
6.	Romi A.L. S.A. ("Romi A.L.")	Uruguay	Sales representation for operations in the foreign market.
7.	Irsa Maquinas Mexico S. de R. L. de C.V. (formerly named Sandretto Mexico).	Mexico	Sales of machinery for plastics and machine tools, spare parts and technical support.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2017

In thousands of reais, unless otherwise stated

	June 30, 2017							
	Romi Italy and subsidiaries (1)	Romi Europe and subsidiaries (2)	Rominor (3)	Romi Machine Tools (4)	Romi Empreend. (5)	Romi A.L. (6)	IRSA Máq México (7)	Total
<b>Investments:</b>								
Number of shares held	(a)	(a)	6,191,156	3,000,000	78	13,028,000	1,188,000	
Ownership interest	100.0%	100.0%	93.1%	100.0%	100.0%	100.0%	100.0%	
Current assets	37,387	98,182	23,952	15,001	2,411	6,070	4,269	
Noncurrent assets	6,196	100,287	522	207	-	-	-	
Current liabilities	26,570	70,517	322	14,861	-	30	3,440	
Noncurrent liabilities	11,064	36,974	-	-	-	-	-	
Equity	5,949	90,978	24,152	347	2,411	6,040	829	
<b>Changes in investment:</b>								
Investment balance as at December 31, 2016	5,566	85,025	21,093	1,530	2,423	5,747	1,121	122,505
Foreign exchange variations on foreign investments	255	7,902	-	(23)	-	94	1	8,229
Dividends proposed and paid (b)	-	-	(1,528)	-	-	-	-	(1,528)
Share of profit (loss) of subsidiaries	128	(1,949)	2,913	(1,160)	(12)	199	(293)	(174)
<b>Equivalent value - closing balance</b>	<b>5,949</b>	<b>90,978</b>	<b>22,478</b>	<b>347</b>	<b>2,411</b>	<b>6,040</b>	<b>829</b>	<b>129,032</b>

(a) The subsidiaries' capital is not divided into units of interest or shares in their articles of organization.

(b) Payment of dividends by the subsidiary ROMINOR, approved by the Board of Directors at the meeting held on February 15, 2017, in the amount of R\$ 1,643, related to 2016. From such payment, the Company received R\$ 1,528.

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

## 8 Related-party transactions and balances

The balances and transactions with related parties as at June 30, 2017 and December 31, 2016 are as follows:

### (i) Statement of financial position accounts – Company

	Receivables		Payables	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Direct subsidiaries				
Romi Europe	5,255	4,553	44	168
Romi Italy	4,544	2,273	-	-
Romi Machine Tools	13,788	12,326	-	-
Romi A.L.	-	-	634	566
Irsa Máquinas Mexico	2,996	2,663	-	-
Rominor	4	3	-	24
Indirect subsidiaries				
B+W - Burkhardt+Weber	980	337	-	-
Romi France S.A.S.	3,073	2,986	-	-
Romi Máquinas España S.A.	2,002	1,578	-	-
Romi Machines UK	8,802	9,847	-	-
Total	41,444	36,566	678	758

### (ii) Transactions

The main balances and transactions with the aforementioned related parties refer to trading transactions between the Company and its subsidiaries.

Subsidiary Rominor is the guarantor of some of the FINAME manufacturer financing transactions involving the Company, and the financing is collateralized by promissory notes and sureties (Note 13). Until 2016, the Company had property lease agreements with its subsidiary Rominor. These rentals were priced according to market practices.



## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

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The Company entered into trading transactions with certain subsidiaries for the supply and purchase of equipment, parts and pieces, but does not have material transactions with related parties other than those described above. Decisions regarding transactions between the Company and its subsidiaries are made by management. Trade notes mature in the short term.

The Company provides administrative services, mainly accounting and legal services, to its parent company Fênix Empreendimentos S.A. The accumulated revenue through June 2017 was R\$ 77 (2016 – R\$ 96).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor's Office. The accumulated donations through June 2017 were R\$ 425 (2016 – R\$ 400).

As from 2014, the Company adopted the Policy for Transactions with Related Parties (available at [www.romi.com](http://www.romi.com)), the main purpose of which is to ensure transparency and compliance with market practices in these transactions.

Management compensation for the periods ended June 30, 2017 and 2016 was as follows:

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Fees and charges	2,478	2,316
Profit sharing	509	-
Private pension plan	105	104
Healthcare plan	86	70
Parent company	<u>3,178</u>	<u>2,490</u>
Fees and charges of subsidiaries	<u>50</u>	<u>49</u>
Consolidated	<u>3,228</u>	<u>2,539</u>

The amounts shown above comply with the limits established by the Board of Directors and approved at the Annual General Meeting of Shareholders held on March 14, 2017.

# Indústrias Romi S.A.

## Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

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### 9 Investment property

During the year ended December 31, 2012, management decided, based on the completion of the property register review and regularization, as well as the perspectives of short and medium-term expansion of operations, to classify certain property as "Investment Property" for future rental income and capital appreciation. The amounts classified as investment property are R\$ 13,227 (R\$ 13,227 – as at December 31, 2016) at the Company and R\$ 18,329 (R\$ 17,538 – as at December 31, 2016) in the consolidated financial statements.

The investment property is stated at historical cost, and for fair value disclosure purposes the Company contracted an independent expert, who applied a methodology accepted by the Brazilian Institute of Engineering Appraisals which also uses market evidence related to transaction prices for similar property and assessed the fair value less cost to sell of that property at R\$ 50,245 for the Company and R\$ 145,801 for the consolidated financial statements.

On June 13, 2017, through its subsidiary ROMINOR Comércio, Empreendimentos e Participações S.A. ("Rominor"), in which the Company holds 93.07% of the shares, the Company entered into an agreement for purchase and sale of property with third parties, involving the sale of the property (land and buildings) owned by Rominor, with a total area of 1,540m<sup>2</sup>, located at Rua Brasília Iberê, 2.195, district of Rebouças, city of Curitiba (PR), for R\$ 2,350. Until the date of this report, R\$ 200 has been received and the remaining amount is classified under the line item of trade notes receivable in current assets. The proceeds from the sale were classified in the line item of other operating income, with an impact of R\$ 1,888 on operating income (expenses) and 1,821 on profit (loss) for the period.

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

#### 10 Property, plant and equipment

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

	<u>Company</u>	<u>Consolidated</u>
Net book amount at December 31, 2016	193,721	252,033
Additions	7,351	8,234
Disposals	(300)	(336)
Transfers, net	-	(1,051)
Depreciation	(11,889)	(14,529)
Foreign exchange difference	-	5,657
Net book amount at June 30, 2017	<u>188,883</u>	<u>250,008</u>
Total cost	506,467	610,915
Accumulated depreciation	<u>(317,584)</u>	<u>(360,907)</u>
Net book amount	<u>188,883</u>	<u>250,008</u>

Due to the financing agreements with the BNDES for investments in property, plant and equipment, the Company pledged as collateral machinery and equipment amounting to R\$159,592 as at June 30, 2017 (R\$168,228 as at December 31, 2016). These items refer to land, buildings, facilities, machinery and equipment.

#### 11 Intangible assets

Changes in intangible assets, Company and consolidated, are as follows:

	<u>Company</u>	<u>Consolidated</u>
Net book amount as at December 31, 2016	758	42,846
Additions	638	696
Disposals	-	(113)
Amortization	(133)	(548)
Foreign exchange difference	-	3,443
Net book amount as at June 30, 2017	<u>1,263</u>	<u>46,324</u>
Total cost	9,253	66,820
Accumulated amortization	<u>(7,988)</u>	<u>(20,496)</u>
Net book amount	<u>1,263</u>	<u>46,324</u>

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

## 12 Borrowings

Changes in borrowings, Company and consolidated, are as follows:

	Company	Consolidated		
	Local currency	Local currency	Foreign currency	Total
Borrowing balance at				
December 31, 2016	183,982	183,982	15,791	199,773
New borrowing	5,214	5,214	-	5,214
Repayment of principal	(21,062)	(21,062)	(2,083)	(23,145)
Payment of interest	(5,822)	(5,822)	(1,046)	(6,868)
Exchange and monetary difference (principal and interest)	1,145	1,145	1,496	2,641
Interest at the end of the period	5,738	5,738	-	5,738
Borrowing balance at				
June 30, 2017	169,195	169,195	14,158	183,353
Current	93,047	93,047	1,396	94,443
Noncurrent	76,148	76,148	12,762	88,910
	169,195	169,195	14,158	183,353

The maturities of financing recorded in noncurrent liabilities as at June 30, 2017, in the Company and consolidated, are as follows:

	Company	Consolidated
2018 (6 months)	42,107	42,282
2019	12,613	13,909
2020	8,254	19,545
2021	6,187	6,187
2022 onwards	6,987	6,987
Total	76,148	88,910

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

#### 13 FINAME manufacturer financing

	Company and consolidated	
	June 30, 2017	December 31, 2016
Current		
FINAME manufacturer financing	57,386	67,177
Noncurrent		
FINAME manufacturer financing	53,509	62,953
Total	<u>110,895</u>	<u>130,130</u>

The agreements related to FINAME Manufacturer Financing are guaranteed by promissory notes and sureties, and the main guarantor is subsidiary Romisor. Balances are directly related to the balances of "Receivables - onward lending of FINAME manufacturer financing" (Note 5), considering that the loans are directly linked to sales to specific customers. The contractual terms related to the amounts, charges and periods financed under the program are onlent in full to the financed customers and amounts received on a monthly basis under the heading Amounts receivable – onlending FINAME Manufacturer Financing are fully used for the repayment of the related financing agreements. The Company, therefore, acts as an agent for the financing, but remains as the main debtor in these transactions.

The balances of the line item "FINAME manufacturer financing" and, consequently, of the line item "Receivables - onward lending of FINAME manufacturer financing" as at June 30, 2017 and December 31, 2016, were adjusted for inflation up to the end of the reporting period. The difference of R\$39,451 between these line items as at June 30, 2017 (R\$39,549 as at December 31, 2016) refers to past-due trade notes, renegotiations in progress, and FINAME transactions not yet released by the agent bank. Management understands that there are no risks to the realization of these receivables, in addition to the amount of the allowance for doubtful accounts already recorded, since the amounts are collateralized by the financed machinery.

The noncurrent maturities of the FINAME manufacturer financing as at June 30, 2017, Company and consolidated, were as follows:

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

	<u>Company and consolidated</u>
2018 (6 months)	19,245
2019	22,829
2020	9,700
2021 onwards	<u>1,735</u>
Total	53,509

#### 14 Provision for tax, labor and civil contingencies

Company management, based on the opinion of legal counsel, classified the legal proceedings in accordance with the likelihood of loss, as follows:

	<u>Company</u>		<u>Consolidated</u>	
	<u>June</u>	<u>December</u>	<u>June</u>	<u>December</u>
	<b>30,</b>	<b>31,</b>	<b>30,</b>	<b>31,</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Tax	52,481	51,278	53,238	51,965
Civil	1,963	2,177	2,131	2,380
Labor	2,632	4,204	2,632	4,513
( - ) Judicial deposits / other receivables	(51,979)	(50,565)	(51,979)	(50,565)
Total	<u>5,097</u>	<u>7,094</u>	<u>6,022</u>	<u>8,293</u>
Current liabilities	4,712	6,381	4,712	6,373
Noncurrent liabilities	385	713	1,310	1,920
	<u>5,097</u>	<u>7,094</u>	<u>6,022</u>	<u>8,293</u>

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

For legal proceedings classified as probable losses, management recognized a provision for losses. Changes in the provision for the period ended June 30, 2017 are as follows:

	December 31, 2016	Additions	Utilizations/ reversals	Monetary restatement	June 30, 2017
Tax	51,278	1,414	(227)	16	52,481
Civil	2,177	2	(3)	(213)	1,963
Labor	4,204	677	(2,347)	98	2,632
( - ) Judicial deposits / other receivables	(50,565)	(1,414)	-	-	(51,979)
<b>Total Company</b>	<b>7,094</b>	<b>679</b>	<b>(2,577)</b>	<b>(99)</b>	<b>5,097</b>
Proceedings at subsidiaries	1,199	-	(361)	87	925
<b>Total Consolidated</b>	<b>8,293</b>	<b>679</b>	<b>(2,938)</b>	<b>(12)</b>	<b>6,022</b>

As at June 30, 2017, the main legal proceedings which were classified by management as probable losses, based on the opinion of its legal counsel and, therefore, included in the provision for contingencies, are as follows:

**(a) Tax proceedings**

Refer to the provisions for:

- (i) Social Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS) related to State VAT (ICMS) on sales, which amounted to R\$ 9,272 (R\$ 9,020 as at December 31, 2016) and R\$ 42,707 (R\$ 39,532 as at December 31, 2016), respectively.

On October 24, 2006, the Company filed a common civil action challenging the constitutionality of the inclusion of ICMS on sales in the PIS and COFINS tax bases. On March 15, 2017, when judging Extraordinary Appeal No. 574.706/PR, regarding the general repercussion effect, the Supreme Federal Court (STF), by majority of votes, decided that the ICMS is not to be included in the PIS and COFINS tax bases since it is intended to the State and, therefore, is not included in the concept of revenue. However, a similar matter is under discussion in Declaratory Action of Constitutionality (ADC) No. 18, which is pending a decision, and it can, at the discretion of the Supreme Federal Court, change the understanding considered in Extraordinary Appeal No. 574.706/PR or be considered impaired due to

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

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such understanding. As the matter is pending a final and unappealable decision of Extraordinary Appeal No. 574.706/PR, the Company is not yet able to recognize the impacts of such suit on its financial statements. As at June 30, 2017, the amount recognized in the financial statements as payables for tax risks, in noncurrent liabilities, was R\$ 51,979, and the Company made judicial deposits for such suit that, as at that date, amounted to R\$ 46,473. When the matter is definitively resolved, the Company will calculate the monetary restatement of these amounts, which are stated at their historical amounts and will be recognized in profit or loss (P&L) for the year when the statements are published. As the Company elected to make judicial deposits for this suit, in the event the final decision is unfavorable, the monetary restatement of the aforementioned amounts will have no impact on the profit for the period.

At the end of the reporting period, management's best estimate of the restated amount of the judicial deposits was approximately R\$ 79 million.

- (ii) The other tax proceedings total R\$ 502 (R\$ 713 as at December 31, 2016).

#### **(b) Civil proceedings**

These refer to civil proceedings in which the Company is defendant, mainly related to the following claims: (i) revision/termination of contracts; (ii) damages; and (iii) annulment of protest of notes with losses and damages, among others.

#### **(c) Labor claims**

The Company has recorded a provision for contingencies for labor claims in which it is the defendant, and the main causes are as follows: (i) additional overtime due to reduction of lunch break; (ii) health hazard premium/hazardous duty premium; (iii) stability prior to retirement; (iv) damages for work related accident/disease; and (v) jointly liability over outsourced companies, among others.

The tax and civil proceedings and labor claims assessed as representing possible losses involve matters similar to those above. The Company management believes that the outcomes of ongoing legal proceedings shall not result in disbursements higher than those recognized in the provision. The amounts involved do not qualify as legal obligations.

#### **(d) Judicial deposits**

The Company has judicial deposits amounting to R\$ 48,555 (R\$ 48,588 as at December 31, 2016), of which R\$ 46,473 (R\$ 46,473 as at December 31, 2016) refers to PIS and COFINS levied on ICMS on sales, as mentioned in item (a) (i) and the other deposits are of a different natures and are classified in noncurrent assets.



## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

#### 15 Income and social contribution taxes

Income tax is calculated at the rate of 15% on the taxable profits plus a 10% surtax on taxable profit exceeding R\$240 for the year, and social contribution tax is calculated at the rate of 9% on taxable profits. The subsidiaries Rominor and Rominor Empreendimentos pay income and social contribution taxes based on a percentage of gross revenue.

The reconciliation of the tax effect on the Company's profit (loss) before income and social contribution taxes through application of the prevailing tax rates as at June 30, 2017 and 2016 is as follows:

	Company		Consolidated	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Income (loss) before income and social contribution taxes	18,869	(17,468)	19,038	(19,304)
Statutory rates (income and social contribution taxes)	34%	34%	34%	34%
Income and social contribution tax expenses at statutory rates	(6,415)	5,939	(6,473)	6,563
Reconciliation to the effective rate:				
Equity pickup	(59)	(3,092)	-	-
Unrecorded deferred income and social contribution taxes at subsidiaries	-	-	(640)	(1,767)
Research and development	1,319	-	1,319	-
Management profit sharing	(173)	-	(173)	-
Other additions (deductions), net (a)	224	(203)	910	(202)
Current and deferred income and social contribution tax income (expense)	(5,105)	2,644	(5,057)	4,594

- (a) The amounts in the Consolidated financial statements refer basically to the differences in the calculation of income and social contribution taxes between taxable profit based on accounting records < *lucro real* > and profit computed as a percentage of the Company's gross revenue < *lucro presumido* >, due to the fact that the subsidiaries Rominor and Rominor Empreendimentos opted to calculate tax based on *lucro presumido* during the periods presented, and due to the non-recognition of deferred income taxes on the tax losses at foreign subsidiaries, with the exception of BW.

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

Changes in deferred tax assets and liabilities, Company and consolidated, for the period ended June 30, 2017 were as follows:

	<u>Asset</u>		<u>Liability</u>
	<u>Company</u>	<u>Consolidated</u>	<u>Consolidated</u>
As at December 31, 2016	56,232	58,053	25,853
Changes in the period:			
Additions	-	572	-
Realization	(2,092)	(2,092)	(338)
Foreign exchange difference	-	(276)	2,527
As at June 30, 2017	<u>54,140</u>	<u>56,257</u>	<u>28,042</u>

## 16 Equity

### Capital

As at June 30, 2017, the Company's subscribed and paid-up capital amounting to 492,025 (R\$ 492,025 as at December 31, 2016) comprised 62,857,647 (62,857,647 as at December 31, 2016) book-entry, registered common shares, without par value, all with the same rights and benefits.

### Legal reserve

As required by Article 193 of Law No. 6404/76, the balance of the line item "Legal reserve" is equivalent to 5% of the profit for the year, limited to 20% of the share capital.

### Earnings (losses) per share

Basic earnings (losses) per share are calculated by dividing the profit (loss) attributable to the shareholders of the Company by the weighted average number of outstanding common shares during the year, excluding common shares purchased by the Company and held as treasury shares, if any.

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

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	June 30, 2017	June 30, 2016
Profit (loss) for the period attributable to the controlling shareholders	13,764	(14,825)
Weighted average number of shares outstanding in the period (in thousands)	62,858	67,293
Basic and diluted earnings (loss) per share	<u>0.22</u>	<u>(0.22)</u>

Basic and diluted earnings (losses) per share are the same, since the Company does not have any instruments diluting the earnings (losses) per share.

# Indústrias Romi S.A.

## Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

### 17 Segment reporting - consolidated

To manage its business, the Company is organized into three business units, and the net revenue by geographic region, the business units on which the Company reports its primary information by segment are: Romi Machinery, Burkhardt+Weber Machinery and Cast and Machined Products and the geographic regions on which the Company reports its net revenue are: Europe, North America, Latin America and Asia. The segment reporting for the quarters and six-month periods ended June 30, 2017 and 2016 is as follows:

	June 30, 2017				
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	124,425	64,204	121,671	-	310,300
Cost of sales and services	(76,554)	(51,964)	(98,164)	-	(226,682)
Transfers remitted	3,071	-	5,404	(8,475)	
Transfers received	(5,404)	-	(3,071)	8,475	
Gross profit	45,538	12,240	25,840	-	83,618
Operating (expenses) income:					
Selling expenses	(23,449)	(5,585)	(3,177)	-	(32,211)
General and administrative expenses	(10,380)	(7,954)	(8,095)	-	(26,429)
Research and development	(8,474)	-	-	-	(8,474)
Management fees	(1,395)	-	(1,833)	-	(3,228)
Other operating income (expenses), net	2,342	-	-	-	2,342
Operating profit (loss) before finance income (costs)	4,181	(1,299)	12,735	-	15,618
Inventory	171,948	65,126	19,968	-	257,042
Depreciation and amortization	6,308	2,768	6,001	-	15,077
Property, plant and equipment, net	136,006	14,569	99,433	-	250,008
Intangible assets	1,263	45,061	-	-	46,324
	<u>Europe</u>	<u>Latin America</u>	<u>North America</u>	<u>Africa and Asia</u>	<u>Total</u>
Net operating revenue per geographical region	67,705	209,287	8,260	25,048	310,300

# Indústrias Romi S.A.

## Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

	June 30, 2016				
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	131,832	55,221	92,820	-	279,873
Cost of sales and services	(87,312)	(47,868)	(83,319)	-	(218,499)
Transfers remitted	1,676	-	5,702	(7,378)	-
Transfers received	(5,702)	-	(1,676)	7,378	-
Gross profit	40,494	7,353	13,527	-	61,374
Operating (expenses) income:	-	-	-	-	-
Selling expenses	(25,707)	(5,232)	(2,012)	-	(32,951)
General and administrative expenses	(17,216)	(10,323)	(6,410)	-	(33,949)
Research and development	(8,648)	-	-	-	(8,648)
Management fees	(1,557)	-	(982)	-	(2,539)
Other operating income (expenses), net	1,123	-	-	-	1,123
Operating profit (loss) before finance income (costs)	(11,510)	(8,203)	4,123	-	(15,590)
Inventory	199,207	37,184	30,465	-	266,856
Depreciation and amortization	7,541	3,453	6,624	-	17,619
Property, plant and equipment, net	107,643	54,328	93,905	-	255,876
Intangible assets	258	44,368	-	-	44,626
	0	0	0	0	0
	<b>Europe</b>	<b>Latin America</b>	<b>North America</b>	<b>Africa and Asia</b>	<b>Total</b>
Net operating revenue	63,869	187,152	6,640	22,212	279,873
per geographical region	-	-	-	-	-

## Indústrias Romi S.A.

### Notes to the quarterly information

At June 30, 2017

/in thousands of reais, unless otherwise stated

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#### 18 Future commitments

On June 15, 2014, the Company and Centrais Elétricas Cachoeira Dourada S.A. - CDSA, belonging to Endesa, decided to amend the agreement for the supply of electric energy entered into on May 1, 2007, which intended to contract a volume of electric energy according to the Company's needs. As a result, the supply of electric energy has been extended for further four years, up to December 31, 2018, and has reflected the following commitments that will be adjusted annually by the General Market Price Index (IGP-M).

Year of supply	Amount
2017 (6 months)	4,849
2018	7,607
Total	12,456

The Company management believes that this agreement is compatible with the electric energy requirements for the contracted period.

\* \* \*



**ROMI**

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## July 25, 2017 2Q17 Earnings Release

**June 30, 2017**

**Share Price**

ROMI3 - R\$3.78 per share (on 07/24/2017)

**Market capitalization**

R\$237.6 million  
US\$75.5 million

**Number of shares**

Common: 62,857,647  
Total: 62,857,647

**Free Float = 45.6%**

**Investor Relations Contact**

**Fábio B. Taiar**

Investor Relations Officer  
Telephone: (19) 3455-9418  
dri@romi.com

**July 26, 2017**

**Earnings Conference Call**

Time: 10:30 am  
Dial-in numbers:  
+55 (11) 3193-1001 or (11) 2820-4001  
Access code: Romi

**Earnings Conference Call in English**

Time: 12:00 pm (São Paulo)  
4:00 pm (London)  
11:00 am (New York)  
Dial-in numbers:  
USA +1 (786) 924-6977  
Brazil +55 (11) 3193-1001  
Other + 1 (888) 700-0802  
Access code: Romi



Santa Bárbara d'Oeste, SP, July 25, 2017 – Indústrias Romi S.A. ("Romi" or "Company") (BM&FBovespa: ROMI3), domestic market leader in the Machine Tools and Plastic Processing Machines markets, as well as an important producer of Raw and Machined Cast Iron Parts, announces its results for the second quarter of 2017 ("2Q17"). Except where otherwise stated, the Company's operating and financial information is presented on a consolidated basis, in accordance with International Financial Reporting Standards (IFRS).

## Highlights

### Operating margins are still improving and EBITDA reaches 12.1% in 2Q17

- The Romi Machines Business Unit, in 2Q17, reached a positive EBITDA margin of 9.3%, an improvement of 14.1 percentage points compared with 2Q16, as a result of the operating adjustments, reduction of costs and expenses and mix of products;
- The B+W Machines Business Unit posted, in the first half of 2017, an increase in gross and operating margins of 5.8 and 12.9 percentage points, respectively, when compared with the same period of 2016, due to a better production volume and revenue;
- In 2Q17, compared with the same period of 2016, the Raw and Machined Cast Iron Parts Business Unit reported a growth of 23% in operating revenues, and improvement of 8.2 percentage points in EBITDA margin.
- The Company's net debt decreased R\$31.3 million during the first half of 2017 and reached R\$46.1 million at June, 30<sup>th</sup> 2017.

R\$'000	Quarter					Accumulated		
	2Q16	1Q17	2Q17	Chg. 2Q17/1Q17	Chg. 2Q17/2Q16	1H16	1H17	Chg. 2017/2016
<b>Revenues Volume</b>								
<b>Machines (units)</b>	172	162	141	-13.0%	-18.0%	342	303	-11.4%
<b>Burkhardt + Weber (units)</b>	3	6	6	0.0%	100.0%	6	12	100.0%
<b>Raw and Machined Cast Iron Parts (tons)</b>	5,145	5,784	6,267	8.4%	21.8%	9,385	12,051	28.4%
<b>Net Operating Revenue</b>	<b>150,063</b>	<b>146,525</b>	<b>163,775</b>	<b>11.8%</b>	<b>9.1%</b>	<b>279,873</b>	<b>310,300</b>	<b>10.9%</b>
<i>Gross margin (%)</i>	23.4%	24.7%	28.9%			21.9%	26.9%	-
<b>Operating Income (EBIT)</b>	<b>(3,018)</b>	<b>3,316</b>	<b>12,301</b>	<b>271.0%</b>	<b>-507.6%</b>	<b>(15,589)</b>	<b>15,618</b>	<b>-200.2%</b>
<i>Operating margin (%)</i>	-2.0%	2.3%	7.5%			-5.6%	5.0%	-
<b>Net Income</b>	<b>(4,800)</b>	<b>2,064</b>	<b>11,916</b>	<b>477.3%</b>	<b>-348.3%</b>	<b>(14,709)</b>	<b>13,980</b>	<b>-195.0%</b>
<i>Net margin (%)</i>	-3.2%	1.4%	7.3%			-5.3%	4.5%	-
<b>EBITDA</b>	<b>5,658</b>	<b>10,829</b>	<b>19,865</b>	<b>83.4%</b>	<b>251.1%</b>	<b>2,029</b>	<b>30,695</b>	<b>1412.8%</b>
<i>EBITDA margin (%)</i>	3.8%	7.4%	12.1%			0.7%	9.9%	-
<b>Investments</b>	<b>5,910</b>	<b>4,008</b>	<b>4,864</b>	<b>21.4%</b>	<b>-17.7%</b>	<b>8,335</b>	<b>8,872</b>	<b>6.4%</b>

EBITDA = Earnings before interest, taxes, depreciation and amortization.



## Corporate Profile



Romi, founded in 1930, is the leader in the Brazilian industrial machinery and equipment market, and an important manufacturer of raw and machined cast iron parts.

The Company is listed on BM&FBovespa's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, CNC - Computerized Numerical Control Lathes, Lathing Centers, Machining Centers, Vertical and Horizontal Heavy and Extra-Heavy Lathes and Drilling Mills), Plastic Injection or Blow Molding Machines, and ductile or CDI gray Cast Iron Parts, which may be supplied in raw or machined form. The Company's products and services are sold around the world and used by various industrial segments, such as the automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tools, hydraulic equipment and wind power industries, among many others.

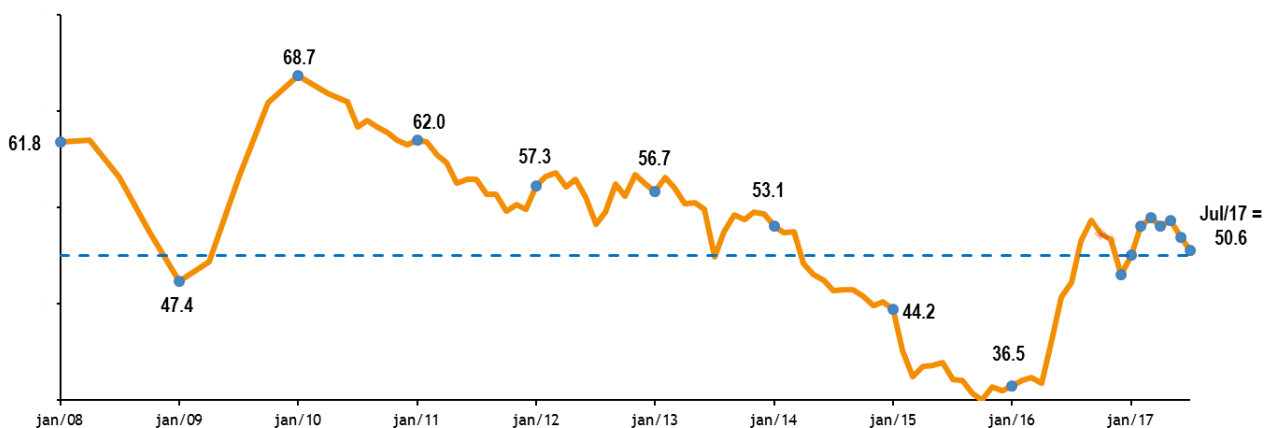
The Company has eleven manufacturing units, four of which for final assembly of industrial machinery, two foundries, three units for machining of mechanical components, one unit for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, nine are located in Brazil and two in Germany. The Company has installed capacity to produce approximately 3,500 industrial machines and 50,000 tons of castings per year.

## Current Economic Scenario

The year 2017 is still showing a poor economic activity and high volatility, although some macroeconomic data point to a possible recovery of the Brazilian economy, such as the moderate evolution of confidence indexes when compared with January 2017 and the improvement of the installed capacity utilization, presented below. These improvements in the macroeconomic data have not yet materialized in the volume of order entries of the Romi Machines Business Unit, although an important evolution is seen in the Raw and Machined Cast Iron Parts Business Unit, in the commercial automotive and agriculture segments.

In July 2017, the Industrial Entrepreneur Confidence Index (ICEI) reached 50.6, after reaching its lowest level at the beginning of 2016, of 36.5 points, as shown below.

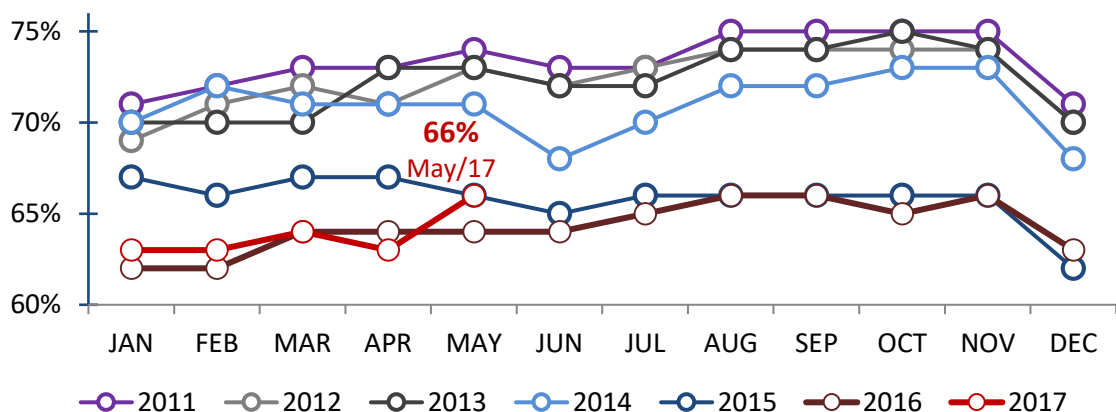
**Industrial Entrepreneur Confidence Index – ICEI**



Source: CNI - UCI, July 2017.

The Installed Capacity Utilization – UCI index of the Brazilian industry in general, as released by the National Confederation of Industry – CNI, continues at quite low levels, reaching a percentage slightly higher than that for the same period of 2016, which recorded the lowest percentage of the monthly series (beginning in January 2011), portraying the still challenging time faced by the Brazilian economy.

**Average installed capacity utilization**



Source: CNI - ICEI, May 2017.

This scenario, still with a high level of uncertainty and volatility, discourages business expansion and impacts negatively the country's investment levels. However, the perspective of controlled inflation and a more competitive interest rate may create a more favorable environment for investments, even in a slow manner.

On the other hand, the appreciation of the Brazilian Real (R\$) against the US Dollar (US\$) increased the competitiveness of the imported equipment, parts and components when compared with those produced in Brazil. Such scenario also impacts the export margins and the competitiveness of Romi products, which have as main competitors the imported equipment.

With this scenario of uncertainties and high volatility, Romi continues to take actions to streamline its structure and make its planning and manufacturing process more agile and flexible in order to respond quickly to demand volatility. In 2016, we made several optimizations, mainly in indirect structures, reinforced the focus on cost and expense reduction projects, and invested in automation and productivity, aimed at increasing the profitability in 2017, even in a scenario of poor economic activity. The impacts of these actions can already be noticed in the Company's profitability levels in this first half of 2017.

## Market

The Company's main competitive advantages in the market – products with cutting-edge technology, the company's own nationwide distribution network, ongoing technical assistance, availability of attractive financing in local currency to its customers, and short product delivery times – are all recognized by customers, giving the ROMI® brand name a traditional and prestigious reputation.

Order Entry (R\$ 000)	2Q16	1Q17	2Q17	Chg. 2Q17/1Q17	Chg. 2Q17/2Q16	1H16	1H17	Chg. 1H17/1H16
<b>Gross Values, sales taxes included</b>								
Romi Machines	65,471	67,773	71,820	6.0%	9.7%	124,427	139,593	12.2%
Burkhardt+Weber Machines	98,630	9,711	43,083	343.7%	-56.3%	107,588	52,793	-50.9%
Rough and Machined Cast Iron Parts	69,251	63,647	52,339	-17.8%	-24.4%	121,686	115,986	-4.7%
<b>Total</b>	<b>233,352</b>	<b>141,131</b>	<b>167,242</b>	<b>18.5%</b>	<b>-28.3%</b>	<b>353,701</b>	<b>308,373</b>	<b>-12.8%</b>

The volume of order entries of Romi Machines Business Unit in 2Q17 was 9.7% higher than in 2Q16, due to a greater presence of machines with higher added value and to the foreign market.

In the German subsidiary B+W, the order entries in 2Q17 was 56.3% lower than in 2Q16, due to the placement of two large orders, one in China and another in the Middle East, which caused a great concentration in that period. However, the number of projects currently in progress and the order entries in the first half of 2017 are within normal levels and allow us to maintain a good expectation of resumption of normal levels of profitability.

The Raw and Machined Cast Iron Parts Unit posted, in 2Q17, order entries 17.8% and 24.4% below 1Q17 and 2Q16, respectively. Such decrease is due to a lower volume of large size castings, which are reflecting the low level of infrastructure investments, mainly in the segment of alternative sources of energy generation. On the other hand, the commercial automotive and agriculture machines segments, which are important sectors serviced by this business unit, have been showing, in the first six months of 2017, an increase in the volume of orders, which partially offsets the decrease in the segments of large size castings.

Order Book (R\$ 000)	2Q16	1Q17	2Q17	Chg. 2Q17/1Q17	Chg. 2Q17/2Q16
<b>Gross Values, sales taxes included</b>					
Romi Machines	77,706	64,304	77,353	20.3%	-0.5%
Burkhardt+Weber Machines	129,325	109,251	131,029	19.9%	1.3%
Rough and Machined Cast Iron Parts	110,363	74,808	58,406	-21.9%	-47.1%
<b>Total *</b>	<b>317,394</b>	<b>248,363</b>	<b>266,787</b>	<b>7.4%</b>	<b>-15.9%</b>

\* The order backlog figures do not include parts, services and resales.

As at June 30, 2017, the order backlog totaled R\$266.8 million, 7.4% higher than the backlog at the end of 1Q17 and 15.9% lower than in 2Q16. The decrease in the backlog at the end of 2Q17, when compared with 2Q16, is mainly due to the Raw and Machined Cast Iron Parts unit, caused by the decrease in orders of large size castings, for the reasons previously mentioned in this report.

## Operating Performance

### **NET OPERATING REVENUE**

The Company's net operating revenue in 2Q17 reached R\$163.8 million, 11.8% and 9.1% higher than in 1Q17 and 2Q16, respectively. This increase is mainly due to the higher revenue of the Raw and Machined Cast Iron Parts Unit, which posted a growth of 23.0% in 2Q17 when compared with 2Q16.

### **By Business Unit**

Net Operating Revenue (R\$ 000)	Quarter					Accumulated		
	2Q16	1Q17	2Q17	Chg. 2Q17/1Q17	Chg. 2Q17/2Q16	1H16	1H17	Chg. 1H17/1H16
Romi Machines	64,259	59,313	65,112	9.8%	1.3%	131,832	124,425	-5.6%
Burkhardt+Weber Machines	33,494	29,869	34,335	15.0%	2.5%	55,221	64,204	16.3%
Raw and Machined Cast Iron Parts	52,310	57,343	64,328	12.2%	23.0%	92,820	121,671	31.1%
<b>Total</b>	<b>150,063</b>	<b>146,525</b>	<b>163,775</b>	<b>11.8%</b>	<b>9.1%</b>	<b>279,873</b>	<b>310,300</b>	<b>10.9%</b>

### **Romi Machines**

The net operating revenue of this Business Unit reached R\$65.1 million in 2Q17, virtually steady in relation to 2Q16, showing that the domestic scenario still presents a low level of investments. The foreign market revenues continue showing soundness, and posted growth of nearly 4.0%, in Dollars, in the first half of 2017, when compared with the same period of 2016.

### **Burkhardt+Weber Machines**

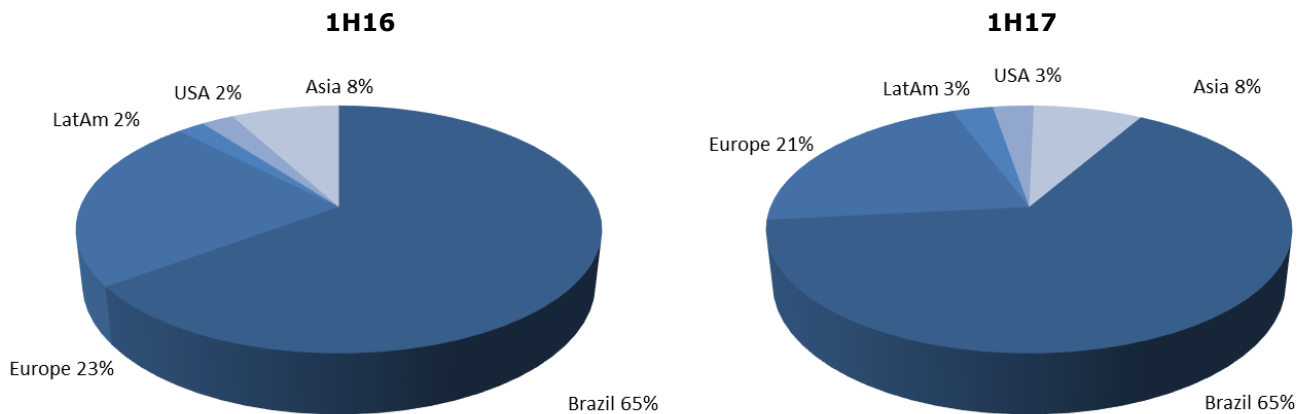
The revenue of the German subsidiary B+W posted growth of 2.5% in 2Q17, in Reais, when compared with 2Q16. In this same period of comparison, however, in Euro, such increase was of 9.5%, showing that the revenue has been reflecting the solid orders backlog for the year 2017.

### **Raw and Machined Cast Iron Parts**

In 2Q17, the net operating revenue of this Business Unit was R\$64.3 million, an increase of 23.0% compared with 2Q16, mostly due to the increase in orders of raw and machined cast iron parts for the commercial automotive and agriculture segments.

### **By Geographic Region**

The domestic market accounted for 65% of Romi's consolidated revenue in 1H17, very similar to 1S16 (65%). Considering the revenue obtained in the foreign market, which considers the sales made by Romi's subsidiaries abroad (Germany, Asia, United States, Italy, United Kingdom, France, Mexico and Spain), the distribution of Romi's total revenue, by geographic region, was as follows:



Below we show the revenues obtained in the foreign market, in Brazilian Reais (R\$) and US Dollars (US\$):

Foreign sales	Quarter					Accumulated		
	2Q16	1Q17	2Q17	Chg. 2Q17/1Q17	Chg. 2Q17/2Q16	1H16	1H17	Chg. 1H17/1H16
Net sales (R\$ million):	54.9	52.1	58.0	11.3%	5.7%	100.4	110.2	9.8%
Net sales (US\$ million):	17.1	16.5	17.5	6.6%	2.5%	29.9	34.0	13.8%

## **OPERATING COSTS AND EXPENSES**

The gross margin obtained in 2Q17, of 28.9%, posted an increase of 5.5 percentage points in relation to 2Q16, as well as the operating margin (EBIT), which in 2Q17 posted a growth of 9.5 percentage points when compared with 2Q16, as a result of the operating improvement of the Romi Machines and Raw and Machine Cast Iron Parts Business Units.

Gross Margin	Quarter					Accumulated		
	2Q16	1Q17	2Q17	Chg. p.p. 2Q17/1Q17	Chg. p.p. 2Q17/2Q16	1H16	1H17	Chg. pp 2017/2016
Romi Machines	30.1%	36.6%	36.6%	(0.0)	6.5	30.7%	36.6%	5.9
Burkhardt+Weber Machines	21.0%	21.4%	17.0%	(4.4)	(4.0)	13.3%	19.1%	5.7
Raw and Machined Cast Iron Parts	16.7%	14.2%	27.5%	13.3	10.8	14.6%	21.2%	6.7
<b>Total</b>	<b>23.4%</b>	<b>24.7%</b>	<b>28.9%</b>	<b>4.2</b>	<b>5.5</b>	<b>21.9%</b>	<b>26.9%</b>	<b>5.0</b>

EBIT Margin	Quarter					Accumulated		
	2Q16	1Q17	2Q17	Chg. p.p. 2Q17/1Q17	Chg. p.p. 2Q17/2Q16	1H16	1H17	Chg. pp 2017/2016
Romi Machines	-10.6%	2.1%	4.5%	2.4	15.1	-8.7%	3.4%	12.1
Burkhardt+Weber Machines	0.8%	-0.2%	-3.6%	(3.4)	(4.4)	-14.9%	-2.0%	12.8
Raw and Machined Cast Iron Parts	6.8%	3.7%	16.5%	12.8	9.7	4.4%	10.5%	6.0
<b>Total</b>	<b>-2.0%</b>	<b>2.3%</b>	<b>7.5%</b>	<b>5.2</b>	<b>9.5</b>	<b>-5.6%</b>	<b>5.0%</b>	<b>10.6</b>

### **Romi Machines**

The gross and operating margins of this Business Unit, in 2Q17, posted increase of 6.5 and 15.1 percentage points when compared with 2Q16, due to operating adjustments made in 2Q16 and improvement in the mix of products. On the other hand, the appreciation of the Brazilian currency (Real) in 2017 impacted the export margins in 2Q17.

**Burkhardt+Weber Machines**

In this Business Unit, the gross margin in 2Q17 was 17.0%, a decrease of 4.0 percentage points when compared with 2Q16, due to the mix of products billed.

**Raw and Machined Cast Iron Parts**

The gross margin of this Business Unit in 2Q17 was 27.5%, an increase of 10.8 percentage points in relation to 2Q16, due to the larger volume of revenue and production and the operating adjustments focused on efficiency improvement.

**EBITDA AND EBITDA MARGIN**

In 2Q17, the operating cash generation as measured by EBITDA was R\$19.9 million, representing an EBITDA margin of 12.1% in the quarter, as shown in the table below:

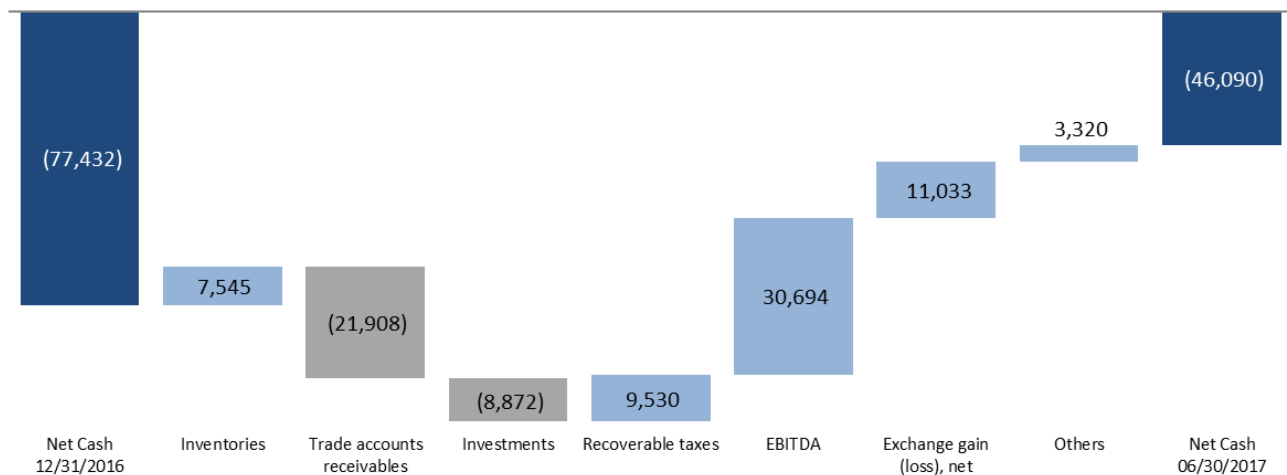
Reconciliation of Net Income to EBITDA (R\$ 000)	Quarter					Accumulated		
	2Q16	1Q17	2Q17	Chg. 2Q17/1Q17	Chg. 2Q17/2Q16	1H16	1H17	Chg. 1H17/1H16
<b>Net Income</b>	(4,800)	2,064	11,916	477.3%	-348.3%	(14,709)	13,981	-195.1%
Income tax and social contributions	(606)	735	4,322	488.0%	-813.2%	(4,594)	5,057	-210.1%
Net Financial Income	2,387	517	(3,937)	-861.5%	-264.9%	3,713	(3,420)	-192.1%
Depreciation and amortization	8,677	7,513	7,564	0.7%	-12.8%	17,619	15,077	-14.4%
<b>EBITDA</b>	5,658	10,829	19,865	83.4%	251.1%	2,029	30,695	1412.8%
<b>EBITDA Margin</b>	3.8%	7.4%	12.1%	0.64	2.22	0.7%	9.9%	12.64
<b>Total Net Operating Revenue</b>	<b>150,063</b>	<b>146,525</b>	<b>163,775</b>	<b>11.8%</b>	<b>9.1%</b>	<b>279,873</b>	<b>310,300</b>	<b>10.9%</b>

**PROFIT FOR THE PERIOD**

Profit was R\$11.9 million in 2Q17.

## Evolution of Net Cash (debt) Position

The main changes in the net debt position during 2Q17 are described below in R\$'000:



The balances of "FINAME Manufacturer Financing" are not used to calculate the Company's net debt.

### Inventories

The net variation in inventories amounting to R\$7,545 thousands was impacted by the decrease of the inventory levels in the units Romi Machines and Machined Cast Iron Parts Unit, due to projects and actions focusing in operational deleveraging and therefore cash generation.

### Trade accounts receivable

The increase in the balance of trade accounts receivable was directly impacted by the increase in sales volume of the Raw and Machined Cast Iron Parts Unit.

### Investments

The investments for the first half of 2017 totaled R\$8.9 million, approximately R\$4 million of this amount is intended for the installation of an automatic molding machine for the Raw and Machined Cast Iron Parts Business Unit. This equipment will allow to automate the current process, making it more competitive, and to increase the capacity and quality in delivery of medium raw and machined cast iron parts. The installation will continue occurring in 2017, with beginning of production estimated for 2018. The other investment amounts were allocated partly to the maintenance, productivity, flexibility and competitiveness of the other units of the industrial facilities, within the investment plan established for 2017.

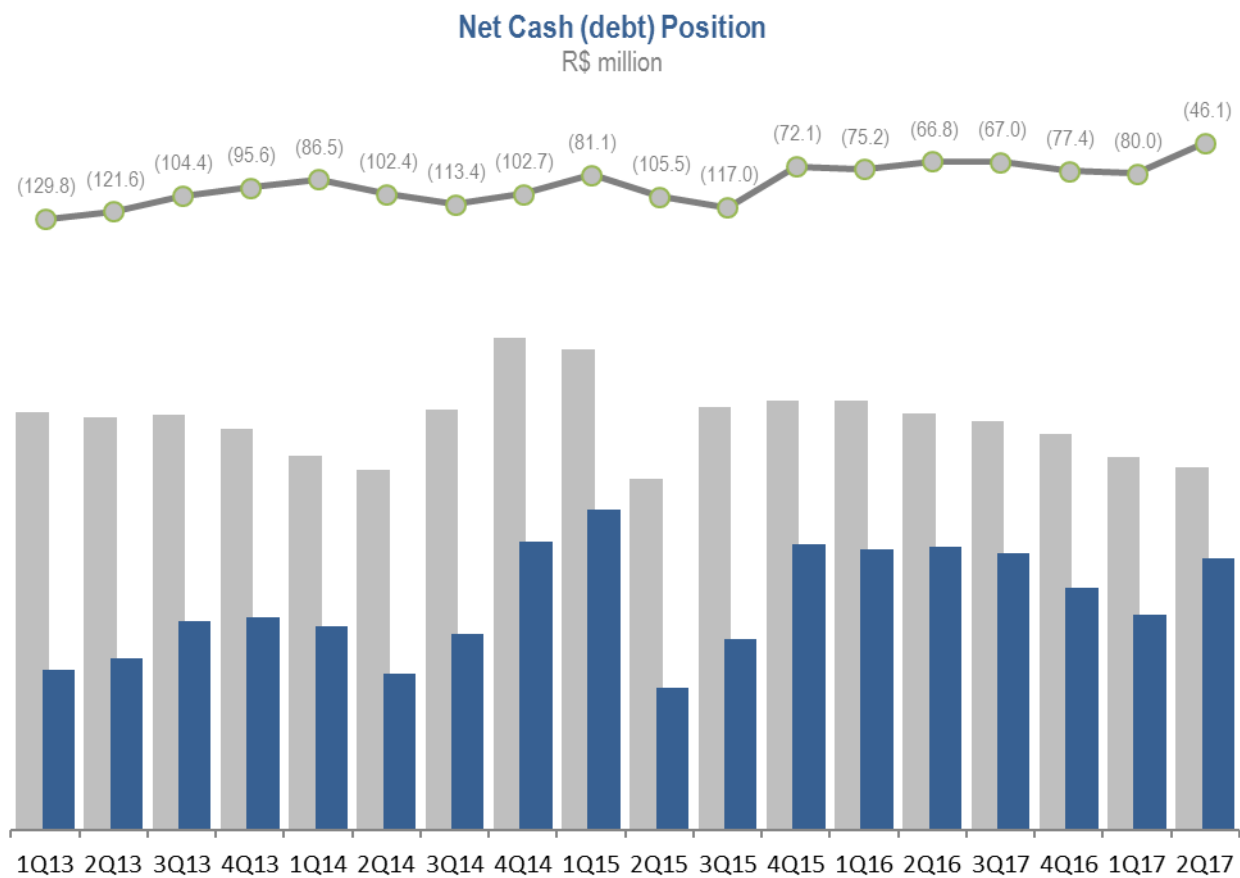
### Recoverable taxes and contributions

The utilization of the negative balance of IR/CSLL, ICMS and COFINS assured a cash gain of approximately R\$9.5 million in the period.

## Financial Position

Short-term investments, including those backed by debentures, are made with financial institutions with low credit risk and their yield is substantially indexed to the interbank deposit rate ("CDI"). The consolidated net cash (debt) position as at June 30, 2017 was R\$46.1 million.

The Company's borrowings are used basically in investments in the modernization of the industrial facilities, research and development of new products and financing of exports and imports. As at June 30, 2017, the amount of financing in local currency was R\$169.2 million and in foreign currency, R\$14.1 million, totaling R\$183.4 million.



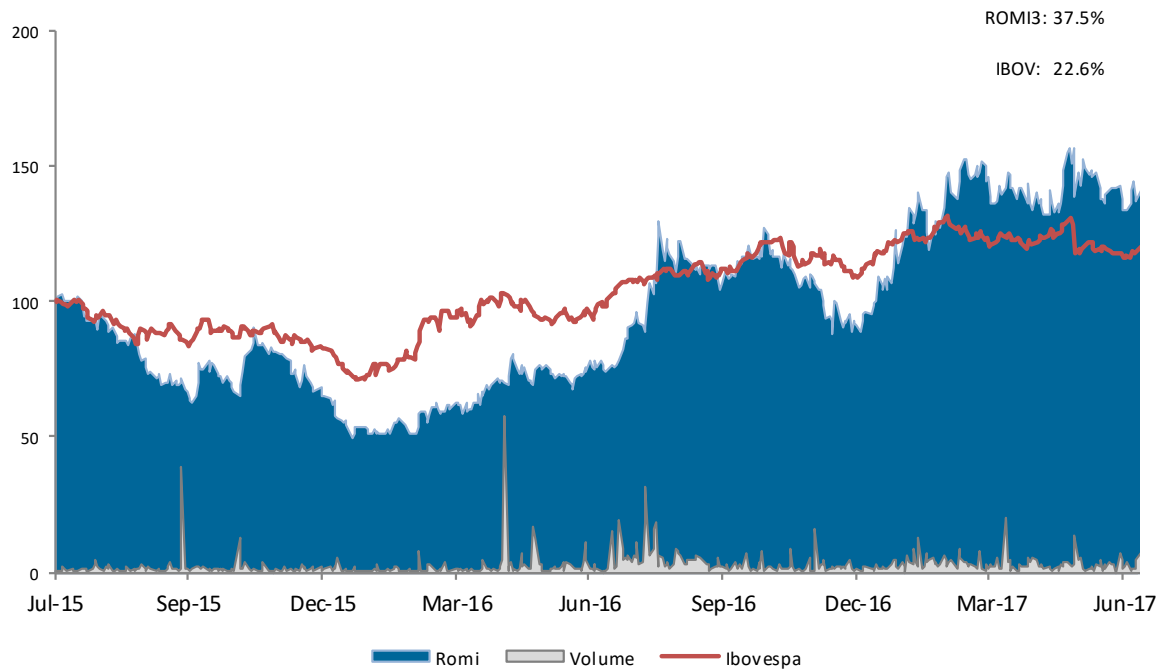
The balances of "FINAME Manufacturer Financing" are not used to calculate the Company's net debt. As at June 30, 2017, the Company did not have any derivative transactions.



## Capital Market

### Share Performance ROMI3 vs. Ibovespa

From 07/01/2015 to 07/24/2017



Source: BM&FBovespa

At July 24, 2017, Romi's common shares (ROMI3) were traded at R\$3.78, posting appreciation of 42.6% since December 31, 2016 and 37.5% since June 30, 2016. Ibovespa posted appreciation of 9.2% and 22.6% in the same period.

The Company's market capitalization at July 24, 2017 was R\$237.6 million. The average daily trading volume in 2Q17 was R\$ 298.6 thousands.

## Consolidated Balance Sheet

(R\$ 000)

	ASSETS		LIABILITIES AND SHAREHOLDER'S EQUITY			
	12/31/16	03/31/17	06/30/17	12/31/16	03/31/17	06/30/17
<b>CURRENT</b>	<b>622,374</b>	<b>605,824</b>	<b>630,895</b>	<b>290,889</b>	<b>274,847</b>	<b>293,934</b>
Cash and Cash equivalents	101,510	87,214	122,566	99,435	94,952	94,443
Financial investments	20,831	21,365	14,697	67,177	62,025	57,386
Trade accounts receivable	94,216	113,469	117,128	34,482	26,828	35,284
Onlending of FINAME manufacturer financing	102,356	95,668	88,619	19,013	21,765	27,305
Inventories	264,587	250,036	257,042	2,596	1,759	2,461
Recoverable taxes	24,402	21,879	14,872	53,787	53,665	59,673
Other receivables	14,472	16,193	15,971	14,399	13,853	17,382
<b>NON CURRENT</b>	<b>461,746</b>	<b>446,403</b>	<b>459,096</b>	<b>191,699</b>	<b>175,449</b>	<b>172,429</b>
Trade accounts receivable	11,996	11,466	10,992	100,338	93,621	88,910
Onlending of FINAME manufacturer financing	67,323	58,447	61,727	62,953	54,406	53,509
Recoverable taxes	777	671	584	25,853	25,331	28,042
Deferred income and social contribution taxes	58,053	57,040	56,257	539	539	539
Escrow Deposits	2,115	2,087	2,082	1,920	1,439	1,310
Other receivables	9,065	9,462	12,793	96	113	119
Investments	252,033	246,344	250,008	599,962	600,425	621,955
Property, Plant and Equipment	17,538	18,588	18,329	492,025	492,025	492,025
Investment Property	42,846	42,298	46,324	-	-	-
				90,243	90,243	90,243
				-	2,015	13,764
				17,694	16,142	25,923
<b>NON CONTROLLING INTERESTS</b>				<b>1,570</b>	<b>1,506</b>	<b>1,673</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>				<b>601,532</b>	<b>601,931</b>	<b>623,628</b>
<b>TOTAL ASSETS</b>	<b>1,084,120</b>	<b>1,052,227</b>	<b>1,089,991</b>	<b>1,084,120</b>	<b>1,052,227</b>	<b>1,089,991</b>

## Consolidated Income Statement

(R\$ thousand)

	2Q16	1Q17	2Q17	Chg. 2Q17/1Q17	Chg. 2Q17/2Q16	1H16	1H17	Chg. 2017/2016
<b>Net Operating Revenue</b>	<b>150,063</b>	<b>146,525</b>	<b>163,775</b>	<b>11.8%</b>	<b>9.1%</b>	<b>279,873</b>	<b>310,300</b>	<b>10.9%</b>
Cost of Goods Sold	(114,917)	(110,281)	(116,401)	5.5%	1.3%	(218,499)	(226,682)	3.7%
<b>Gross Profit</b>	<b>35,146</b>	<b>36,244</b>	<b>47,374</b>	<b>30.7%</b>	<b>34.8%</b>	<b>61,374</b>	<b>83,618</b>	<b>36.2%</b>
<i>Gross Margin %</i>	<i>23.4%</i>	<i>24.7%</i>	<i>28.9%</i>	<i>4.2%</i>	<i>5.5%</i>	<i>21.9%</i>	<i>26.9%</i>	
<b>Operating Expenses</b>	<b>(38,165)</b>	<b>(32,928)</b>	<b>(35,073)</b>	<b>6.5%</b>	<b>-8.1%</b>	<b>(76,964)</b>	<b>(68,001)</b>	<b>-11.6%</b>
Selling expenses	(17,973)	(14,659)	(17,552)	19.7%	-2.3%	(32,951)	(32,211)	-2.2%
Research and development expenses	(4,514)	(4,052)	(4,422)	9.1%	-2.0%	(8,648)	(8,474)	-2.0%
General and administrative expenses	(14,787)	(12,906)	(13,523)	4.8%	-8.5%	(33,949)	(26,429)	-22.2%
Management profit sharing and compensation	(1,353)	(1,453)	(1,775)	22.2%	31.2%	(2,539)	(3,228)	27.1%
Other operating income, net	462	142	2,199	1448.6%	376.0%	1,123	2,341	108.5%
<b>Operating Income before Financial Results</b>	<b>(3,019)</b>	<b>3,316</b>	<b>12,301</b>	<b>271.0%</b>	<b>-507.5%</b>	<b>(15,590)</b>	<b>15,617</b>	<b>-200.2%</b>
<i>Operating Margin %</i>	<i>-2.0%</i>	<i>2.3%</i>	<i>7.5%</i>	<i>5.2%</i>	<i>9.5%</i>	<i>-5.6%</i>	<i>5.0%</i>	
<b>Financial Results, Net</b>	<b>(2,387)</b>	<b>(517)</b>	<b>3,937</b>	<b>-861.5%</b>	<b>-264.9%</b>	<b>(3,713)</b>	<b>3,420</b>	<b>-192.1%</b>
Financial income	5,930	4,285	4,444	3.7%	-25.1%	10,122	8,729	-13.8%
Financial expenses	(5,598)	(4,067)	(3,638)	-10.5%	-35.0%	(9,339)	(7,705)	-17.5%
Exchange gain (loss), net	(2,719)	(735)	3,131	-526.0%	-215.2%	(4,496)	2,396	-153.3%
<b>Operations Operating Income</b>	<b>(5,406)</b>	<b>2,799</b>	<b>16,238</b>	<b>480.1%</b>	<b>-400.4%</b>	<b>(19,303)</b>	<b>19,038</b>	<b>-198.6%</b>
Income tax and social contribution	606	(735)	(4,322)	488.0%	-813.2%	4,594	(5,057)	-210.1%
<b>Net income</b>	<b>(4,800)</b>	<b>2,064</b>	<b>11,916</b>	<b>477.3%</b>	<b>-348.3%</b>	<b>(14,709)</b>	<b>13,981</b>	<b>-195.1%</b>
<i>Net Margin %</i>	<i>-3.2%</i>	<i>1.4%</i>	<i>7.3%</i>	<i>5.9%</i>	<i>10.5%</i>	<i>-5.3%</i>	<i>4.5%</i>	
<b>Net profit concerning:</b>								
Controlling interests	(4,858)	2,015	11,748	483.0%	-341.8%	(14,823)	13,761	-192.8%
Non controlling interests	58	49	168	242.9%	189.7%	114	215	88.6%
<b>EBITDA</b>	<b>5,658</b>	<b>10,829</b>	<b>19,865</b>	<b>83.4%</b>	<b>251.1%</b>	<b>2,029</b>	<b>30,694</b>	<b>1412.8%</b>
Profit (loss) for the period	(4,800)	2,064	11,916	477.3%	-348.3%	(14,709)	13,980	-195.0%
Income tax and social contribution	(606)	735	4,322	488.0%	-813.2%	(4,594)	5,057	-210.1%
Financial income, net	2,387	517	(3,937)	-861.5%	-264.9%	3,713	(3,420)	-192.1%
Depreciation and amortization	8,677	7,513	7,564	0.7%	-12.8%	17,619	15,077	-14.4%
<i>EBITDA Margin %</i>	<i>3.8%</i>	<i>7.4%</i>	<i>12.1%</i>	<i>4.7%</i>	<i>8.4%</i>	<i>0.7%</i>	<i>9.9%</i>	
Nº of shares in capital stock (th)	65,658	62,858	62,858	0.0%	-4.3%	62,858	62,858	0.0%
Profit (loss) per share - R\$	(0.07)	0.03	0.19	483.0%	-352.6%	(0.61)	0.22	-136.2%

## Consolidated Cash Flow Statement

(R\$ thousand)

	2Q16	1Q17	2Q17	1H16	1H17
<b>Cash from operating activities</b>					
<b>Net Income</b>	<b>(5,407)</b>	<b>2,799</b>	<b>16,239</b>	<b>(19,304)</b>	<b>19,038</b>
Financial expenses and exchange gain	1,424	2,478	(304)	4,858	2,174
Depreciation and amortization	8,677	7,513	7,564	17,619	15,077
Allowance for doubtful accounts and other receivables	(174)	420	97	801	517
Proceeds from sale of fixed assets and intangibles	183	(297)	(2,607)	(86)	(2,904)
Provision for inventory realization	(3,485)	(2,475)	(2,426)	(3,176)	(4,901)
Reserve for contingencies	174	(3,511)	1,279	158	(2,232)
<b>Change on operating assets and liabilities</b>					
Financial Investments	-	(534)	6,668	(17,005)	6,134
Trade accounts receivable	(853)	(18,130)	3,089	13,265	(15,041)
Onlending of Finame manufacturer financing	15,770	16,305	1,302	26,481	17,607
Inventories	6,517	17,028	(4,580)	4,107	12,448
Recoverable taxes, net	(960)	3,642	7,877	(2,527)	11,519
Escrow deposits	64	(578)	(803)	(7)	(1,381)
Other receivables	2,318	(1,430)	916	5,977	(514)
Trade accounts payable	5,390	(7,519)	8,119	13,016	600
Payroll and related taxes	3,031	4,641	5,223	6,587	9,864
Taxes payable	(3,538)	(1,252)	(711)	(3,452)	(1,963)
Advances from customers	6,045	(122)	6,008	(3,055)	5,886
Other payables	(4,673)	1,043	3,535	(8,445)	4,579
<b>Cash provided by (used in) operating activities</b>	<b>30,503</b>	<b>20,021</b>	<b>56,485</b>	<b>35,812</b>	<b>76,507</b>
Income tax and social contribution paid	(73)	(842)	(198)	(702)	(1,040)
<b>Net Cash provided by (used in) operating activities</b>	<b>30,430</b>	<b>19,179</b>	<b>56,287</b>	<b>35,110</b>	<b>75,467</b>
Purchase of fixed assets	(5,910)	(3,394)	(4,840)	(8,335)	(8,234)
Sales of fixed assets	130	494	3,119	794	3,613
Increase in intangible assets	87	(671)	(25)	-	(696)
<b>Net cash Used in Investing Activities</b>	<b>(5,693)</b>	<b>(3,571)</b>	<b>(1,746)</b>	<b>(7,541)</b>	<b>(5,317)</b>
Interest on capital paid	(1,487)	(113)	-	(2,306)	(114)
Share Repurchase	(5,183)	-	-	(5,705)	-
New loans and financing	14,185	1,801	3,413	29,177	5,214
Payments of loans and financing	(17,042)	(12,823)	(10,322)	(30,354)	(23,145)
Interests paid (including Finame manufacturer financing)	(5,677)	(5,020)	(5,426)	(11,189)	(10,446)
New loans in Finame manufacturer	13,726	4,759	12,842	20,744	17,601
Payment of Finame manufacturer financing	(21,896)	(18,497)	(18,836)	(46,171)	(37,333)
<b>Net Cash provided by (used in) Financing Activities</b>	<b>(23,374)</b>	<b>(29,893)</b>	<b>(18,329)</b>	<b>(45,804)</b>	<b>(48,223)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,363</b>	<b>(14,285)</b>	<b>36,212</b>	<b>(18,235)</b>	<b>21,927</b>
Exchange variation changes on cash and cash equivalents abroad	144	(11)	(860)	(146)	(871)
<b>Cash and cash equivalents - beginning of period</b>	<b>141,698</b>	<b>101,510</b>	<b>87,214</b>	<b>141,968</b>	<b>101,510</b>
<b>Cash and cash equivalents - end of period</b>	<b>143,205</b>	<b>87,214</b>	<b>122,566</b>	<b>123,587</b>	<b>122,566</b>

## Appendix I – Income Statement by Business Unit

### Income Statement by Business Units - 2Q17

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>65,112</b>	<b>34,335</b>	<b>64,328</b>	<b>163,775</b>
<b>Cost of Sales and Services</b>	(38,992)	(28,485)	(48,924)	(116,401)
Business Units Transfers	1,571	-	3,874	5,445
Business Units Transfers	(3,874)	-	(1,571)	(5,445)
<b>Gross Profit</b>	<b>23,816</b>	<b>5,850</b>	<b>17,708</b>	<b>47,374</b>
<i>Gross Margin %</i>	<i>36.6%</i>	<i>17.0%</i>	<i>27.5%</i>	<i>28.9%</i>
<b>Operating Expenses</b>	<b>(20,897)</b>	<b>(7,087)</b>	<b>(7,089)</b>	<b>(35,073)</b>
Selling	(12,607)	(3,088)	(1,857)	(17,552)
General and Administrative	(5,313)	(3,999)	(4,211)	(13,523)
Research and Development	(4,422)	-	-	(4,422)
Management profit sharing	(754)	-	(1,021)	(1,775)
Other operating revenue	2,199	-	-	2,199
<b>Operating Income before Financial Results</b>	<b>2,919</b>	<b>(1,236)</b>	<b>10,618</b>	<b>12,301</b>
<i>Operating Margin %</i>	<i>4.5%</i>	<i>-3.6%</i>	<i>16.5%</i>	<i>7.5%</i>
Depreciation and amortization	3,133	1,434	2,997	7,564
<b>EBITDA</b>	<b>6,052</b>	<b>198</b>	<b>13,615</b>	<b>19,865</b>
<i>EBITDA Margin %</i>	<i>9.3%</i>	<i>0.6%</i>	<i>21.2%</i>	<i>12.1%</i>

### Income Statement by Business Units - 2Q16

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>64,259</b>	<b>33,494</b>	<b>52,310</b>	<b>150,063</b>
<b>Cost of Sales and Services</b>	(42,750)	(26,448)	(45,719)	(114,917)
Business Units Transfers	226	-	2,378	2,604
Business Units Transfers	(2,378)	-	(226)	(2,604)
<b>Gross Profit</b>	<b>19,357</b>	<b>7,046</b>	<b>8,743</b>	<b>35,145</b>
<i>Gross Margin %</i>	<i>30.1%</i>	<i>21.0%</i>	<i>16.7%</i>	<i>23.4%</i>
<b>Operating Expenses</b>	<b>(26,167)</b>	<b>(6,793)</b>	<b>(5,204)</b>	<b>(38,164)</b>
Selling	(14,399)	(2,401)	(1,173)	(17,973)
General and Administrative	(6,969)	(4,391)	(3,427)	(14,787)
Research and Development	(4,514)	-	-	(4,514)
Management profit sharing	(749)	-	(604)	(1,353)
Other operating revenue	463	-	-	463
<b>Operating Income before Financial Results</b>	<b>(6,810)</b>	<b>253</b>	<b>3,539</b>	<b>(3,018)</b>
<i>Operating Margin %</i>	<i>-10.6%</i>	<i>0.8%</i>	<i>6.8%</i>	<i>-2.0%</i>
Depreciation and amortization	3,750	1,646	3,280	8,677
<b>EBITDA</b>	<b>(3,060)</b>	<b>1,900</b>	<b>6,819</b>	<b>5,659</b>
<i>EBITDA Margin %</i>	<i>-4.8%</i>	<i>5.7%</i>	<i>13.0%</i>	<i>3.8%</i>

## Income Statement by Business Units - 1H17

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>124,425</b>	<b>64,204</b>	<b>121,671</b>	<b>310,300</b>
<b>Cost of Sales and Services</b>	(76,554)	(51,964)	(98,164)	(226,682)
Business Units Transfers	3,071	-	5,404	8,475
Business Units Transfers	(5,404)	-	(3,071)	(8,475)
<b>Gross Profit</b>	<b>45,538</b>	<b>12,240</b>	<b>25,840</b>	<b>83,618</b>
<i>Gross Margin %</i>	<i>36.6%</i>	<i>19.1%</i>	<i>21.2%</i>	<i>26.9%</i>
<b>Operating Expenses</b>	<b>(41,356)</b>	<b>(13,539)</b>	<b>(13,105)</b>	<b>(68,000)</b>
Selling	(23,449)	(5,585)	(3,177)	(32,211)
General and Administrative	(10,380)	(7,954)	(8,095)	(26,429)
Research and Development	(8,474)	-	-	(8,474)
Management profit sharing	(1,395)	-	(1,833)	(3,228)
Other operating revenue	2,342	-	-	2,342
<b>Operating Income before Financial Results</b>	<b>4,181</b>	<b>(1,299)</b>	<b>12,735</b>	<b>15,618</b>
<i>Operating Margin %</i>	<i>3.4%</i>	<i>-2.0%</i>	<i>10.5%</i>	<i>5.0%</i>
Depreciation and amortization	6,308	2,768	6,001	15,077
<b>EBITDA</b>	<b>10,489</b>	<b>1,469</b>	<b>18,736</b>	<b>30,695</b>
<i>EBITDA Margin %</i>	<i>8.4%</i>	<i>2.3%</i>	<i>15.4%</i>	<i>9.9%</i>

## Income Statement by Business Units - 1H16

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>131,832</b>	<b>55,221</b>	<b>92,820</b>	<b>279,873</b>
<b>Cost of Sales and Services</b>	(87,312)	(47,868)	(83,319)	(218,499)
Business Units Transfers	1,676	-	5,702	7,378
Business Units Transfers	(5,702)	-	(1,676)	(7,378)
<b>Gross Profit</b>	<b>40,494</b>	<b>7,353</b>	<b>13,527</b>	<b>61,373</b>
<i>Gross Margin %</i>	<i>30.7%</i>	<i>13.3%</i>	<i>14.6%</i>	<i>21.9%</i>
<b>Operating Expenses</b>	<b>(52,004)</b>	<b>(15,556)</b>	<b>(9,404)</b>	<b>(76,964)</b>
Selling	(25,707)	(5,232)	(2,012)	(32,951)
General and Administrative	(17,216)	(10,323)	(6,410)	(33,949)
Research and Development	(8,648)	-	-	(8,648)
Management profit sharing	(1,557)	-	(982)	(2,539)
Other operating revenue	1,123	-	-	1,123
<b>Operating Income before Financial Results</b>	<b>(11,510)</b>	<b>(8,203)</b>	<b>4,123</b>	<b>(15,590)</b>
<i>Operating Margin %</i>	<i>-8.7%</i>	<i>-14.9%</i>	<i>4.4%</i>	<i>-5.6%</i>
Depreciation and amortization	7,541	3,453	6,624	17,619
<b>EBITDA</b>	<b>(3,969)</b>	<b>(4,749)</b>	<b>10,747</b>	<b>2,029</b>
<i>EBITDA Margin %</i>	<i>-3.0%</i>	<i>-8.6%</i>	<i>11.6%</i>	<i>0.7%</i>

## Appendix II – Financial Statements of B+W

### Balance Sheet B+W

	(€ 000)		
ASSETS	12/31/16	03/31/17	06/30/17
<b>CURRENT</b>	<b>23,072</b>	<b>24,567</b>	<b>24,892</b>
Cash and Cash equivalents	2,897	1,683	980
Trade accounts receivable	5,863	6,431	5,562
Inventories	13,193	15,009	16,430
Recoverable taxes	745	987	1,017
Related Parties	219	181	134
Other receivables	155	275	768
<b>NONCURRENT</b>	<b>27,201</b>	<b>26,859</b>	<b>26,556</b>
<b>Long-Term Assets</b>	-	-	-
Other receivables	-	-	-
<b>Investments</b>			
Property, Plant and Equipment, net	14,911	14,717	14,569
Investment in Subsidiaries and Associate Companies	46	46	46
Intangible assets	12,244	12,096	11,941
<b>TOTAL ASSETS</b>	<b>50,274</b>	<b>51,426</b>	<b>51,448</b>
LIABILITIES AND SHAREHOLDER'S EQUITY	12/31/16	03/31/17	06/30/17
<b>CURRENT</b>	<b>15,935</b>	<b>17,355</b>	<b>17,954</b>
Loans and financing	-	-	-
Trade accounts payable	1,166	1,347	1,484
Payroll and related taxes	551	1,183	1,489
Taxes payable	157	-	76
Advances from customers	12,515	13,084	12,949
Other payables	1,447	1,588	1,708
Related Parties	98	153	248
<b>NON CURRENT</b>	<b>8,521</b>	<b>8,338</b>	<b>8,154</b>
<b>Long-term liabilities</b>	-	-	-
Loans and financing	3,659	3,520	3,382
Deferred income and social contribution taxes	4,862	4,817	4,772
<b>SHAREHOLDER'S EQUITY</b>	<b>25,818</b>	<b>25,733</b>	<b>25,340</b>
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Accumulated deficit	18,288	18,203	17,810
	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>50,274</b>	<b>51,426</b>	<b>51,448</b>

## B+W Income Statement

	(€ 000)			(€ 000)	
	2Q16	1Q17	2Q17	1H16	1H17
<b>Net Operating Revenue</b>	<b>8,531</b>	<b>8,937</b>	<b>9,342</b>	<b>13,583</b>	<b>18,279</b>
Cost of Goods Sold	(6,616)	(7,026)	(7,810)	(11,478)	(14,836)
<b>Gross Profit</b>	<b>1,915</b>	<b>1,911</b>	<b>1,532</b>	<b>2,105</b>	<b>3,443</b>
<i>Gross Margin %</i>	<i>22.4%</i>	<i>21.4%</i>	<i>16.4%</i>	<i>15.5%</i>	<i>18.8%</i>
<b>Operating Expenses</b>	<b>(1,712)</b>	<b>(1,926)</b>	<b>(1,992)</b>	<b>(3,747)</b>	<b>(3,918)</b>
Selling expenses	(604)	(747)	(857)	(1,270)	(1,604)
General and administrative expenses	(1,108)	(1,179)	(1,135)	(2,477)	(2,314)
<b>Operating Income before Financial Results</b>	<b>203</b>	<b>(15)</b>	<b>(460)</b>	<b>(1,642)</b>	<b>(475)</b>
<i>Operating Margin %</i>	<i>2.4%</i>	<i>-0.2%</i>	<i>-4.9%</i>	<i>-12.1%</i>	<i>-2.6%</i>
<b>Financial Results, Net</b>	<b>(80)</b>	<b>(105)</b>	<b>(93)</b>	<b>(110)</b>	<b>(198)</b>
<b>Operations Operating Income</b>	<b>123</b>	<b>(120)</b>	<b>(553)</b>	<b>(1,752)</b>	<b>(673)</b>
Income tax and social contribution	(4)	35	160	569	195
<b>Net income</b>	<b>119</b>	<b>(85)</b>	<b>(393)</b>	<b>(1,183)</b>	<b>(478)</b>
<i>Net Margin %</i>	<i>1.4%</i>	<i>-1.0%</i>	<i>-4.2%</i>	<i>-8.7%</i>	<i>-2.6%</i>
<b>EBITDA</b>	<b>511</b>	<b>492</b>	<b>56</b>	<b>(1,023)</b>	<b>549</b>
Net income / loss for the period	119	(85)	(393)	(1,183)	(478)
Income tax and social contribution	4	(35)	(160)	(569)	(195)
Financial income, net	80	105	93	110	198
Depreciation and amortization	308	507	516	619	1,024
<i>EBITDA Margin %</i>	<i>6.0%</i>	<i>5.5%</i>	<i>0.6%</i>	<i>-7.5%</i>	<i>3.0%</i>

Statements contained in this release related to Romi's business outlook, projections of operating and financial results, and references to the Company's growth potential are mere forecasts and have been based on Management's expectations regarding its future performance. These expectations are highly dependent upon market behavior, economic conditions in Brazil, the industry and international markets. Therefore, they are subject to changes.